GL Hearn
Part of Capita plc

Planning for Housing Delivery

Spelthorne Borough Council

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Contents

Appendices

LIST OF FIGURES

LIST OF TABLES

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

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Limitations

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1 EXECUTIVE SUMMARY

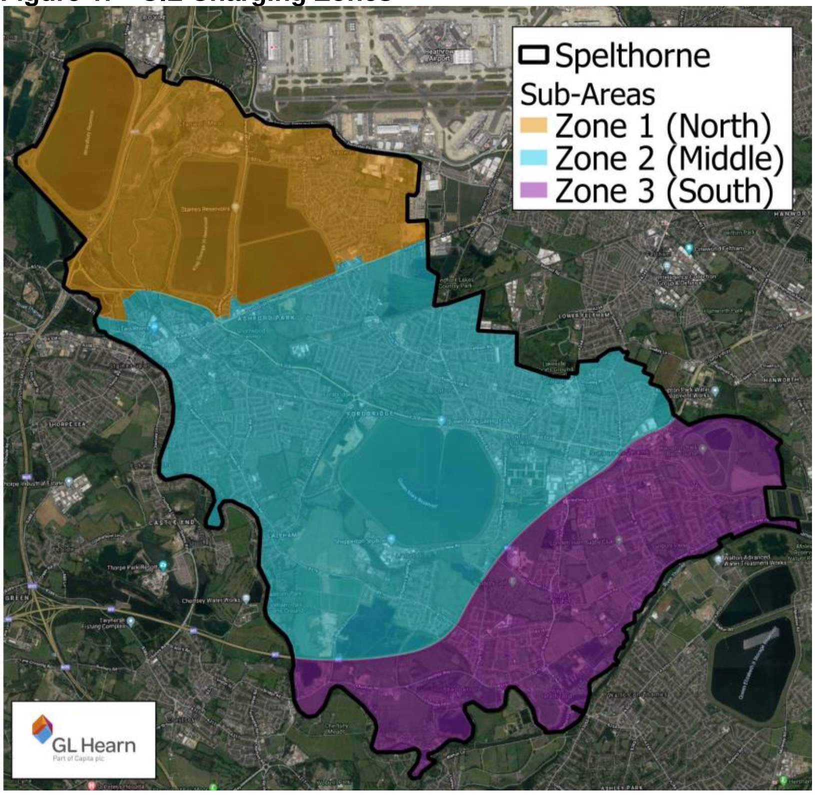
Introduction

1.1 The purpose of this study is to consider the potential risks to Spelthorne Borough Council (SBC) of excluding Green Belt sites from housing allocations in the emerging Local Plan. The report does this through:

- a review of relevant case law, highlighting the risk from developers winning planning appeals on a proposed site;
- a detailed appraisal of the housing market in the Borough to establish whether, as a result of not releasing Green Belt land, the Council risks not fulfilling policy objectives. These objectives include the delivery of homes of appropriate types, sizes and tenures to meet demand; and
- Carrying out a stress-test of the Housing Trajectory through an analysis of past rates of delivery to assess the degree to which expected build-out rates (BOR) seem optimistic.

1.2 The data analysis uses the geography of the three Community Infrastructure Levy (CIL) Zones (see map below) in Spelthorne. These Zones reflect the economic geography of the Borough as they rely on key market indicators such as land values and house prices.

Figure 1: CIL Charging Zones



Source: GL Hearn based on Spelthorne BC Data and Google Images

1.3 Evidence gathered at this level allows a more detailed understanding of the nature of the demand/supply balance in the Borough, and therefore the suitability of these areas to absorb new development.

1.4 This study also examines the causes of vacant homes in the Borough, considering whether land supply restrictions may be a contributory factor to empty homes in Spelthorne.

1.5 The study has identified two areas of risk.

- **Development Risk** - Failing to meet housing need across the plan period and specifically for the first five years. This can result in planning applications being determined based on the presumption in favour of sustainable development (National Planning Policy Framework para 11d));
- **Policy Risk** - Failing to deliver the range of tenures, types and sizes of home in the right location required to provide a housing mix to address emerging policies.

1.6 The sections below present the main findings from each chapter of the study.

Policy and case law review

1.7 SBC has currently excluded 88 Green Belt sites from its proposed site allocations and Housing Trajectory. The Draft Local Plan, however, identifies additional sites in the Green Belt with a capacity of 829 dwellings.

1.8 Excluding Green Belt sites, the Local Plan identifies sites that meet the criteria for inclusion in the five-year housing land supply (5YHLS) with a capacity of 3,409 dwellings (681dpa, or 5.5 years' worth of supply). However, a 20% buffer is applicable as a result of past under-delivery resulting in the Council falling short of the required land supply under paragraph 74 of the NPPF. This therefore results in a 4.5 year supply with the application of a buffer.

1.9 While SBC may be able to demonstrate a 5YHLS without the application of a buffer, the pipeline beyond 2024/25 is significantly weaker and raises the prospect of the Borough potentially slipping into a significant shortfall.

1.10 Any capacity reductions, for example as a result of a post-covid decline in house prices which undermines private sector confidence leading to slower or stalled delivery may jeopardise the Council’s ability to demonstrate a 5YHLS. This will increase the risk of the presumption in favour of sustainable development being employed to determine planning applications including those in the Green Belt.

1.11 The balance of cases involving developers seeking to over-turn refusals of planning consent for development on Green Belt sites shows the bar has been set high for the applicant to be successful. In particular, developers need to demonstrate "very special circumstances"[1].

1.12 In part, this interpretation of national policy stems from a written Ministerial Statement of 2015. The statement states that delivery of conventional housing, even where it includes substantial numbers of Affordable Housing, will not normally be decisive in assessing whether “very special circumstances” exist even if there is not a 5YHLS.

1.13 That said, recent cases suggest the position of the current Secretary of State may have moved in respect of showing “very special circumstances”. This was illustrated in 2020 case *Stockport Borough Council v Seashell Trust* in which an appeal was allowed where substantial numbers of dwellings on the Green Belt were proposed together with the delivery of infrastructure addressing the needs of vulnerable people.

Conclusions

- Overall, the risk that the Council faces in seeing developers overturning refusals of planning consent on Green Belt sites is small. This is because, in most cases, bringing forward developments of market housing on the Green Belt will not satisfy the test of “very special circumstances” even where the Council's 5YHLS is in question. The threat of speculative development coming forward is therefore not in and of itself enough to justify allocating additional sites in the Green Belt.
- In the event however that the Council wishes to strengthen their land supply pipeline, it would be worth considering the basis on which some appeals have been successful as these will indicate sites that may be suitable, for example where part of the site is on brownfield land and where the scheme is visually well contained.

Housing market appraisal

1.14 The housing market appraisal identifies imbalances in the supply and demand for housing, for example, a lack of suitable housing for downsizing in the South of the District (Zone 3 (South)). There is also a shortage of suitable housing for younger households. This indicates that restrictions on the supply of development land are likely to have been too tight.

1.15 The increase in the number of HMOs between 2001 and 2011 points to informal re-development of housing to create household spaces those on low incomes can afford. This results from an inadequate supply of smaller market dwellings over a sustained period stemming from a shortage of development land.

[1] In accordance with paragraph 147 of the NPPF

1.16 Each CIL Zone in the Borough plays a different “role” in the property market, supplying dwellings suited to different market segments. However, Spelthorne’s land supply pipeline shows an imbalance of supply across the Borough. 10.8% of new homes are expected to be built in Zone 1 (North) while Zone 2 (Mid) accounts for 79.7% with Zone 3 (South) making up the remaining 9.5%.

1.17 Concentrating development in any one Zone is likely to lead to overall shortages in supply as development slows as nearby sites compete. This will result in increasing levels of misalignment between supply and demand at a local level.

1.18 The housing stock in the Borough is developing an hour-glass shape with a growing number of homes at either end of the size spectrum, but a reducing number (both in absolute and proportional terms) of medium-sized dwellings.

1.19 This is driven in part by restrictions on the supply of development land that focusses development on brownfield sites. The increase in very large homes (and reduction of medium-sized homes) observed between 2001 and 2011 (resulting from domestic extensions) is in part due to constraints on land supply in areas of high demand (for example such as Zone 3 (South)).

1.20 Given the strength of demand for affordable family households, the market should respond in the medium term by delivering more 2 and 3 bedrooms homes across the Borough. However, a limit on the development of land will reduce the capacity of the market to respond in this way.

1.21 The Market Survey identifies a potential mismatch between the level of Affordable Housing developers say they will provide, and that which is delivered in practice. This suggests that, once development schemes are subject to viability assessments, Affordable Housing is scaled back or development does not come forward. This in part results from focussing development on more complex sites (i.e. brownfield sites) or in areas of lower demand where planning gain (i.e. profitability) is limited.

1.22 Zones 1 (North) and 2 (Mid) have seen the highest numbers of Affordable Homes in recent years, with Zone 1 (North) showing the highest percentage affordable development. The relatively weak supply of sites in the Housing Trajectory in Zone 1 (North) should, therefore, raise concerns about the possibility of the Council meeting its Affordable Housing targets.

The number of sites in Zone 1 (North) should, therefore, be re-considered to increase the prospect of Affordable Housing delivery.

1.23 The median affordability ratio (MAR) is the principle market signal as regards the affordability. Maintaining restrictions on the supply of development land will result in the MAR continuing to deteriorate over the plan period as supply cannot react to demand surges. This will in time only serve to increase the need for homes as this is measure is currently used for calculating housing need.

1.24 While a majority of housebuilders will consider brownfield sites, they are likely to be more expensive to develop than greenfield, resulting in lower than expected build-out rates and weaker delivery of Affordable Housing.

1.25 According to the market survey, development typologies from brownfield land is likely to be most attractive to first-time buyers, professional households and people living on their own, and less so older people and families. This is because these sites tend to be concentrated in urban areas favoured by the former groups and reflects a need to be close to transport nodes for commuting purposes.

1.26 For older people and families, while transport is important, they typically place more importance than others on having a larger home and proximity to open spaces. Therefore restriction on land supply may disproportionately impact older people and families, exacerbating misalignments between supply and demand.

Conclusions

- The Green Belt is a constraint on the supply of land for housing, reducing the ability of supply to respond to increases in demand. The results of this are high house prices, growing levels of over-crowding, particularly in more deprived parts of the Borough, and under-occupation in wealthier areas. Ultimately it will also lead to a need for more homes.
- Also, the restricted supply is a major driver in the misalignments this study has identified in the supply and demand balance for homes, for example, the hour-glass shape of the housing stock and a weakness in the delivery of Affordable Housing.

Housing trajectory

1.27 The Build Out Rate (BOR) used in the land supply pipeline to generate the number of units delivered per year (the “expected” BOR) was checked with reference to the BOR achieved on similar sites in the same CIL Zone between 2011-2019 (the “guide” BOR). A comparison between the expected BOR and the guide BOR identified significant variations, with almost all sites showing an expected BOR that is faster than the guide BOR.

1.28 This is not to say the guide BOR are correct and the trajectory is wrong only to advise that expected BOR are potentially a risk if, for whatever reasons, these slow to bring them in line with BOR achieved historically within the Borough and national benchmarks.

1.29 Spelthorne’s land supply pipeline presents the supply of dwellings over the period 2022/23 to 2036/37. It sets out an annual average rate of delivery of 598dpa totalling 8,977 units over the period[2].

1.30 Over the first five years (2022/23 – 2026/27) the total number of units delivered is expected to be 3,409. This figure is below that which is required to meet evidenced annual need of 618dpa. The current 5YHLS equates to 4.5 years’ worth of supply.

1.31 Taking into account of sites on previously developed land only, if the BOR in the land supply pipeline is adjusted to reflect the guide BOR, 3,409 units (including supply from permitted development and windfalls) can be expected to be delivered between 2022/23 and 2026/27. This represents 5.5 years of supply. This is notably less than the 3,708 dwellings (6 years’ worth of supply) to conform with the NPPF and avoid “development risk”.

1.32 That said, the report finds that all the sites in CIL zone 1 (North) that are included in the 5YHLS are fully realisable in this period following the application of the guide BOR. However, Zones 2 (Mid) and 3 (South) see 15% and 66% of capacity transferred to later years respectively. This amounts to 528 units being moved beyond the period 2022/23 - 2026/27.

[2] Without the application of an under delivery discount.

Conclusions

- The Council is currently unable to show enough and to meet need over the period 2022/23 – 2026/27 (5YHLS). Until the new Local Plan is adopted, an additional 20% of supply needs to be found to meet the Council's obligations under the NPPF as a result of the Housing Delivery Test (after adoption the test will base its result on the annual housing target identified in the plan).
- As a result of being unable to meet its 5YHLS requirement, the Council is at risk of planning applications being determined based on the presumption in favour of sustainable development.
- The study has identified a potentially modest over-estimation of the BOR of sites listed in the land supply pipeline will achieve in reality. This does not of itself warrant additional sites being allocated from the Green Belt, but it does increase "development risk" in the Borough.

Housing Mix

1.33 As noted, 79.7% of the sites in the Council's land supply pipeline are in Zone 2 (Mid). This emphasis is broadly compatible with the objectives of Policy H1 (which sets out the housing requirement figure and housing mix sought by the Council) and is likely to address the areas of most acute need as identified in the SHMA update.

1.34 However, the weak land supply in Zone 1 (North) and 3 (South) diminishes the ability of the Council to address mounting misalignments in supply and demand, for example, the need for more older persons' housing (that will free-up family-sized homes) and the fact that entry-level homes are too expensive for their intended market. Therefore, there is a strong case for a more even distribution of sites across the Borough.

1.35 The cost of market dwellings results in a substantial Affordable Housing need identified in the SHMA update. For this reason, the limited land supply in Zone 1 (North) is potentially problematic given the area historically generated a disproportionately high number of affordable units.

1.36 The weakness of the Zone 1 (North) land supply and the lower Affordable Housing delivery elsewhere, therefore, threatens the ability of the Council to deliver both Affordable Homes and affordable market homes (in particular Build to Rent).

1.37 In arriving at a suitable portfolio of sites to be allocated through the Local Plan, the Council must have regard for the likelihood that sites contained within it will generate the required numbers and sizes of Affordable Housing.

1.38 On account of generally higher land values, Zone 3 (South) could offer a focus for delivery of low-cost home ownership properties for families. For example, Affordable Home Ownership or shared ownership properties.

Conclusions

- There are significant distortions in the housing market in Spelthorne as a result of constraints on the supply of land. These manifest themselves in a weak supply of Affordable Housing and housing suited to older people.
- Releasing additional land in Zones 1 (North) and 3 (South) will help reduce “policy risk” given the relative strength of historic supply of affordable units in Zone 1 (North), and the popularity of Zone 3 (South) for older residents.

Vacant homes

1.39 There is no evidence to suggest the "problem" of vacant homes is particularly acute in Spelthorne, indeed the Borough levels are below that of the national and the regional averages. Nevertheless, Zone 3 (South) has a higher proportion of vacant homes than Zones 1 (North) and 2 (Mid), the South East region and England.

1.40 A likely reason for this is that the housing stock in Zone 3 (South) is becoming misaligned with demand, for example, a growing proportion of very large properties that are unaffordable to most family households. This results in vacant dwellings, as well as under-occupation and demographic imbalances.

1.41 From the Market Survey, housebuilders have indicated only a very small minority of new build homes remain unsold 1 year after completion. This is likely to reflect the volume housebuilder model of releasing units into the market only when they are confident that they will achieve an acceptable sales price.

1.42 Reinforcing this finding, estate agents suggest the reasons new build dwellings do not sell is that they are "too expensive" and that potential buyers lack confidence due to the current economic uncertainty. This does, however, suggest vacancy in the current market is cyclical and they will become occupied as the economy, and housing market, move into recovery.

1.43 The question of affordability is a structural issue and reflects in part a misalignment between supply and demand for homes and a failure to deliver enough development land to keep house prices within affordable limits.

1.44 The latter may be addressed by supporting the provision of homes where the market evidence suggests there is an under-supply, and improving the diversity of products (in particular, improving the range of tenures accessible to those on lower incomes such as BTR).

1.45 The former may be addressed by strengthening the supply of development land and working with the development industry to improve the viability and reduce risk.

1.46 The Market Survey also reveals significant investor activity in the Spelthorne market. A small proportion of vacant homes are, therefore, likely to belong to investors who, either by intention or inefficiency, have left them vacant.

Conclusions

- Vacant homes are unlikely to be a result of excess supply, but because they are the wrong size or type, are in the wrong location or because they are unaffordable.
- These issues relate to constraints on the supply of development land because the type of homes built depends in part on underlying land values (which increase as a result of restrictions on supply). This leads to higher house prices as supply is unable to respond fully to demand surges.

Affordable Housing provision

1.47 This section assesses whether there is an increased risk to the Council of not meeting its annual Affordable Housing targets by removing Green Belt sites from the housing land supply.

1.48 In order to do this, GL Hearn has considered the findings as to the viability of Green Belt sites and those on Previously Developed Land (PDL) as set out the SBC's recently commissioned whole plan Viability Assessment[3].

1.49 The Spelthorne SHMA Update identifies a net annual need of 459 homes for Affordable Rent in Spelthorne.

1.50 Excluding sites that are non-viable or at the margins of viability, the capacity of PDL sites in the Borough to generate Affordable Homes under a scenario that sets Affordable Homes policy at 40% is estimated to be 37dpa, or 8% of the evidenced need.

1.51 Where the policy is set at 30%, this lifts to 143dpa or 31% of need.

[3] Dixon Searle Partnership, Viability Assessment, Appendix IIa: and Residential Results – Typologies and Appendix IIc: Residential Results - Specific Sites Summary Analysis

1.52 The Council will have to make “trade-offs” balancing policy objectives (both Affordable Housing delivery and meeting housing targets) with not releasing or releasing fewer greenfield/Green Belt allocations.

1.53 Viability Assessment finds a link between which CIL zone a given site falls into and its viability, and therefore capacity to generate Affordable Homes. This is driven by higher Value Levels required to be achieved on sites in CIL zone 2 and 3 compared with CIL zone 1.

1.54 The Viability Assessment does identify that, in general, PDL are less likely to be able to generate Affordable Homes because of weaker Residual Land Values.

Conclusions

- Given the evidence that PDL sites are considered likely to be in a significantly weaker position to deliver Affordable Homes than greenfield sites, the removal of sites in the Green Belt from the housing land supply is likely to increase the risk of failing to deliver an acceptable number of Affordable Homes.
- This risk could be mitigated by the Council taking a robust stance in its insistence on developers delivering policy compliant schemes where the viability of doing so is established within the Local Plan.

Overall Conclusions

1.55 The Council cannot identify five years' worth of housing land supply. This places the Council at risk of speculative development with appeals being decided on the basis of presumption in favour of sustainable development.

1.56 Questions also exist about whether the assumptions in the 5YHLS are accurate or whether they overestimate likely build-out rates. If the assumptions used to justify the housing trajectory are inaccurate this may lead to scrutiny of its soundness at the Local Plan examination.

1.57 Where appeal sites are in the Green Belt, the Council will still be able to refuse such developments but there is a small risk appeals will be allowed. However, this will require the developers to demonstrate "very special circumstances" which has a reasonably high bar.

1.58 Beyond the risk of unwanted development on Green Belt land, the lack of supply may worsen affordability in the Borough. There is therefore a substantial risk to the Council of not being able to meet its emerging housing policies, particularly those relating to Affordable Housing and housing mix.

1.59 For example, it would result in increases in Affordable Housing need and a lack of supply of older person accommodation and other specialist forms of housing. This could lead to greater levels of over-crowding and instances of households living in unsuitable accommodation.

1.60 Furthermore, if affordability is not improved the need for Affordable Housing is likely to grow, further increasing the pressure to release sites in the Green Belt.

2 INTRODUCTION

2.1 GL Hearn has been commissioned by Spelthorne Borough Council (SBC) to advise the Council and its members on the risks associated with not releasing additional Green Belt land to supplement allocations within its Housing Trajectory. The Housing Trajectory is instrumental in evidencing SBC's 5-year housing land supply (5YHLS) and that enough land is available to meet housing need.

2.2 The areas of risk can be summarised as

- **Development Risk** - Falling to meet housing need across the plan period and specifically for the first five years (i.e. in the future). This can result in planning applications being determined based on the presumption in favour of sustainable development (National Planning Policy Framework para 11d));
- **Policy Risk** - Failing to deliver the range of tenures, types and sizes of home in the right location required to provide a housing mix as set out in the latest Strategic Housing Market Assessment. This is referred to as the "policy risk".

2.3 As part of the plan-making process, the Council can cite legitimate constraints on development preventing it from meeting the need, this includes protecting the Green Belt. However, in exceptional circumstances, Green Belt land may be released for development[4].

2.4 To assess these risks, GL Hearn has:

- considered the circumstances in which developers have been successful in demonstrating that "very special circumstances" exist and have had appeals recovered for development sites on the Green Belt. This highlights the degree of risk to SBC that, despite the Green Belt, developers may still achieve consent at appeal, exposing the Council to "development risk".
- undertaken an **appraisal of supply and demand indicators** to arrive at an understanding of the strength of the housing market in the Borough, and relevant differences in market profile within each of the three CIL Zones (see Figure 1). The Green Belt has a distortive effect on the market for housing by constraining the supply of land in these areas. This poses "policy risk" to the Council.
- assessed completions data between 2010/11 and 2018/19 provided by the Council to arrive at **build-out rates (BOR)** based on a large number of completed sites, disaggregated to CIL Zone; greenfield and brownfield; and site size (by the estimated capacity of units) on the basis that these variables are the key determinants of BOR, and may be used to sense-check expected BOR for sites included in SBC's Housing Trajectory (assessed through the land supply pipeline data provided by the Council).
- sense-checked **sites within SBC's land supply pipeline** using BOR drawn from completions data to identify whether any of the sites are at risk of not delivering dwellings

[4] NPPF, para 140

at the expected BOR, thus exposing SBC to “development risk, and whether this risk may be increased by withholding sites in the Green belt from the supply.

- produced an opinion as to the capacity of the sites in the land supply pipeline to meet the **type, size and tenure of dwellings** required to meet the need. It comments on whether the risk of widening misalignments between the supply of homes and the demand profile across Borough may be increased by withholding sites in the Green Belt from the land supply.
- identified the **causes of vacancies** of recently built properties, and whether constraints to the land supply may be a contributory factor.

Emerging Local Plan

2.5 Spelthorne Borough Council is currently engaged in the review of their Local Plan which will cover the 15 year plan period. The timetable for the adoption of the new Local Plan is set out in the Local Development Scheme (LDS) published by the Council. This currently assumes a submission date of April 2021, with adoption in March 2022.

2.6 The Council has assembled a suite of documents that form the evidence base to support their emerging housing policies. This includes an update to the Strategic Housing Market Assessment (SHMAU), dated October 2019. The SHMAU establishes a local housing need figure (LHNF) based on the standard method of 606 dwellings per annum (dpa)[5]. This has since been updated to 618 following the Government’s standard method.

2.7 The LHNF is used as the housing requirement for the Borough in Draft Local Plan (Regulation 19 stage) published by the Council for consultation purposes. This sets out the direction of travel within key policy areas. As regards housing, these include:

- **Policy H1** (homes for all) sets out the housing requirement figure and housing mix sought by the Council. The policy supports the provision of specialist housing for disabled and elderly people and creates a mechanism for the provision of self-build plots;
- **Policy H2** (Affordable Housing) states the Council will require at least 30% Affordable Housing units on all schemes of 10 units or more. The policy, however, notes this should take viability into account and set out the conditions under which this will be considered.
- **Policy E1** (Green Belt), in conformity with paragraph 147 of the NPPF, states that inappropriate development will not be approved in the Green Belt unless very special circumstances can be demonstrated.

Land supply

2.8 The Council is currently considering the land supply required to meet both the overall housing requirement figure of 618 dpa and maximise the amount of Affordable Housing that may be delivered and whether to do so requires land to be released from the Green Belt.

[5] This is subject to change, and has been increased to 618 as a result of the change to the Median Workplace Affordability Ratio for Spelthorne and the application of 2022 as the baseline for the calculation.

2.9 Paragraph 68 of the NPPF states that plan-makers should identify

a. *specific, deliverable sites for years one to five of the plan period and*
b. *specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan in building their land supply trajectory[6].*

2.10 Seeking to respond to this requirement, the Council produced a Strategic Land Availability Assessment (SLAA) in 2021. This identified a land supply pipeline of 3,126 dwellings over the first five years of the Plan and 8,557 units over the fifteen-year Plan period[7]. However, since this time, the Council has updated its land supply position for the Draft Local Plan, with a base date of 31 March 2022. Excluding Green Belt sites, Policy ST2 of the Draft Local Plan identifies an estimated capacity of 8,977 dwellings, or 8,610 dwellings with the application of a 5% under delivery discount. This equates to 574 dpa (the average over the 15-year lifetime of the Plan).

2.10 The forecast capacity of 3,409 dwellings identified in the Local Plan trajectory as eligible for inclusion within the five-year land supply amounts to 681dpa, or 5.5 years, of housing land supply without any under delivery discount. It is worth noting that, assuming these sites deliver within this time frame, the combined capacity of the remaining sites, including the windfall allowance and supply from permitted development, is 5,568 over the balance of the Plan period, as set out in the table below. This constitutes 9 years' land supply.

Table 1: Spelthorne land supply pipeline, sources of supply 2027/28-2036/37

Source of supply	Quantum	%
Strategic sites	4,083	73%
Small sites	830	15%
Permitted dev	275	5%
Windfall	380	7%
Total	**5,568**	**100%**

Source: SBC

2.11 Through the Regulation 19 draft of the Local Plan of the sites in the BG that were considered, SBC rejected 73 included 15. These 15 sites are not included in the housing trajectory at present. They will, however, be subject to further consideration through the Local Plan development and subsequent examination process.

2.12 Paragraph 68 of the NPPF sets out the requirement for strategic plan-making authorities to build their land supply pipeline such that they are able to demonstrate

a) specific, deliverable sites for years one to five of the plan period[8]; and

[6] Paragraph 68, criterion b
[7] SLAA (2021) Table 1, page 9
[8] With an appropriate buffer, as set out in paragraph 74.

b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.

2.13 The total capacity of the sites identified in the urban area will not meet the requirement set out in paragraph 68 (a) given that a 20% buffer is applied, in effect requiring the Council to be able to show 6 years' worth of supply or 4,091 units.

2.14 That said, the 5,568 units in the land supply pipeline over the balance of the Plan period will meet criterion (b) of paragraph 68.

2.15 To guard against this, an annual position statement would be helpful to monitor and ensure the Council meets is 5YHLS obligations on an on-going basis.

2.16 Also, it is worth noting that, as a result of the 2021 Housing Delivery Test (in which Spelthorne scored 69%), appeals sites will be decided using the tilted balance[9].

2.17 In Policy ST2 of the Draft Local Plan, the sources of land supply in the Borough constitute allocations (Green Belt and urban area), other sites which are not allocated (Brownfield Tier 2), windfall including that from permitted development, sites under construction and small sites. The relevant table is reproduced below.

[9] Presumption in favour of sustainable development

Table 2: Summary of land supply position

Sources of supply over the plan period: 2022 – 2037 (net number of homes)[10]

Source	Approx. number of units	Comments
Allocations	6073*	829 in Green Belt 5244 in Urban area 5% under-delivery discount applied
Brownfield Tier 2 sites (> 5 units)	1,729**	5% under-delivery discount applied
Windfall: Small sites	570	38 per annum x 15 years
Windfall: Office to residential permitted development	275	36 per annum in 6-10 years1 18 per annum in 11-15 years
Under construction	792	As of 31 March 2022
Total	**9,439**	
Average per annum	**629**	

* Yields identified in the Local Plan supersede that identified in the SLAA for allocated sites.
** Excluding sites identified for allocation in the Local Plan

Source: Pre-submission Spelthorne Local Plan 2022 – 2037

2.18 The table above indicates that allocated sites account for 6,073 dwellings or 64% of the total supply. Green Belt allocations represent 14% of capacity within all allocations or 9% of the overall supply. It is worth noting that the average capacity is 629 per annum, just enough to meet evidenced need of 618dpa, or 9,439 dwellings over the plan period.

2.19 The Council has identified that it is unable to meet its development needs in the urban area alone and will require Green Belt release to address the deficit. Exceptional Circumstances have been identified for housing, with the agreed Local Plan strategy to include an element of dispersed Green Belt release alongside an efficient use of brownfield land.

2.20 The challenging land supply position in the Borough (with the most optimistic forecasts of Land Supply narrowly meeting need) raises the question as to whether the Council should use the Local Plan review as an opportunity to release further land from the Green Belt to strengthen the supply of housing land[10] . As such, the benefits of further release must be weighed against the potential negative impacts of doing so.

[10] While the SLAA looks at the next 5 years of deliverable sites (2020-25), 5YHLS looks ahead a year, with 2021 – 2026 the baseline so the council can provide an up to date picture of its housing supply position when appeals are brought. This results in some disparity in Council 5YHLS data. Also, the land supply position is likely to change if Local Plan adoption is delayed, and sites are built out.

2.21 It is important firstly to note not allocating sites in the Green Belt constitutes a constraint on the supply of land and is likely to have significant knock-on effects across a range of policy objectives, for example facilitating access to market homes as well as Affordable Homes.

2.22 Constraining land supply also carries with it intrinsic risks. While the tilted balance[11] already applies to planning decisions in the Borough, it deepens the challenge faced by the Council in restoring its land supply to a position that is in excess of 5 years.

2.23 Also, by constraining land supply and reducing the forecast margin of supply over and above the minimum requirement, adoption of the new Local Plan may be delayed in the event PINS require additional evidence to show enough deliverable and developable sites in urban area have been identified to meet housing need.

2.24 The magnitude of these risks depends on the robustness of the trajectory for housing. It is, therefore, a core part of this report to carry out a stress-test of the trajectory to establish the probability of the constituent sites delivering as planned.

2.25 It is, however, important to note there are negative consequences associated with the alternative “low risk” option, that is seeking green belt release.

[11] The application of paragraph 11(d)(ii) of the NPPF in the event policies in footnote 7 of the NPPF do not provide a clear reason for why a give development should be refused.

2.26 The purpose of Green Belts is set out in the NPPF under five bullets, these are

a. to check the unrestricted sprawl of large built-up areas;
b. to prevent neighbouring towns merging into one another;
c. to assist in safeguarding the countryside from encroachment;
d. to preserve the setting and special character of historic towns; and
e. to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.

2.27 Placing a check on the encroachment of Greater London into open countryside and assisting the regeneration of brownfield land are arguably this most relevant purposes that the Green Belt serves in the Borough. The second of these particularly so given the number of sites on previously developed land that have been identified in the SLAA.

2.28 Moreover, the NPPF notes that "once established, Green Belt boundaries should only be altered where exceptional circumstances are fully evidenced and justified, through the preparation or updating of plans. Strategic policies should establish the need for any changes to Green Belt boundaries, having regard to their intended permanence in the long term, so they can endure beyond the plan period[12]".

2.29 The justification for releasing Green Belt land, therefore, turns on whether the evidence of housing need presents "exceptional circumstances". The justification for Green Belt release, therefore, carries with it a high evidential bar, and are vulnerable to Judicial Review, as recently demonstrated in *Compton PC v Guildford BC (2019)*.

2.30 This case was brought by people objecting to the allocation of sites in the Green Belt to strengthen the Council's land supply. It found that housing need is not precluded from the scope of exceptional circumstances.

2.31 The case did, however, require Guildford to show, firstly, the nature and degree of need and why it could not be met in sequentially preferable locations (i.e. brownfield locations) and, secondly, the impact on the functioning of the Green Belt.

[12] National Planning Policy Framework, paragraph 140

2.32 The Council's case was also strengthened by showing other benefits the proposed release might bring, for example, a better spatial distribution strategy than would otherwise be the case and improvements to the affordability of market homes and the strengthening the pipeline of Affordable Housing.

2.33 It is worth comparing the outcome of this case with the more recent case *Aireborough Neighbourhood Development Forum v Leeds City Council* (2020). In this case, Leeds City Council were found to have unlawfully sought Green Belt release where, as a result of the Standard Method, their housing needs figure had reduced very substantially, from 66,000 to 42,000 over a 16 year plan period. The judge in this case found the Council had erred by not reassessing the need for Green Belt release in light of this change.

2.34 In *Aireborough NDF*, the very substantial change in the housing requirement figure was crucial to the outcome. Also, the Council failed to articulate a proper justification for the release. It may not be enough to rely on local factors, such as achieving a more equitable distribution of development, where a justification based in the fulfilment of unmet housing need is weak.

2.35 *Aireborough NDF* shows that the bar for councils to show "exceptional circumstances" is a demanding legal test. However, Councils can rely on *Compton PC* in releasing Green Belt sites where the judgement about whether the Council will meet need (in particular Affordable Housing need) is more finely balanced than in *Aireborough NDF*. In *Compton PC* it was enough for Guildford BC in evidencing exceptional circumstances to justify Green Belt release during the preparation of a new Local Plan, to show how headroom above need will reduce the risk of under-supply in future years.

2.36 It is worth noting these are arguments developers rely on at appeal for development on the Green Belt to satisfy the test of "very special circumstances" set out in paragraph 147 of the National Planning Policy Framework (NPPF).

2.37 The case law in this area, however, shows that the evidential bar for "exceptional circumstances" that justify Green Belt release in the context of a Local Plan is not as high as for "very special circumstances" for permitting inappropriate development (i.e. the test of more easily satisfied).

2.38 *Compton PC v Guildford BC* demonstrates that showing a higher level of housing supply can contribute to exceptional circumstances for Green Belt release and can weigh decisively in both planning judgement as well as in law. This opens the way for Spelthorne to achieve wider policy objectives through Green Belt release should it wish to do so.

Summary

- Through the Draft Local Plan SBC rejected 73 GB sites and included 15 GB – these 15 sites are not included in the housing trajectory at present. This is, however, subject to further consideration. Policy ST2 of the Draft Local Plan identifies additional sites in the Green Belt with a capacity of 829 dwellings.
- The SLAA (updated in 2021) identifies sites that meet the criteria for inclusion in the five-year land supply with a capacity of 3,126 dwellings (625dpa, or 5.02 years' worth of supply). Taking the 20% buffer into consideration (resulting in a 6 years' worth of supply), the presumption is engaged in Spelthorne.
- The Council has updated its land supply position for the Draft Local Plan, with a base date of 31 March 2022. Excluding Green Belt sites, Policy ST2 of the Draft Local Plan identifies an estimated capacity of 8,977 dwellings or 8,610 dwellings with the application of a 5% under delivery discount. This equates to 598 or 574 dpa respectively (the average over the 15-year lifetime of the Plan).
- The total capacity of the sites identified in the urban area will not meet the requirement set out in paragraph 68 criterion (a) of the NPPF given that a 20% buffer is applied, in effect requiring the Council to be able to show 6 years' worth of supply (4,091 units).
- The 5,568 units in the land supply pipeline over the balance of the Plan period will meet criterion (b) of paragraph 68.
- A reduction in capacity for any reason may further undermine the Council's ability to demonstrate a 5YHLS, resulting in a risk that the presumption in favour of sustainable development will continue be used to determine planning applications despite adoption of the new Local Plan.

3 CASE LAW REVIEW

3.1 Should SBC choose not to seek Green Belt release and is unable to meet housing need partly as a result, the Council will increase the risk of developers successfully over-turning refused planning applications for sites in the Green Belt at appeal.

3.2 Developers have been successful at appeal for sites in the Green Belt where a local authority has been unable to show 5YHLS, particularly where the need for Affordable Housing and specialist forms of accommodation is acute. This may result in planning applications being determined based on the presumption in favour of sustainable development (NPPF para 11 d) increasing the risk of speculative development.

3.3 Since 2015, cases in this area have reflected the written Ministerial Statement[13] in 2015 that the need for conventional housing is unlikely to outweigh the harm to the green belt to constitute the "very special circumstances" justifying inappropriate development in the green belt to one where the position is more finely balanced.

3.4 However, decisions made by Secretaries of State both not to call in a proposed development on the Green Belt and allow appeals for development that involve the Green Belt when they come before him, suggest under the current administration there has been a change of emphasis.

3.5 Also, as noted by the Planning Inspector in one recent appeal (2021), the Ministerial Statemen "has not been incorporated into the Framework which has subsequently been updated and similar guidance within the Planning Practice Guidance has been removed. I can therefore see no reason to give this anything ither than little weight as a material consideration[14]".

3.6 Seven recent appeals[15] in 2019 and 2021 suggest a more relaxed approach to development in the Green Belt driven by an overriding imperative to improve the supply of new housing for sale. This may also reflect a renewed emphasis in the latest version of the NPPF to encourage more development and to increase the pressure on Local Authorities to meet housing targets.

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[13] https://www.gov.uk/government/speeches/green-belt

[14] APP/B1930/W/20/3265925/6 St. Albans City and District Council/Welwyn Hatfield Borough Council v Canton Ltd (2021), paragraph 47

[15] Retirement Villages West Malling (2018); Dylon 2 and Lousada PLC at Station Approach, Lower Sydenham, Bromley, London (2019); Castleoak Care Development at Great Boughton, Chester (2019); Miller Homes at Boroughbridge Road, York (2019); CEG at Burley-in-Wharfedale, Bradford (2019); Seashell Trust, Stockport (2020); Canton at Roundhouse Farm, Colney Heath (2021) and CEG Land Promotions Ltd at Burley-in-Wharfdale (2021).

3.7 At the least, there appears to have been a removal of the assumption that all development in the Green Belt would be called in by the Secretary of State as a matter of course. This is likely to increase developers' confidence in embarking on Green Belt development and going to appeal in the event of a refusal.

3.8 It is worth noting however there were specific factors in these cases that strengthened their chances of success, and to an extent, these have a general application. They include

- where the site is included as an allocation within an emerging local plan;
- where part of the site is on brownfield land;
- if the Council can be shown to have accepted in principle there is a need to release Green Belt land to meet the need;
- where there is a lack of a 5-year housing land supply;
- where the proposed scheme is visually well contained;
- where the proposed development includes provision for educational or care needs, particularly where this addresses special needs; and
- where there exist particular factors relating to the site in question, for example, proximity to transport infrastructure or exceptional design quality, that contributes to the argument that the cumulative benefits of the development out-weight any damage to the Green Belt.

3.9 To place this perspective in context, 11 cases are considered in more detail below (see the full review in Appendix A), including the 2020 case *Retirement Villages* and *Seashell Trust,* to assess the circumstances in which appeals are likely to succeed. Of these, 6 were dismissed, and 5 allowed.

3.10 Developers seeking to bring forward schemes in the Green Belt are governed by paragraphs 147 – 151 of the NPPF. In particular, that only in "very special circumstances" should development be permitted where the harm resulting from the proposal "is clearly outweighed by other considerations"[16].

3.11 Neither the NPPF nor PPG provides guidance as to what constitutes "other considerations". It is, therefore, necessary to consider how the courts have interpreted these words.

3.12 The inter-related nature of different relevant policies is reflected in Inspectors' planning judgements in these cases. Where the need for Affordable Housing and specialist housing for the elderly is downplayed to unreasonably safeguard the Green Belt, there is a risk that (in considering whether the benefits of "other considerations" clearly outweigh the harm to

[16] National Planning Policy Framework, paragraph 148

the Green Belt), an inspector will allow an appeal. This is particularly in the context of a failure to demonstrate a 5YHLS.

3.13 The balance of the outcome of the cases (6 dismissed to 5 allowed) indicates the stringency of the test applied to "very special circumstances" (where LPAs are considering developments in the Green Belt) compared with the "exceptional circumstances" that justify alteration to Green Belt boundaries.

3.14 The evidential bar required to show that the harm inflicted on the Green Belt by development will be "clearly outweighed by other considerations" is high, with many inspectors dismissing appeals. This is particularly true for larger schemes where harm to the Green Belt is clear even where substantial cumulative benefits can be shown.

3.15 However, the *Retirement Villages West Malling v Tonbridge & Malling Borough Council* (2018) case shows that, while a contribution to general needs housing in the context of a failure to demonstrate a 5YHLS is relevant, it is not enough on its own to satisfy the test of "very special circumstances".

3.16 In this circumstance, the cumulative benefit of additional specialist housing for older people, Affordable Housing, as well as general needs housing (where it can be shown the Council is not satisfying need), is additionally required to create a reasonable expectation of meeting the evidential bar.

3.17 Building on this case, the more recent appeal decision in *Stockport Borough Council v Seashell Trust* (2020) showed the then Secretary of State (Robert Jenrick) was minded to recover appeals for schemes involving a substantial number of dwellings on the Green Belt where the Council is in a weak land supply position and where wider benefits can be demonstrated, for example, the provision of specialist housing or services to vulnerable or needy groups in society.

3.18 Conversely, the result of the appeal case, *Retirement Villages Development Ltd v Runnymede District Council* (2019), shows the wider margin allowed for planning inspectors to make their own judgements regarding the level of harm (often referred to as reducing "openness") given the circumstances of each case.

3.19 The notion of "harm" to the Green Belt (and associated "test of openness") was considered in *Samuel Smith v NYCC* (2020) case in the UK Supreme Court. This case found that matters relevant to this issue are a matter of planning judgement, not law.

3.20 Planning inspectors are therefore able to treat each case on its merits and have the scope to arrive at their own opinion as to where the balance rests between any such harm and the benefits a given development can provide.

3.21 While the cases presented suggests the risk of speculative development is low, the implication is that the review of the Local Plan presents a once every five years opportunity to consider Green Belt release and this decision rests with the Local Planning Authority rather than inspectors. It is a decision to be taken with a careful appraisal of the risk of failing to achieve a 5-year land supply as a result.

3.22 The *Bonnar Allan Ltd v Elmbridge Borough Council* (2018) shows that the court's view of allowing appeals where a Local Plan is under review undermines the plan-led system and pre-empts the judgement of plan-makers in assessing whether exceptional circumstances exist to justify Green Belt release.

3.23 The decision whether to progress a planned release should therefore carefully consider the risk of not fulfilling policy objectives, not only falling short of meeting housing targets but also not delivering the required mix, the need for specialist housing and the spatial distribution of housing.

3.24 In the event SBC decide not to seek Green Belt release, national policy offers a route to a lower housing requirement figure (HRF) than the standard method-based Local Housing Needs Figure (LHNF), justified by the existence of land that has been designated as being unsuitable for development on environmental grounds[17]. It is important to note the HRF is a policy-on number that should reflect land availability. To set a lower number, it must be demonstrated that all avenues for identifying available land to meet housing need in full have been considered and exhausted.

3.25 The presence of the Green Belt (together with other designations of land set out in footnote 6) provide a legitimate justification for not meeting the LHNF in full. In this instance, the duty

[17] PPG housing and economic land availability assessment [002]

to co-operate applies and Councils must seek help from neighbouring authorities to meet their need.

3.26 Woking Borough Council (WBC), at the time of its Local Plan review in 2018, had a standard method based LHNF of 409dpa (now risen to 431dpa). However, the review found that the policies in their 2012 Core Strategy (including their HRF of 292dpa) were up-to-date[18]. The town of Woking is surrounded by Green Belt. While WBC has released a modest amount of land from the Green Belt to strengthen their housing land supply, the Council sought assistance from Waverley and Guilford Borough Councils to meet part of Woking's unmet need.

3.27 The 292 figure remains Woking's HRF and provides the basis on which Woking calculates its 5YHLS (currently 9 years) and is used to arrive at the Council's result in the housing delivery test (estimated to be 113%)[19].

3.28 WBC noted in 2018 that the adoption of a HRF that is higher than 292dpa would "cause harm to the environment that will far outweigh any benefits." Furthermore, "the Secretary of State agreed that the Sustainability Appraisal (SA) Report was robust evidence to justify the 292 dwellings per year housing requirement for the Core Strategy. Given that the SA Framework continues to be relevant and the constraints of the area have not changed since the adoption of the Core Strategy, the 292 housing requirement should continue to apply during the plan period and the focus should be towards its delivery."[20]

Summary

- The balance of cases involving developers seeking to over-turn refusals of planning consent for development on Green Belt sites shows the high bar is set to evidence "very special circumstances".
- Even if the Council cannot demonstrate a 5YHLS, the test is unlikely to be satisfied by development that helps address the need for additional general needs housing alone.
- However, cases spanning 2018-21 suggest the position of the Secretary of State may have moved from the position formally set out in the Ministerial Statement of 2015 that delivery of conventional housing where it includes substantial numbers of Affordable Housing in the context of failure to show a five-year land supply will not normally be decisive in assessing whether "very special circumstances" exist.
- This has been illustrated by three recent cases, *Stockport Borough Council v Seashell Trust* (2020); *Bradford City Council v CEG Land Promotions LTD* (2021); and *St. Albans City and District Council/Welwyn Hatfield Borough Council v Canton Ltd* (2021). This indicates appeals may be recovered where they involve schemes for a substantial

[18] WBC decided to undertake an internal review of their Local Plan. This means that, while accepted by the Planning Inspectorate and MHCLG, it was not subject to external scrutiny. This weakens its usefulness as a precedent for using the Green Belt to set a lower housing target than the Standard Method baseline.
[19] Woking Borough Council, Annual Monitoring Report 2018-2019, page 16
[20] Woking Local Development Framework, Review of Woking Core Strategy, October 2018, page 11

number of dwellings on the Green Belt where wider benefits can be convincingly demonstrated.

Conclusions

- Overall, the risk that the Council faces in seeing developers overturning refusals of planning consent on Green Belt sites is small. This is because, in most cases, bringing forward developments of market housing on the Green Belt will not satisfy the test of “very special circumstances” even where the Council's 5YHLS is in question.
- The threat of speculative development coming forward is therefore not in and of itself enough to justify allocating additional sites in the Green Belt.
- In the event however that the Council wishes to strengthen their land supply pipeline, it would be worth considering the basis on which some appeals have been successful as these will indicate sites that may be suitable, for example where part of the site is on brownfield land and where the scheme is visually well contained.

4 HOUSING MARKET APPRAISAL

Introduction

4.1 As noted at the beginning of this study, the purpose of the housing market appraisal is to analyse supply and demand indicators to arrive at an understanding of the likely strength of demand for housing within the 3 CIL Zones in the Borough.

4.2 The Green Belt, as with any policy that restricts the operation of the market for land, makes supply less responsive to demand surges. This is likely to place upward pressure on house prices and may restrict labour mobility.

4.3 In addition, the use of policy to locate housing in one part of the Borough in preference to another driven not by where the market is most strong, but by other factors, may result in misalignments between the supply of housing, in terms of its tenure, type and size, and demand.

4.4 By considering supply and demand indicators it will be possible to assess the degree of both “delivery” and “policy” risk to the Council by restricting the land supply.

Supply and demand balance

4.5 To begin an examination of demand trends in Spelthorne, we consider the key demographic indicators, age structure and household composition and how they are forecast to change over the plan period (the full analysis and findings are presented in Appendix B).

4.6 The data is gathered at several spatial scales: the CIL Zones (based on ward and MSOA data) together with the Borough as a whole, the South East region and England. This is to identify how the different CIL Zones depart from the Borough average and contextual geographies. The approach enables an analysis of the factors that define the economic characteristics of each Zone, as well as the Borough as a whole. The main findings are set out below.

Main findings

4.7 The higher propensity for older people to live in Zone 3 (South), and the increase in their number over the plan period, should be reflected in site allocations that address the likely increase in demand for dwellings in this Zone derived from this segment of the population. Also, the finding that, between 2001 and 2018, there was a substantial loss in young adults in the Borough, with Zone 3 (South) experiencing substantial ageing of its population, points to a lack of suitable housing households within this age group can afford. A major contributory factor to this is restrictions placed on the supply of land for new housing.

4.8 Between 2001 and 2011, the analysis has noted a large increase in HMOs (by around 51%, or 171 households) in Zone 1 (North). Also, the Zone registered the largest increase in households with non-dependent children (17.2%), compared with a Borough average of 9.5%. Taken together, this suggests increased levels of over-crowding. The increase in the number of HMOs (some of which may be illegal) points to informal re-development of housing to create household spaces households on low incomes can afford. This is likely to result from an inadequate supply of affordable market dwellings over a sustained period stemming from an inadequate supply of development land.

4.9 Over the period to 2035, the changing age structure within the three CIL Zones is likely to result in different demand patterns with strong demand from younger households in Zone 1 (North) for affordable products across a range of tenures; households in Zone 2 (Mid) seeking family properties to buy and rent; and, in Zone 3 (South), a greater trend towards homes suited to older residents, both retired and the elderly.

4.10 To a degree, each Zone has come to specialise in a different part of the market. For example, while households in Spelthorne can access a large and varied number of jobs within acceptable commuting times, a pattern of commuting emerges. Those seeking work in industries that tend to be lower paid live in Zone 1 (North) and those working in more highly paid sectors live in Zones 2 (Mid) and 3 (South).

4.11 The resulting differences in demand across the Borough, suggests development should be evenly distributed so the property market can function with each Zone fulfilling its “role”. However, Spelthorne’s land supply pipeline identifies 10.8% of dwellings coming from capacity in Zone 1 (North), the Zone that has historically generated most Affordable Housing units. Zone 2 (Mid), on the other hand, accounts for the majority of capacity, 79.7%. Seeking to concentrate development in any one Zone is likely to lead to overall shortages in supply and a housing stock that exhibits increasing levels of misalignment.

4.12 These different roles are exemplified by the strong demand for smaller dwellings across the Borough, but particularly in Zone 1 (North) given the strong presence of younger household seeking their first home, dwellings suited to down-sizing and a range of sizes of family homes suited to different income levels in Zone 3 (South).

4.13 The housing stock is, however, developing an hour-glass shape with a growing number of homes at either end of the size spectrum, but a reducing number (both in absolute and proportional terms) of medium-sized dwellings. This is the result in part of developers satisfying the demand for smaller homes, and wealthy households extending their properties. It is also likely to derive from restrictions on the supply of development land that focusses development on brownfield sites. Also, it drives up the value of dwellings making it more cost-effective to extend an existing property rather than move. Over time, this will reduce the number of medium-sized, relatively affordable family dwellings as has been the case in Spelthorne.

4.14 The growth in the number of smaller dwellings should be noted in the context of the Market Survey that indicated a perception among housebuilders and estate agents of an over-supply of 1-bed units. This was matched however by a perception of an under-supply of 2,3 and 4 bedroom homes. This trend towards 1-bed homes is likely to reflect a land supply that is concentrated in areas where smaller dwellings are more likely to be brought forward. To resolve this, the pipeline supply of sites may need to be re-balanced to include sites suited to the delivery of medium-sized dwellings.

4.15 The market will respond in the medium term by delivering more medium-sized dwellings of 2 and 3 bedrooms given the strength of demand from family households for affordable market dwellings. However, a limit on development land will reduce the capacity of the market to respond in this way.

4.16 According to letting agents in the Market Survey, the market segments driving demand for PRS in the Borough are families, newly forming households and singles. Given their usual preference for owner-occupation, this suggests families are unable to afford suitable for-sale homes. Additional feedback from the Market Survey supports these conclusions.

4.17 For example, within the PRS, the most common tenancy is 3 years in length. This suggests that the type of households moving into the PRS are likely to be those that have entered a more settled period of life and to prioritise security of tenure. Secondly, that the most popular rental typologies according to housebuilders are semi-detached homes, followed by detached, and then flats.

4.18 The Market Survey also found that the total proportion of Affordable Housing in respondent housebuilders' pipelines was 32% (of which the Social Rent component is 2%). This proportion differs from the tenure split recorded in the Local Authority's data for consented schemes in their record of pipeline supply (21% Affordable Housing) and illustrates that developer's intentions as regards the delivery of Affordable Housing are unlikely to be fulfilled in reality.

4.19 It is worth noting this is a significant uplift on rates of Affordable Housing delivery between 2011 and 2019 (9%). This suggests that, once development schemes are subject to viability assessment, Affordable Housing is scaled back or development does not come forward. One cause for this is focussing development on more complex sites or in areas of lower demand where planning gain (surplus profit once development costs and developer profit are allowed for that may be used to finance Affordable Housing) is limited.

Market signals

4.20 This section considers a series of indicators that provide additional insights into the strength of the housing market in Spelthorne. By disaggregating this data where possible between the CIL zones, it is possible to identify variations that enable an understanding of the relative demand and supply balance between them.

4.21 This is a relevant consideration as to whether additional sites should be sought to strengthen the land supply because the findings reveal the depth of misalignments between the supply and demand for homes in the Borough.

4.22 Constraints on the supply of land together with policies that direct development to certain locations irrespective of market signals is likely to exacerbate misalignments and increase the risk of a shortfall in the delivery of homes, and homes being built of a size and tenure that are poorly suited to households' needs.

The market signals reviewed in this section of the report are:

- House-prices
- Median Affordability Ratio
- Rents
- Income
- Commuting patterns
- Overcrowding

4.23 The main findings of this assessment are set out below. The full analysis of these indicators can be found in Appendix C.

4.24 The decline in affordability of for-sale dwellings and the growth in PRS reflects the growing demand in the Borough for more affordable products of a variety of tenures, designed to suit the financial and lifestyle profiles of growing market segments. The ability of the market to respond to demand is one of the main ways housing can be kept within the bounds of affordability.

4.25 While the market survey foresees a fall in prices in the near-term, this is likely to be cyclical with house prices returning to growth as the economy recovers from the effects of the Covid-19 pandemic. A sustained increase in supply over time, however, would result in a stabilisation of prices. Rents, however, are likely to remain stable, and therefore affordable to those on average incomes.

4.26 According to monitoring data prepared by SBC between 2011 and 2019, 340 Affordable Homes were delivered in the Borough. The majority of these were split between Zones 1 (46%) as Zone 2 (Mid) (45%), with Zone 3 (South) making up the balance (9%). In terms of the proportion of new build development that was Affordable Housing, Zone 1 (North) yielded the greatest (26%), followed by Zone 2 (Mid) (15%) and Zone 3 (South) (9%). This in part illustrates the different "roles" that each Zone plays within the property market identified earlier.

4.27 There is, therefore, a clear “policy” risk from how the sites in the Housing Trajectory are distributed across the Borough stemming from a mismatch between the future supply and where such housing has historically been built. This would suggest that additional sites should be found in Zone 1 (North) to increase the probability of Affordable Homes being delivered.

4.28 High median house prices in Zone 3 (South) provides a strong indicator that overall demand for mid-priced for-sale dwellings is strongest in this Zone and that this is where market development should be concentrated, particularly small and medium-sized dwellings, to exploit favourable market conditions, and improve the affordability of homes over time. However, as noted above, the proportion of allocated sites amounts to around 13% of total pipeline capacity.

4.29 The median affordability ratio (MAR) is the principal market signal as regards the affordability of market housing, expressing house prices as a multiple of median household income. In 2019, the MAR stood at 10.86 in Spelthorne. Unaffordable Housing prevents labour market mobility and results in some poorer households living in unsuitable accommodation.

4.30 The key risk to the Borough in imposing restrictions on the supply of development land is that MAR will continue to deteriorate over the plan period as supply cannot react to demand surges.

4.31 While this may not be achievable in the short term, it should be a policy aim to sustain a downward trend in the MAR to achieve this within the span of the plan period.

Market survey

4.32 GL Hearn designed and carried out an online market survey between 25th May and 13th June. Its purpose was to contact people who have a good knowledge of the housing market in Spelthorne to complement the statistical aspects of the research.

4.33 The main findings of the survey have been incorporated into other parts of the study. However, below the main findings relating to brownfield development are highlighted. The full analysis of the market survey can be found in Appendix D.

4.34 While a majority of housebuilders will consider brownfield sites, they are likely to be more expensive to develop than greenfield on account of acquisition costs of existing uses, remediation and/or higher than normal construction costs. This is likely not only to result in lower than expected build-out rates but also weaker delivery of Affordable Housing.

4.35 Given the property types commonly associated with brownfield development, it is most likely to be attractive to first-time buyers, professional households and people living on their own, and less so older people and families. Therefore, restriction on land supply may disproportionately impact older people and families and result in imbalanced housing stock as downsizing cannot be achieved.

Summary

- Imbalances in the supply and demand for housing, for example, a lack of suitable housing for older people to downsize in Zone 3 (South), and a shortage of suitable housing for younger household indicates restrictions on the supply of development land are too tight.
- The increase in the number of HMOs points to informal re-development of housing to create household spaces households on low incomes can afford. This is likely to result from an inadequate supply of affordable market dwellings stemming from a shortage of development land.
- Each Zone in the Borough plays a different “role” in the property market and supply dwellings suited to different market segments; However, Spelthorne’s land supply pipeline identifies 10.8% of dwellings in Zone 1 (North). Zone 2 (Mid), on the other hand, accounts for the majority of capacity (79.7%).
- Seeking to concentrate development in any one Zone is likely to lead to overall shortages in supply and a housing stock that exhibits increasing levels of misalignment between supply and demand.
- The housing stock in the Borough is developing an hour-glass shape with a growing number of homes at either end of the size spectrum. This is likely to result in part from restrictions on the supply of development land that focusses development on brownfield sites resulting in smaller homes and an increase in very large homes results from housing extensions.
- The market should respond in the medium term by delivering more medium-sized dwellings of 2 and 3 bedrooms across the Borough given the strength of demand from family households for affordable market dwellings. However, a limit on development of greenfield land will reduce the capacity of the market to respond in this way.
- The Market Survey has identified a mismatch between the level of Affordable Housing developers say they will provide, and that which is delivered in practice. One cause for this is focussing development on more complex sites or in areas of lower demand.
- Zones 1 (North) and 3 (South) have seen the greatest delivery of Affordable Housing in recent years, with Zone 1 (North) showing the highest proportion of new build dwellings as affordable. The relatively weak supply of sites in the land supply pipeline in Zone 1 (North) should, therefore, raise concerns about the probability of the Council meeting is Affordable Housing targets.
- Maintaining tight restrictions on the supply of development land will result in the MAR continuing to deteriorate over the plan period as supply cannot react to demand surges.
- While a majority of housebuilders will consider brownfield sites, they are likely to be more expensive to develop than greenfield, resulting in slower build-out rates and weaker delivery of Affordable Housing.
- According to the market survey, development on brownfield land is likely to be most attractive to first-time buyers, professional households and people living on their own, and less so older people and families. Therefore restriction on land supply may disproportionately impact older people and families, exacerbating misalignments between supply and demand.

Conclusions

- The Green Belt is a constraint on the supply of land for housing, reducing the ability of supply to respond to increases in demand. The results of this are high house prices, growing levels of over-crowding, particularly in more deprived parts of the Borough, and under-occupation in wealthier areas.
- Also, it is a major driver in the misalignments this study has uncovered in the supply and demand balance for homes, for example, the hour-glass shape of the housing stock and a weakness in the delivery of Affordable Housing.

5 BUILD OUT RATE AND HOUSING TRAJECTORY

5.1 SBC gathers data on the number of homes that are completed in the Borough each financial year. The monitoring tool used by the Council disaggregates this data by ward and site type (greenfield or previously developed).

5.2 The completions data provided by SBC allows an understanding to emerge of the build-out rate (BOR) that has been achieved in Spelthorne in recent years within each ward (and therefore CIL Zone), on greenfield and brownfield sites and by site capacity.

5.3 The BOR is the rate at which market dwellings are built by developers, and it is typically recorded by month and year per site. It is determined by the absorption rate, the rate at which new build dwellings are sold in a given market. It is a key indicator of market strength within each of the CIL zones.

5.4 The BOR achieved across these completed schemes provides a baseline and reasonable assumptions against which the projected future supply set out in Spelthorne's land supply pipeline may be tested. That is to say, in the event the BOR that a given site in the supply pipeline is expected to achieve varies significantly from the BOR of a similar competed site in the same CIL zone, there is reason to doubt the feasibility of the BOR for the site in the pipeline.

5.5 If a significant proportion of the pipeline supply is seen as too optimistic, and there is not a reasonable explanation for why such a rapid BOR is anticipated, this may justify strengthening of the pipeline to reflect more realistic assumptions around future delivery.

5.5 Reliance on land outside the Green Belt (principally, but not exclusively, on brownfield sites) to meet the Council's annual housing requirement necessarily implies confidence that sites in the land supply pipeline will deliver new homes at a rate that is consistent with the current Housing Trajectory. To assess the risk to the Council of not meeting its housing requirements it is, therefore, necessary to test whether sites in the pipeline may not do so.

5.5 This section also undertakes this assessment by using the BOR from past completions examined in the previous section (the "guide" BOR) as a means of testing whether the BOR used in the land supply pipeline (the "expected" BOR, which determines the extent of their contribution to the 5YHLS) reflects realistic assumptions of the pace at which units will be delivered in practice.

5.5 In the event a significant variation is found between the "expected" and "guide" BOR, this increased the probability of "development risk", and provides a sound justification for taking proactive steps to support the development industry deliver homes in line with the 5YHLS trajectory and, if necessary, strengthening the supply of development land.

Historic Rates

5.6 The table below sets out the historic BOR in Spelthorne for the 9 years from 2010 to 2019[21]. This is drawn from SBC's monitoring data that records a site at "complete" in a given year. This shows that at the Borough level the BOR has been 0.71 units a month. This equates to around 9 units per annum (0.71 x 12).

5.7 There are however substantial fluctuations in BOR, from a low in 2012/13 of 0.39 per month (or around 5 per year) to around 1.32 per month or around 16 units per annum in 2018/19.

Table 3: Average build-out rates, Spelthorne, 2010/11-2018/19

Year	Net Total	Construction period (weeks)	BOR (Units/month)	BOR (Units/year
2010/11	224	1,232	0.79	9.45
2011/12	179	1,298	0.60	7.17
2012/13	113	1,252	0.39	4.69
2013/14	150	1,201	0.54	6.49
2014/15	237	1,081	0.95	11.39
2015/16	113	1,091	0.45	5.38
2016/17	339	2,156	0.68	8.17
2017/18	233	1,560	0.65	7.76
2018/19	420	1,376	1.32	15.86
Grand Total	**2,008**	**12,246**	**0.71**	**8.52**

Source: Spelthorne Borough Council

5.8 Spelthorne's land supply pipeline includes both greenfield and brownfield (previously developed) sites. It is therefore worth considering how BOR have differed between greenfield and brownfield sites since 2010. This is set out in the tables below.

5.9 It is worth noting that the great majority of sites in Spelthorne have historically been on brownfield sites. An estimated 1,947 dwellings were built on brownfield land over the period compared to 24 on greenfield sites.

[21] Outliers were removed from the dataset analysed where:
- net total was a minus figure or zero;
- net 1 dwelling took more than two years to build;
- the construction period was zero;
- construction period is less than 8 weeks.

Table 4: Average BOR (greenfield sites) Spelthorne 2010-2019

Year	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year)
2016/17	12	60	0.87	10.4
2017/18	12	52	1.00	12.0
	24	112	0.93	11.1

Source: Spelthorne Borough Council

5.10 The average BOR for sites on greenfield sites is 0.93 units per month or around 11 per year. However, only 24 dwellings were built on greenfield sites over the period examined across two sites, calling into question the reliability of this data.

5.11 The "Start to Finish" study produced by consultants Lichfields suggests that greenfield sites, on average, have a BOR that is 34% higher than brownfield[22]. This is in line with the evidence to follow looking at BOR on brownfield sites in Spelthorne. This indicates a BOR of 0.74 dwellings per month (around 9 per year), around 25% slower than greenfield sites.

5.12 Nevertheless, to conform with the larger dataset presented in the Lichfields study, this study will use the 0.74 dwellings per month identified for brownfield sites, plus 34% to arrive at guide BOR for greenfield sites in Spelthorne. This results in a BOR of 1.0 dpm, or around 12 dwellings per year.

5.13 The data presented in the table below records the BOR for brownfield sites only over the period 2010/11 to 2018/19. There is a fairly consistent level of delivery over the period, with a peak of 1.06 dpm on 2014/15 and 1.32 in 2018/19. However, the average over the period was 0.74 dpm, or around 9 units per year.

[22] Lichfields, Start to Finish, February 2020, page 19

Table 5: Average BOR (previously developed sites) Spelthorne 2010-2019

Year	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year
2010/11	224	1,232	0.79	9.45
2011/12	163	1,222	0.58	6.93
2012/13	112	1,212	0.40	4.80
2013/14	147	1,082	0.59	7.06
2014/15	234	957	1.06	12.71
2015/16	111	946	0.51	6.09
2016/17	324	2,025	0.69	8.32
2017/18	212	1,286	0.71	8.57
2018/19	420	1,376	1.32	15.86
Grand Total	**1,947**	**11,337**	**0.74**	**8.92**

Source: Spelthorne Borough Council

5.14 It is also worth considering the relative performance of sites of different sizes in Spelthorne considering their overall contribution to the supply of dwellings and the BOR. The table below shows that sites with a capacity of between 11 and 50 units made the greatest contribution to land supply, delivering around 725 units, or 36% of total net new homes over the period.

However, larger sites with a capacity of between 51-100 and 101-400 units also made a substantial contribution, delivering 347 and 456 net new homes respectively or 40% of the total. There is also a very long tail of micro and small sites yielding between 1 and 10 units. These accounted for around 24% of all new homes (around 480 dwellings) and represent 80% of all development sites.

Table 6: Contribution to housing supply by site capacity, Spelthorne, 2010-2019

Site Capacity	Net new homes	%	Sites	%
1 Unit	81	4%	81	38%
2-10 Units	399	20%	90	42%
11-50 Units	725	36%	36	17%
51-100 Units	347	17%	5	2%
101-400 Units	456	23%	3	1%
Grand Total	**2,008**	**100%**	**215**	**100%**

Source: Spelthorne Borough Council

5.15 The table below sets out the average BOR for sites of different sizes by capacity. The BOR is strongly correlated with the size of the site, with the largest sites (falling into the 101-400 Units bracket) delivering, according to SBC data, an average of 5.83 dpm over the period or around 70 units each year.

Table 7: BOR by site capacity, Spelthorne, 2010-2019

Year	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year
1 Unit	81	3,346	0.10	1.26
2-10 Units	399	5,454	0.32	3.80
11-50 Units	725	2,604	1.21	14.47
51-100 Units	347	504	2.98	35.78
101-400 Units	456	339	5.83	69.98
Grand Total	**2,008**	**12,246**	**0.71**	**8.52**

Source: Spelthorne Borough Council

5.16 It is also worth considering the difference in BOR between developments that are exclusively flats or houses. To arrive at this data, it was necessary to exclude developments that included mixed type scheme. This results in a sample of sites set out in the table below. It is important to note that there were no schemes of 51-100 units or 101-400 units that were exclusively houses.

Table 8: Capacity of developments completed 2010-19 that are flats or houses only

Capacity	Flats	Houses	Total
1 Unit	29	58	87
2-10 Units	288	66	354
11-50 Units	372	28	400
51-100 Units	139	0	139
101-400 Units	262	0	262
Grand total	**1,090**	**152**	**1,242**

Source: SBC

5.17 Despite the lack of data relating to houses in the larger site size categories, it is nevertheless apparent that flatted schemes tend to be built more quickly, as set out in the table below. This is apparent firstly from the difference in BOR between sites of 2-10 and 11-50 units where flats are built 25% and 28% more quickly. Secondly, flat-only schemes exceed the BOR for mixed type developments set out in the table above by a substantial margin, by

3.44 dpm for sites of between 51-100 units (115%) and 2.99dpm for sites of between 101-400 units (51%).

Table 9: BOR of sites comprising flats or houses only

Capacity	Flats	Houses	%
1 Unit	0.07	0.08	-3%
2-10 Units	0.37	0.27	25%
11-50 Units	1.38	1.00	28%
51-100 Units	6.42	0.00	
101-400 Units	8.82	0.00	

Source: SBC

5.18 Three sites fall into the largest category of between 101-400 units, London Irish Rugby Club, Dolphin House and 140 West Wing at Ashford Hospital. All of them were brownfield development. As with the data on BORs on greenfield sites, this is a small data set on which to base conclusions on the BOR of sites of this size. Therefore to sense-check this data it is worth turning again to Lichfield's "Start to Finish" study.

5.19 This report indicates that sites of between 0 and 99 dwellings have a BOR of around 22 dwellings per year, and those with a capacity of 100-499 dwellings produce around 55 units each year. It is, however, important to be mindful that the Spelthorne data is specific in terms of location and reflects the strength of the market within this geography.

5.20 For this reason, a mid-way point between the Spelthorne data and the Lichfields study is recommended. This results in a BOR for sites with a capacity of between 101-400 of 63 dwellings per year, or around 5 per month.

Table 10: Median and mean delivery rates by site size

Site Size	Number of sites	Median housing delivery (dwellings per annum)	Median delivery as % of total on site	Mean annual delivery (dwellings per annum)	Mean annual delivery as % of total units on site
50-99	29	27	33%	22	29%
100-499	54	54	24%	55	21%
500-999	24	73	9%	68	9%
1,000-1,499	17	88	8%	107	9%
1,500-1,999	9	104	7%	120	7%
2,000+	27	137	4%	160	4%

Source: Lichfields

5.21 Those of 11-50 units in size, however, produce an average of 1.17 units per month, equating to around 16 units per year.

5.22 Sites of between 51 - 101 units produce an average of 2.98 units per month in the data provided by Spelthorne.

5.23 The table below considers the difference in BOR between the 3 CIL Zones. Between 2010/11 and 2018/19 there were 505 dwellings built in CIL Zone 1 (North) over an aggregate construction period of 2,570 days. This equates to a BOR of 0.85 dpm or around 10 units per year.

5.24 This was a substantially faster rate than the equivalent rate for Zone 2 (Mid), which recorded a BOR 0.56 dpm, but slower than Zone 3 (South), which recorded an average BOR of 0.98dpm over the period. The average BOR for the Borough over the period was 0.71dpm.

5.25 This evidence is likely to point to a difference in tenures, for example, a higher proportion of affordable and build to rent units, facilitating faster BOR within Zone 1 (North) but also the delivery of flatted developments which tend to be built at a quicker rate.

Table 11: BOR by CIL Zone (all sites), 2010-2019

CIL Zone	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year
CIL Zone 1 (North)	505	2,570	0.85	10.21
CIL Zone 2 (Mid)	907	7,030	0.56	6.70
CIL Zone 3 (South)	596	2,645	0.98	11.71
Grand Total	**2,008**	**12,246**	**0.71**	**8.52**

Source: Spelthorne Borough Council

5.26 It is also necessary to consider the BOR of brownfield sites only in the Borough, and how this differs within each of the CIL Zones. The table below sets out the BOR for brownfield sites only. This presents a different pattern of BOR compared to those for all sites, again indicating that, in Spelthorne, dwellings are built on brownfield sites at a marginally faster rate than the average for all sites.

Table 12: BORs on brownfield (previously developed) land 2010-2019

Year	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year
CIL Zone 1 (North)	476	2,422	0.85	10.21
CIL Zone 2 (Mid)	894	6,474	0.60	7.17
CIL Zone 2 (South)	577	2,441	1.02	12.28
Spelthorne	1,947	11,337	0.74	8.92

Source: Spelthorne Borough Council

5.27 As shown in the table below, the respective ranking of the Zones remains the same, but BORs have increased with brownfield sites in Zones 2 (Mid) 0.60dpm and Zone 3 (South), 1.02dpm in which the percentage uplift is 7% and 5% for each zone respectively, with the Borough recording an overall difference between all sites and brownfield sites of 5%. The differences between the zones are likely to reflect differences in land values and the diversity of tenures brought forward within different Zones.

Table 13: BORs on brownfield (previously developed) land and all sites 2010-2019 (for comparison)

CIL Zone	Total net new homes		Total construction period		BOR (avg units/mth)		% Difference all sites and b/field
	All sites	PDL	All sites	PLD	All sites	PDL	
CIL Zone 1 (North)	505	476	2,570	2,422	0.85	0.85	0%
CIL Zone 2 (Mid)	907	894	7,030	6,474	0.56	0.60	7%
CIL Zone 3 (South)	596	577	2,645	2,441	0.98	1.02	5%
Spelthorne	2,008	1,947	12,246	11,337	0.71	0.74	5%

Source: Spelthorne Borough Council

5.28 As previously noted, greenfield sites represent only a small part of total new homes over the period, around 24 dwellings. Garden sites however generated 46 homes over the period, with a construction period of 1,102 weeks reflecting an average BOR of 0.18dpm. This suggests garden sites are relatively slow in coming forward compared with sites of other types.

Table 14: Average BOR (garden sites) Spelthorne 2010-2019

Year	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (Units/year
2011/12	16	76	0.92	10.98
2012/13	1	40	0.11	1.31
2013/14	3	119	0.11	1.31
2014/15	2	71	0.12	1.47
2015/16	3	256	0.05	0.61
2016/17	6	312	0.08	1.00
2017/18	15	228	0.28	3.42
Grand Total	**46**	**1102**	**0.18**	**2.17**

Source: Spelthorne Borough Council

5.29 The table below sets out the difference in BORs between the three Zones on brownfield sites of different sizes. There is a large difference in the BOR of the largest size of sites within zones 1 and 2 (those with a capacity of between 101 and 400 units record BOR of 107 and 104 units per annum respectively), and smaller sites.

5.30 These findings should be treated with caution however as there is only one site per Zone falling into this size category. For this reason, a midway point is used between each finding and the average BOR for sites with a capacity of 100-499 units reported in the Lichfields study (55 dwellings per annum).

5.31 For the same reason it is similarly advisable to apply a midway point calculation to sites with a capacity of 51-100 units using the average BOR for sites of 50-99 units set out in the Litchfields study (22 dwellings per annum).

5.32 The data relating to sites with a capacity of between 11-50 units is reliable given the larger number of data points. This indicates the fastest pace of development on brownfield sites of this size is in Zone 3 (South) (3.73dpm), compared with 1.07dpm and .98dpm in Zones 1 (North) and 2 (Mid) respectively.

5.33 This is likely to reflect higher land and sales values in Zone 3 (South), resulting in greater confidence on the part of developers to bring forward development at a faster pace. It may also reflect differences in the inherent complexity of sites, with sites in Zones 1 (North) and 2 (Mid) being brought forward within more urban contexts.

5.34 Also, historically, sites in Zone 1 (North) have delivered a disproportionately large number of affordable units, suggesting the policy burden may be greater on sites being delivered in this Zone compared with those in the other two Zones.

Table 15: BOR on brownfield sites by size capacity by CIL Zone, 2010-19

CIL Zone	No Units	Total net new homes	Total construction period	BOR (avg units/mth)	BOR (avg units/yr)	Lichfield adjustment (year)	Lichfield adjustment (month)
One (North)	1 Unit	15	666	0.10	1		
	2-10 Units	58	786	0.32	4		
	11-50 Units	179	724	1.07	13		
	51-100 Units	62	172	1.56	19	20	1.70
	101-400 Units	152	74	8.95	107	81	6.76
Two (South)	1 Unit	47	2,066	0.10	1		
	2-10 Units	271	3,661	0.32	4		
	11-50 Units	345	1,527	0.98	12		
	51-100 Units	190	186	4.42	53	37	3.12
	101-400 Units	110	55	8.66	104	79	6.62
Three (South)	1 Unit	7	369	0.08	1		
	2-10 Units	67	1,203	0.24	3		
	11-50 Units	194	225	3.73	45		
	51-100 Units	95	145	2.83	34	28	2.33
	101-400 Units	194	210	4.00	48	52	4.29

Source: Spelthorne Borough Council and Lichfields

5.35 The table below provides an estimated BOR for greenfield sites in the Borough. This has been calculated by taking the BOR for brownfield sites, and multiplying this figure by 34%, the average difference in the BOR between green and brownfield sites reported in "Start to Finish".

Table 16: BOR on greenfield sites by size capacity by CIL Zone, 2010-19

CIL Zone	No Units	BOR (avg units/mth)	BOR (avg units/yr)	Lichfield adjustment (year)	Lichfield adjustment (month)
One	1 Unit	0.14	2		
	2-10 Units	0.49	6		
	11-50 Units	1.43	17		
	51-100 Units	2.09	25	29	2.46
	101-400 Units	11.99	144	109	9.06
Two	1 Unit	0.15	2		
	2-10 Units	0.45	5		
	11-50 Units	1.41	17		
	51-100 Units	5.92	71	50	4.19
	101-400 Units	11.60	139	106	8.87
Three	1 Unit	0.11	1		
	2-10 Units	0.32	4		
	11-50 Units	2.42	29		
	51-100 Units	3.79	46	38	3.13
	101-400 Units	5.36	64	69	5.75

Source: Spelthorne Borough Council and Lichfields

Market survey

5.36 In the final part of this section, we consider the response of housebuilders to the market survey as regards the number of units they expect to sell each month per site. Of the housebuilder respondents to the market survey, 8 out of 23 (35%) have been involved in the marketing and selling of new build homes in the last year. Of the estate agents who took part, 3 out of the 5 (60%) did so.

5.37 The table below sets out the estimated number of units respondents expect to sell each month per site. The average number is 5.2. However, this includes the outlier of 15 units per month provided by one respondent. While it is not outside the bounds of possibility that a large scheme will generate this number of homes each month, it is likely this is related to a large scheme and is therefore unhelpful in providing a guide to BORs on smaller sites. If the outlier is excluded (OE), the average BOR is 4, this equates to 48 units each year.

5.38 This suggests either that the majority of developers who responded to the survey are bringing forward sites with a capacity of greater than 50 units, or that they are overly optimistic as to achievable BORs on their sites.

Table 17: Number of units housebuilders expect to sell per site each month

Respondents	Number provided	Assumed	BOR/year
1	3 to 4	3.5	42
2	4	4	48
3	1	1	12
4	5-10	7.5	90
5	15	15	180
6	4	4	48
7	2	2	24
8	4.5	4.5	54
Average		5.2	62.25
Average (OE)		4	45

Source: Market Survey

5.39 Using this data, it is possible to assess the likelihood of the sites currently included in Spelthorne's land supply pipeline of falling short of housing targets, given the balance within the trajectory between green and brownfield sites, size of site by capacity and which CIL Zones they fall into. The impact of these assumptions is set out in the following section.

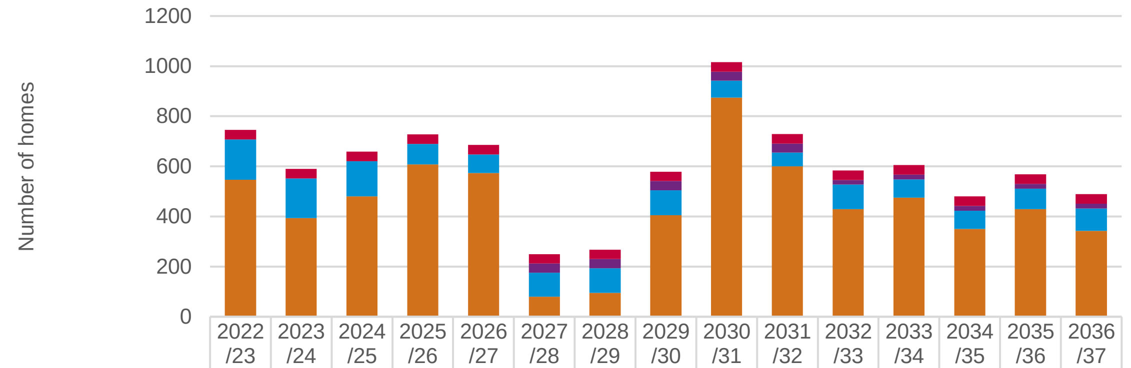
Alternative Trajectory

5.40 Spelthorne's Housing Trajectory presents the supply of dwellings over the period 2022/23 to 2036/37. It sets out an annual average rate of delivery of 598dpa totalling 8,977 units over the period. Over the first five years (2022/23 – 2026/27) the total number of units delivered is expected to be 3,409. When a 20% buffer is applied as per national guidance, this figure is below that which is required to meet evidenced annual need of 618dpa. The current 5YHLS equates to 4.52 years' worth of supply.

5.41 This study has analysed the sites in the land supply pipeline (these can be seen in Appendix E) to establish the "expected" BOR on sites of different sizes and in different CIL Zones. Only sites outside the Green Belt have been considered in order to assess the extent to which SBC can meet its housing targets in the urban area alone.

5.42 Excluding Green Belt sites but including annual allowances for office to residential permitted development order (PDO) conversions amounting to 275 units (36dpa in years 6-10 and 19dpa in years 11-15); delivery from small sites amounting to 1,447 units; and a windfall allowance amounting to 570 units (or 38 units per annum) the capacity of the sites in SBC's land supply pipeline amounts to 8,977 dwellings. This does not include any discount for under-delivery. This figure is the aggregate number of dwellings that SBC expects to be delivered on land outside the Green Belt land between 2022/23 and 2036/37. This is set out in the figure below.

Figure 2: Land supply pipeline 2022/3-2036/7, Spelthorne



	2022 /23	2023 /24	2024 /25	2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	2032 /33	2033 /34	2034 /35	2035 /36	2036 /37
Windfall	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
Permitted devmt	0	0	0	0	0	36	36	36	36	36	19	19	19	19	19
Small sites	161	158	141	82	75	96	99	100	67	55	97	73	73	81	89
Strategic sites	547	394	480	608	573	80	95	405	875	600	430	475	350	430	343

Source: Spelthorne Borough Council

5.43 It is important to highlight differences in the land supply data set out in the Housing Trajectory, the land supply pipeline and the Site Allocations document to arrive at a reasonable estimate of Spelthorne's 5YHLS position.

5.44 The land supply position illustrated in Policy ST2 of the Draft Spelthorne Local Plan shows a total of 9,439 dwellings including Green Belt sites (829) and the windfall from small sites and permitted development (845). The supply position net of Green Belt and windfall is therefore 7,765. It is from among these sites that sites suitable for inclusion in the 5YHLS are drawn.

5.45 The figure of 6,685 derived from strategic sites set out in the Land Supply pipeline reflects an estimate of the capacity of sites net of Green Belt given it is broadly in line with the SBC's current Housing Trajectory (6,600)[23].

5.46 As noted, the Land Supply pipeline indicates that the Council's 5YHLS amounts to 3,409. Based on an annual requirement of 618dpa, this equates to a 5YHLS of 5.52 years. It is, however, important to bear in mind that, as a result of the 2021 Housing Delivery Test (in which Spelthorne scored 69%), a buffer of 20% applies, and the presumption in favour of sustainable development has been triggered. The required land supply, therefore, should as a minimum show a capacity of 4,091 dwellings to conform with the NPPF and avoid "development risk".

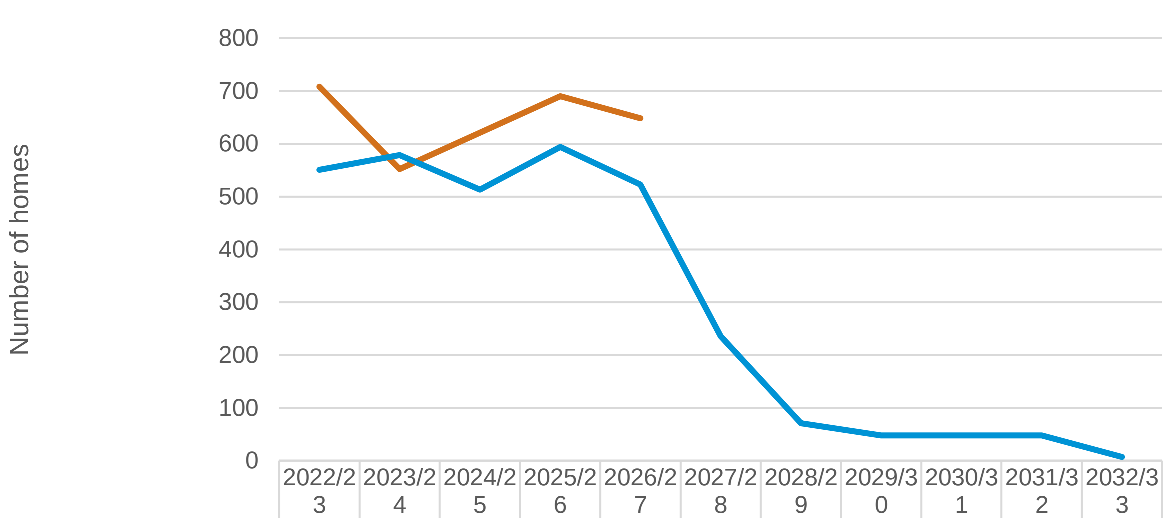
5.47 The figure below shows the extent of variations between the expected BOR and guide BOR following analysis undertaken as part of this study. This only takes into account sites listed in the Land Supply pipeline (net of Green Belt sites) as delivering homes in the first five years.

5.48 The expected 5YHLS envisages 708 dwellings coming forward in 2022/23 (excluding windfalls). These are, however, based on BOR that, in a significant number of cases, are in excess of rates that have been achieved on similar sites in the relevant CIL zone.

5.49 While delivery is likely to pick up between the years 2023/24 and 2026/27, there is a risk that a significant number of dwellings currently in the 5YHLS may move beyond the 5-year period. These number 461, or 14% of supply. This risk can be reduced by the Council engaging with developers proactively to ensure expected BORs are achieved at these sites. The sites themselves are listed in Appendix E.

[23] Spelthorne Borough Council Annual Monitoring Report 2021, pp18

Figure 3: Current 5YHLS and land supply revised following use of assumptions justifying the "guide" BOR



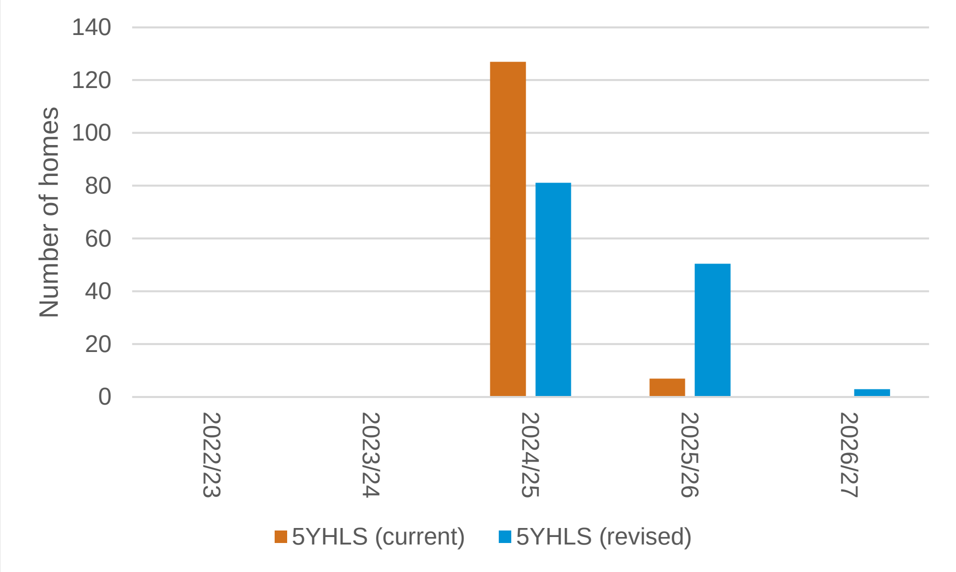
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
5YHLS (current)	708	552	621	690	648						
5YHLS (revised)	551	579	513	594	523	236	71	48	48	48	7

Source: Spelthorne Borough Council, GL Hearn Calculations

5.50 If the BOR in the land supply pipeline is adjusted to reflect the guide BOR, the sites will generate 2,879 dwellings between 2022/23 and 2026/27, rather than 3,409. These figures represent 4.66- and 5.52-years' supply respectively. The figures that follow show how these changes affect sites within the three CIL zones.

5.51 In Zone 1 (North), the change has the effect of distributing the capacity of sites across 3 years rather than 2. That said, the entirety of supply (134 dwellings) is retained within the 5-year horizon. This may point to the complexity of bringing forward sites in a more complex urban part of the borough.

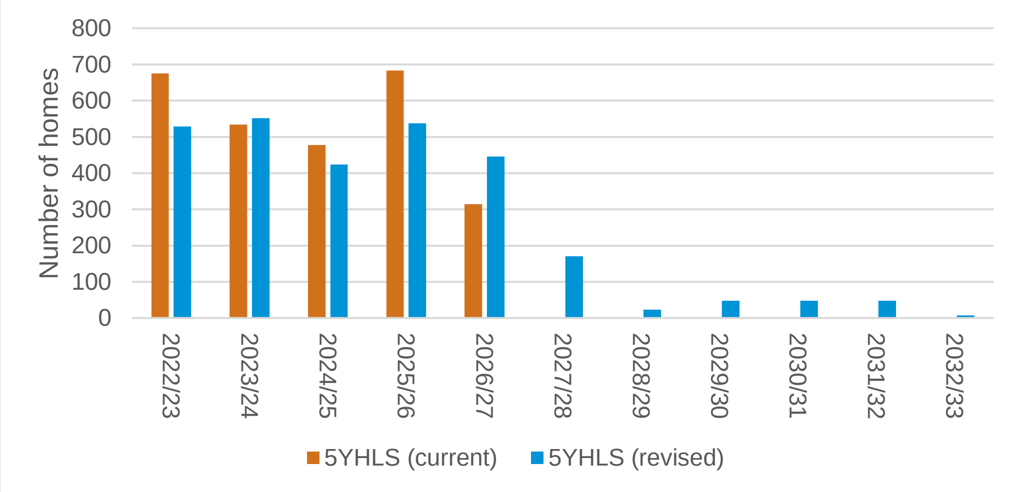
Figure 4: Variation between "expected" BOR and "guide" BOR, CIL Zone 1 (North)



Source: Spelthorne Borough Council, GL Hearn Calculations

5.52 In Zone 2 (Mid), the variation between the guide BOR and expected BOR is greater than for Zone 1, with a proportion of dwellings (13% or 345 dwellings) transferred into later years.

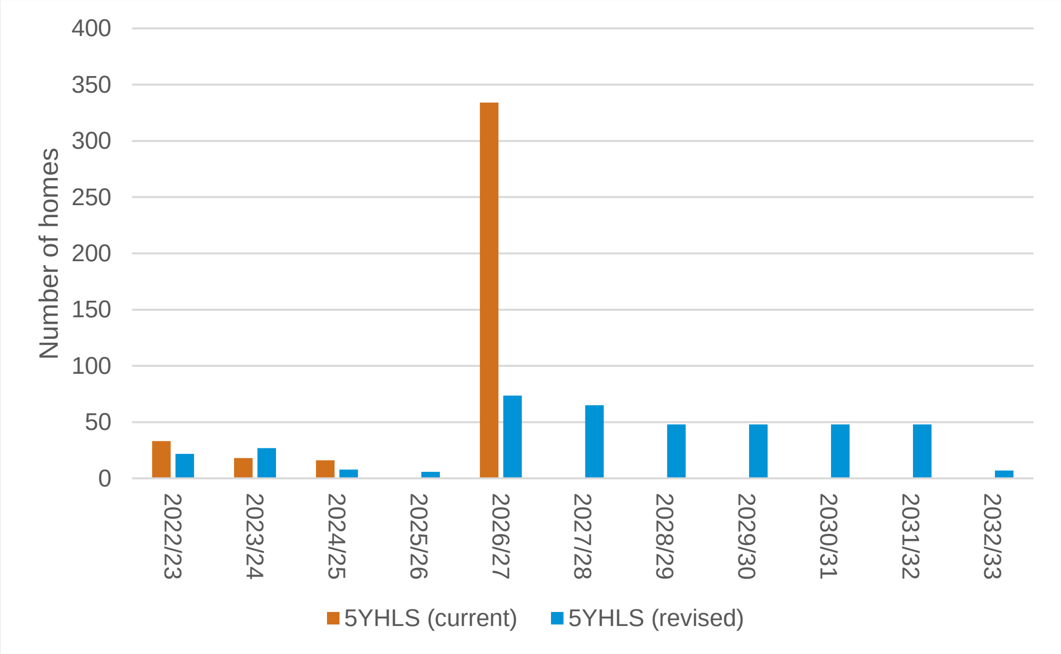
Figure 5: Variation between "expected" BOR and "guide" BOR, CIL Zone 2 (Mid)



Source: Spelthorne Borough Council, GL Hearn Calculations

5.52 Zone 3 (South) sees both the largest proportion and number of units transferred to later years (66% or 264 dwellings). This is chiefly on account of the Annandale House site. This is expected to deliver 295 units in one year (2026/27). However, this greatly exceeds the "guide" BOR for a site of this size in Zone 3 of 48 units per year.

Figure 6: Variation between "expected" BOR and "guide" BOR, CIL Zone 3 (South)



Source: Spelthorne Borough Council, GL Hearn Calculations

Summary

- An estimated 1,947 dwellings were built on brownfield land between 2010 and 2019, compared to 25 on greenfield sites and 36 on garden sites, totalling 2,008 units.
- Historically the average BOR achieved was around 8.5 units per annum increasing to 9 units per year on brownfield sites. The average BOR for sites CIL Zone 1 (North) was around 10 units per year; for Zone 2 (Mid), 7 units per year; and 12 units per year for Zone 3 (South).
- Drawing on data from the Lichfields study, “Start to Finish” and SBC monitoring data, the average BOR per month for large brownfield sites in Spelthorne in excess of 100 units is likely to be around 6 dwellings per month (around 72 each year).
- Based on the sources, the average BOR per month for large greenfield sites in Spelthorne in excess of 100 units is around 8 dwellings per month (around 96 each year).
- Spelthorne’s Housing Trajectory presents the supply of dwellings over the period 2022/23 to 2036/37. It sets out an annual average rate of delivery of 598dpa totalling 8,977 units over the period.
- Over the first five years (2022/23 – 2026/27) the total number of units delivered is expected to be 3,409. This figure is below that which is required to meet evidenced annual need of 618dpa. The current 5YHLS equates to 4.52 years’ worth of supply.
- This “guide” BOR has been applied to test the 5YHLS. This results in an adjusted supply 2,948 dwellings between 2022/23 and 2026/27, rather than 3,409. These represents 4.77 years’ worth of supply. This is substantially less than the 3,409 dwellings (5.52 years’ worth of supply) detailed in the Draft Local Plan as eligible for inclusion.

Conclusions

- This test suggests there is a risk to the Council failing to demonstrate a 5YHLS by restricting its supply of housing land, particularly in light of weak delivery (relative to its housing need) in recent years. It should however be noted that the “guide” BORs are an assumption and actual delivery of sites may vary,
- Maintaining a 5YHLS is required on an on-going basis to conform with the NPPF and avoid the risk of planning applications being determined based on the presumption in favour of sustainable development.

6 HOUSING NEED MIX

6.1 This section draws on the evidence gathered to assess the extent to which the distribution of sites among the CIL Zones set out in the land supply pipeline and the focus of development on brownfield sites, may undermine emerging Local Plan policy on the type and size of dwellings. It also considers the implications for the delivery of Affordable Homes.

Type and size

6.2 Policy H1: (Homes for All) from Spelthorne's emerging Local Plan requires that "development proposals will be expected to contribute to meeting identified housing needs by providing a housing mix as set out in the Strategic Housing Market Assessment (SHMA) or any similar evidence for market and affordable units."

6.3 The most recent SHMA, providing an update of housing mix at the Borough level, was published in October 2019. For ease, the summary table from this document relating to the housing mix is reproduced below.

Table 18: Housing mix, Spelthorne

Tenure	1-bed	2-bed	3-bed	4+-bed
Market	0-5%	20-25%	50-55%	20-25%
Affordable home ownership	15-25%	40-45%	25-35%	5-10%
Affordable Housing (rented)	35-40%	25-30%	25-30%	5-10%

Source: Spelthorne SHMA Update

6.4 The study noted that

- the focus of new market housing provision will be on two- and three-bed properties, in part satisfying demand for medium-sized properties from older households downsizing; and
- there will be continued demand for family housing from newly forming households.

6.5 It also notes that evidence may need to be updated when considering housing mix within individual sites[24]. Also, the Local Plan, when building a portfolio of allocated sites, should ensure this reflects these sites' capacity to deliver a mix of dwellings that is aligned with demand for market homes and need for Affordable Homes in the Borough over the plan period.

[24] SHMA Update, age 50

6.6 This study has examined market trends in the Borough and how these play out in the three CIL zones. In particular, in the Market Survey, a picture has emerged of how key market segments (newly forming households, first-time buyers, professionals, families, empty-nesters/retirees and the elderly) have gravitated towards different zones as a result of their different requirements and lifestyle choices. These trends provide a helpful guide to the suitability of each zone to different sizes and tenures of home and therefore whether the distribution of allocated sites will meet demand over the plan period.

6.7 The first table below reflects feedback from housebuilders as to the level of attraction of the seven neighbourhoods in Spelthorne to each market segment. The second reflects the degree of appeal exhibited by each segment for each of the neighbourhoods: Ashford; Laleham; Staines; Sunbury; Shepperton; Halliford and Stanwell. The following picture emerges:

- First-time buyers and newly forming households concentrate in Ashford, Staines, and Stanwell and to a lesser degree Shepperton and Halliford;
- Families are well represented across the Borough, particularly in Ashford, Laleham, Shepperton and Halliford, though to a lesser degree in Staines;
- Professional households tend to concentrate in Laleham, Staines and Sunbury, but less so in Stanwell or Ashford;
- the second of the two tables suggest Laleham and Shepperton are particularly attractive to older households; and
- Overall, single persons have not established a strong presence in any neighbourhood, although of all the neighbourhoods the feedback suggests Staines is the most common area for this group.

6.8 In terms of the CIL Zones, Zone 1 (North) (consisting of only Stanwell) is most suitable for newly forming households and first-time buyers (NFH and FTBs). Housebuilders report that Zone 2 (Mid) (consisting of Ashford, Laleham and Staines) is suitable for NFH, FTBs and families. Zone 3 (South) (consisting of Halliford, Shepperton and Sunbury) is cited as being suitable for these groups, as well as also being the most attractive part of the Borough for empty nesters and retirees and the elderly.

Table 19: Concentrations of market segments, Spelthorne (housebuilders)

CIL Zone/Area	NFH/FTB	Families	Professionals	Empty nesters/retirees	Elderly	Single persons
Zone 1 (North)	**4**	**3**	**2**	**0**	**0**	**1**
Stanwell	4	3	2	0	0	1
Zone 2 (Mid)	**18**	**17**	**9**	**3**	**3**	**4**
Ashford	8	8	3	1	1	0
Laleham	3	7	3	2	2	1
Staines	7	2	3	0	0	3
Zone 3 (South)	**11**	**21**	**10**	**4**	**5**	**1**
Halliford	4	8	3	1	1	0
Shepperton	4	9	2	2	2	0
Sunbury	3	4	5	1	2	1

Source: Market Survey

Table 20: Neighbourhood appeal for market segments

CIL Zone/Area	NFH/FTB	Families	Professionals	Empty nesters/ retirees	Elderly	Single persons
Zone 1 (North)	**7**	**1**	**0**	**0**	**0**	**1**
Stanwell	7	1	0	0	0	1
Zone 2 (Mid)	**17**	**10**	**9**	**7**	**6**	**9**
Ashford	7	2	1	0	0	2
Laleham	3	4	4	4	3	2
Staines	7	4	4	3	3	5
Zone 3 (South)	**11**	**14**	**9**	**10**	**8**	**1**
Halliford	4	6	2	3	3	1
Shepperton	6	6	3	5	3	0
Sunbury	1	2	4	2	2	0

Source: Market Survey

6.9 In the Housing Market Appraisal, we examined the distribution of development sites across the Borough. For ease of reference, the relevant table is set out below. This indicates the vast majority of development sites (79.7%) fall into Zone 2 (Mid).

Table 21: Net capacity of pipeline sites by CIL Zone, 2022/23 – 2036/37

Ward/CIL zone	Units	%
Ashford North and Stanwell South	668	8.2%
Stanwell North	208	2.6%
CIL Zone 1	**876**	**10.8%**
Ashford Common	87	1.1%
Ashford East	127	1.6%
Ashford Town	389	4.8%
Laleham and Shepperton Green	11	0.1%
Riverside and Laleham	19	0.2%
Staines	5,204	64.0%
Staines South	10	0.1%
Sunbury Common	635	7.8%
CIL Zone 2	**6,482**	**79.7%**
Sunbury East	677	8.3%
Halliford and Sunbury West	5	0.1%
Shepperton Town	92	1.1%
CIL Zone 3	**774**	**9.5%**
Total	**8,132**	100%

Source: Spelthorne Borough Council

6.10 The question is, therefore, based on what we know about the requirements of the key market segments in terms of type and size of home, whether there is a risk of a misalignment between the supply and demand as a result of the distribution of allocated sites across the geography of the Borough.

6.11 The evidence gathered indicates that the focus of development in Zone 2 (Mid) should be affordable market dwellings suited to families (i.e., dwellings of 2 and 3-bedrooms either offered for sale or rent or as an affordable route to home ownership). This is consistent with feedback from the Market Survey that indicates that the neighbourhoods of Ashford, Laleham and Staines (which from the bulk of Zone 2 (Mid)) are popular with newly forming households, first-time buyers, and family households. These three groups naturally overlap.

6.12 The ample allocation of sites in Zone 2 (Mid) is therefore likely to address the demand for a wide number of market segments and is likely, in broad terms to meet demand as set out in the SHMA update. The imbalance of supply, with only 9.5% of total land supply to Zone 3 (South), does run the risk undermining the ability of the Borough to deliver the full breadth of housing mix needed, in particular homes for older people and families.

6.13 The SHMA update notes that "there is a clear need to increase the supply of specialist accommodation for older persons. The SHMA shows there is a current shortfall of 201 leasehold housing which is forecast to increase to 2035, reaching 288. Care bed spaces are also in high demand in Spelthorne with current and future shortfalls totalling 509 beds."[25]

6.14 Based on feedback from housebuilders, the Market Survey identified that Zone 3 (South) (consisting broadly of Halliford, Shepperton and Sunbury) is the most attractive part of the Borough for older groups: empty nesters and retirees and the elderly.

6.15 In terms of housing mix, the market evidence assembled in this study has identified that the development in Zone 3 (South) could address two needs that mesh with the assessment of need in the SHMA update, firstly, homes for older people, both for their own purpose and to release large dwellings for wealthy families and, secondly, the provision of less expensive medium-sized family homes.

6.16 The limited capacity of sites in Zone 3 (South) (774 dwellings or 9.5% of total capacity)[26] very substantially diminishes the ability of this part of the Borough to fulfil this role. Therefore, there is a strong case for a more even distribution of sites across the Borough with a greater proportion falling into Zone 3 (South).

Affordable Homes

6.17 The table above, setting out the recommended housing mix of new development over the plan period (reproduced from the SHMA update) indicates a substantial demand for smaller Affordable Homes for rent. Indeed, 1-bedroom homes form the largest proportion of dwellings needed, followed by those of 2 and 3-bedrooms. These recommendations have been arrived at based on an understanding of affordability and household composition.

6.18 The SHMA update identified a net need for 459 Affordable Homes per annum to be provided over the period to 2035, and that "the provision of new Affordable Housing continues to be an important and pressing issue in the Borough."

6.19 As noted in the Housing Market Appraisal section the geographical imbalance of development between the Zones should be a cause of concern because of the practical delivery of sufficient numbers of Affordable Homes. This is because Zone 1 (North) has historically yielded the greatest proportion of Affordable Units.

[25] SHMA update, page 62
[26] Taken from SBC's land supply pipeline data net of Green Belt sites

6.20 The suitability of Zone 1 (North) for Affordable Housing is likely to endure in future years firstly because people on lower incomes have a natural desire to live there on account of access to employment opportunities in the service sector associated with Heathrow Airport.

6.21 Secondly, the urban form, quality of infrastructure and land values justify high density, flatted development that is likely to be popular with newly forming households on both affordability and lifestyle grounds.

6.22 This is a view that is supported by the opinions expressed by housebuilders in the Market Survey that Zone 1 (North) tends to attract newly forming households and first-time buyers.

6.23 As regard Zone 3 (South), the Market Survey reported feedback from one respondent that the Council must develop a portfolio of sites that provides *"a realistic prospect of achieving the preferred housing target of 40% of schemes of 10+ units…this is particularly acute when considering the need for family housing (3-4 bed dwellings) because brownfield developments typically comprise apartments (building up at higher densities) rather than houses (building out which requires the release of greenfield / Green Belt land)."*

6.24 On account of generally higher land values, Zone 3 (South) could offer a focus for affordable family housing, for example, Affordable Home Ownership products providing households with a route out of the PRS.

Summary

- Once Green Belt sites are excluded, 79.7% of the sites in the Council's current land supply pipeline are in Zone 2 (Mid). This emphasis is broadly compatible with the objectives of Policy H1 and is likely to address the need for two and three-bed dwellings as identified in the SHMA update.
- However, the weak land supply Zone 1 (North) and 3 (South) diminishes the ability of the Council to address mounting misalignments in the supply and demand balance, for example, the need for more older persons' housing (that will free-up family-sized homes) and the fact that entry-level homes are too expensive for their intended occupants. Therefore, there is a strong case for a more even distribution of sites across the Borough.
- The affordability problem is acute in the Borough. Historic and on-going constraints on the supply of land are the principal reason for this. Therefore, constrained development, particularly in Zone 3 (South), is likely to exacerbate this problem in future years.
- The cost of market dwellings is a key reason for the substantial need identified in the SHMA update for Affordable Homes. For this reason, the limited land supply in Zone 1 (North) is potentially problematic given the area generated a disproportionately high number of affordable units in recent years.
- The weakness of the Zone 1 (North) land supply, therefore, threatens the ability of the Council to deliver both Affordable Homes and cheaper forms of market homes (in particular BTR).
- In arriving at a suitable portfolio of sites, the Council must have regard for the likelihood that the sites will generate the required numbers and sizes of Affordable Housing.
- On account of generally higher land values, Zone 3 (South) could offer a focus for affordable family housing, for example, Affordable Home Ownership products providing households with a route out of the PRS.

Conclusions

- There are significant distortions in the housing market in Spelthorne as a result of constraints on the supply of land. These manifest themselves in a weak supply of Affordable Housing and housing suited to older people.
- Releasing additional land in Zones 1 (North) and 3 (South) will help reduce "policy risk" given the relative strength of historic supply of affordable units in Zone 1 (North), and the popularity of Zone 3 (South) for older residents.

7 VACANT DWELLINGS

7.1 The purpose of this chapter is distinct from the other elements of the work in that it does not wholly relate to green belt release. Instead, it assesses vacancy levels in and across the Borough and how these compare with other geographies.

7.2 Through an analysis of relevant indicators and feedback from the Market Survey, explanations for vacancy rates are put forward, and the extent to which constraints on land supply may be a contributory factor.

7.3 The table below presents data relating to unoccupied household spaces for the Borough. The Office for National Statistic (ONS) defines "household spaces" as accommodation used or available for use by an individual household. Therefore, while the great majority of household spaces will be self-contained homes some might be self-contained rooms in a shared house.

7.4 The 2011 Census does not distinguish between vacant household spaces and household spaces that are used as a second addresses. However, the 2001 census did and notes that around 128, or 14% of dwellings were unoccupied in Spelthorne were identified as "second residence/holiday accommodation". The "unoccupied" should not be treated as a synonym for vacant in 2011 Census data but may be accepted as an indicator of its prevalence.

Table 22: Unoccupied household spaces

Type	No.	%
Vacant	785	86%
Second-home	128	14%
Total	913	100%

Source: Census 2001

7.5 The data in the table below shows that the proportion of dwellings that were reported as unoccupied increased between 2001 and 2011 in each of the CIL Zones, the Borough, the region, and England as a whole.

7.6 In 2001, Spelthorne had relatively low rates of unoccupied homes compared with the South East and England (2.3% as against 3.4% and 3.8% respectively). In considering the "problem" of unoccupied dwellings it is therefore important to note that the Borough is not an outlier.

7.7 However, over the decade, rates in the Borough increased from 2.3% of all household spaces to 3.5%, closing the gap to the wider areas. Nevertheless, the reported levels of unoccupied homes in the Borough at 3.5% was in 2011 less than the South East (4.0%) and for England (4.3%). While the reported increased prevalence is true relatively speaking it has only brought the borough in line with wider comparators.

7.8 Looking at the individual CIL Zones, Zone 2 (Mid) has the greatest number of unoccupied household spaces (843), and Zone 3 (South) has the highest proportion (4.7%). This is higher than all other geographies in the table.

Table 23: Unoccupied Household spaces, 2001 and 2011

	2001			2011		
	All Household spaces	Unoccupied household spaces	%	All Household spaces	Unoccupied household spaces	%
CIL Zone 1 (North)	6,296	97	1.5%	5,279	181	3.4%
CIL Zone 2 (Mid)	24,673	546	2.2%	26,883	843	3.1%
CIL Zone 3 (South)	8,331	263	3.2%	8,783	409	4.7%
Spelthorne	39,304	912	2.3%	40,945	1,433	3.5%
South East	3,401,820	114,331	3.4%	3,704,173	148,710	4.0%
England	21,262,825	811,398	3.8%	23,044,097	980,729	4.3%

Source: Census 2001 and 2011

7.9 In arriving at a working estimate of the number of vacant household spaces (rather than unoccupied) in Spelthorne in 2011, it is, however, necessary to reduce the unoccupied spaces by 14% to allow for second homes. The result of this is set out in the table below.

Table 24: Vacant household spaces, Spelthorne 2011

Area	All Household spaces	Vacant household spaces	%
CIL Zone 1 (North)	5,279	156	2.9%
CIL Zone 2 (Mid)	26,883	725	2.7%
CIL Zone 3 (South)	8,783	352	4.0%
Spelthorne	40,945	1,232	3.0%

Source: Census 2011, GLH calculations

7.10 As an alternative source of information, SBC also records the number of "empty" dwellings across the Borough. This data, from May 2019, is presented in the table below. As noted in the table above, the number of vacant household spaces in the Borough stood at 1,433 dwellings in 2011. Assuming 14% of these dwellings represent "second residence/holiday accommodation", this would produce an estimated total number of "vacant" dwellings of around 1,232 at that time.

7.11 However, the SBC data only identifies 423 empty properties in 2019, this would suggest a substantial reduction in their number between 2011 and 2019. Nevertheless, the number of vacant dwellings in Zone 3 (South) shown in the Census data is disproportionately high, and it is pertinent to ask why this is the case.

Table 25: Empty properties, May 2019

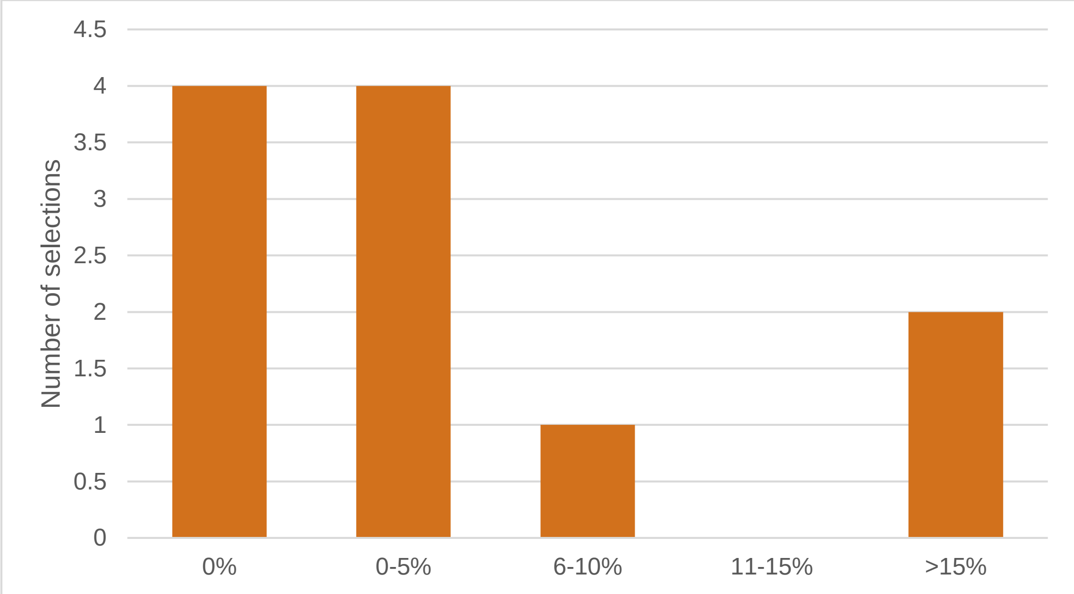
Period	Empty Properties
1-6 Months	78
6-12 Months	125
12-24 Months	156
24 + Months	64
Total	423

Source: Spelthorne Borough Council

7.12 Also, in the market survey, most housebuilders (64%) indicated they had some unsold units 1 year after completion of a given scheme. Indeed, 2 respondents said that more than 15% of the units were unsold after this time.

7.13 As noted from the build-out rates section, the feedback from the Market Survey suggests that the majority of developers are bringing forward sites with a capacity of over 100 units. This suggests that the proportion of vacant new build homes may be substantial and may be over-represented within the over-all number of vacant properties

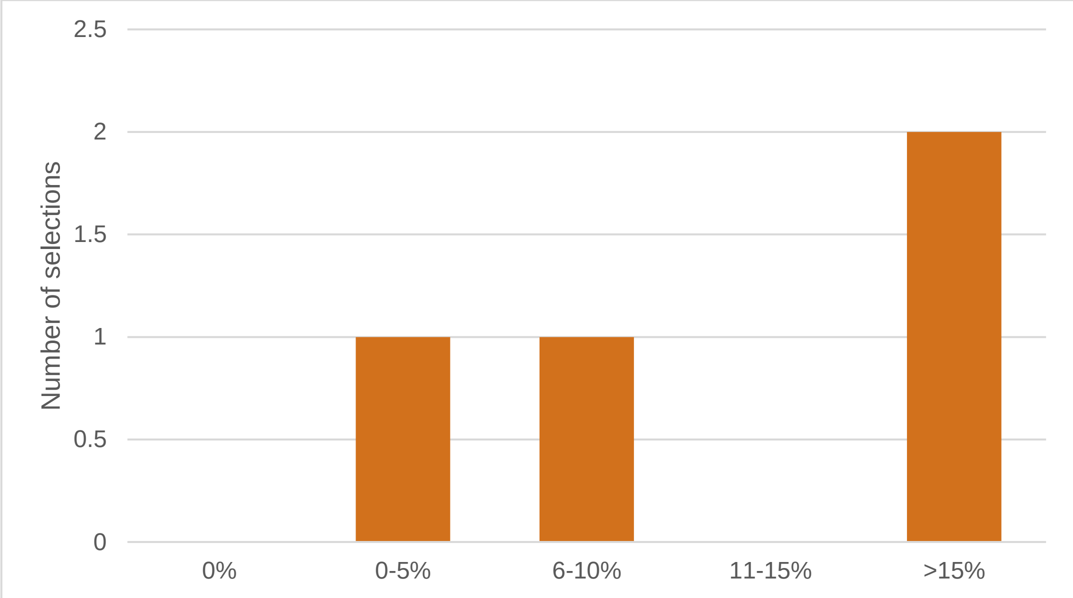
Figure 7: Proportion of units unsold 1 year after completion (housebuilder)



Source: Market Survey

7.14 Those estate agents that have been involved in selling new build homes also point to a trend in unsold homes. All respondents indicated some units remained unsold after a year. Two of the four estate agents who responded indicated that, for schemes they are involved with, this portion exceeded 15%.

Figure 8: Proportion of units unsold 1 year after completion (estate agent)



Source: Market Survey

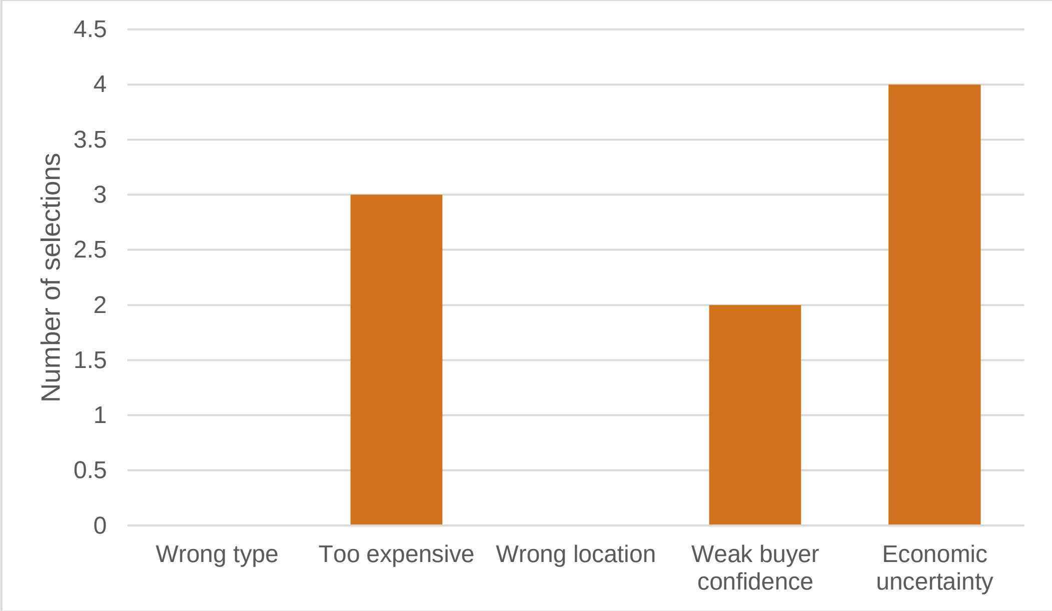
7.15 There are, therefore, two questions posed by the data. Firstly, the potentially relatively high proportion of new build homes that are vacant and, secondly, the over-representation of vacancies in Zone 3 (South).

7.16 Dealing with the first of these questions, the reasons provided by estate agents in the Market Survey for vacancy among new build dwelling was principally affordability and a lack of confidence on the part of buyers together with the current climate of economic uncertainty is weakening the market.

7.17 It is also worth noting, however, that the majority of both housebuilders and estate agents did not think the proportion of vacant units in Spelthorne was too high. This suggests that they regard having a proportion of vacant dwellings as not unusual. It also indicates that they are accustomed to a fluid marketplace where housebuilders sometimes misjudge the strength of demand for a particular type of home.

7.18 Also, it is worth noting a vacant dwelling is not necessarily an unsold dwelling. One housebuilder noted that a reason some units are vacant is because “people are buying and holding as asset/investment”.

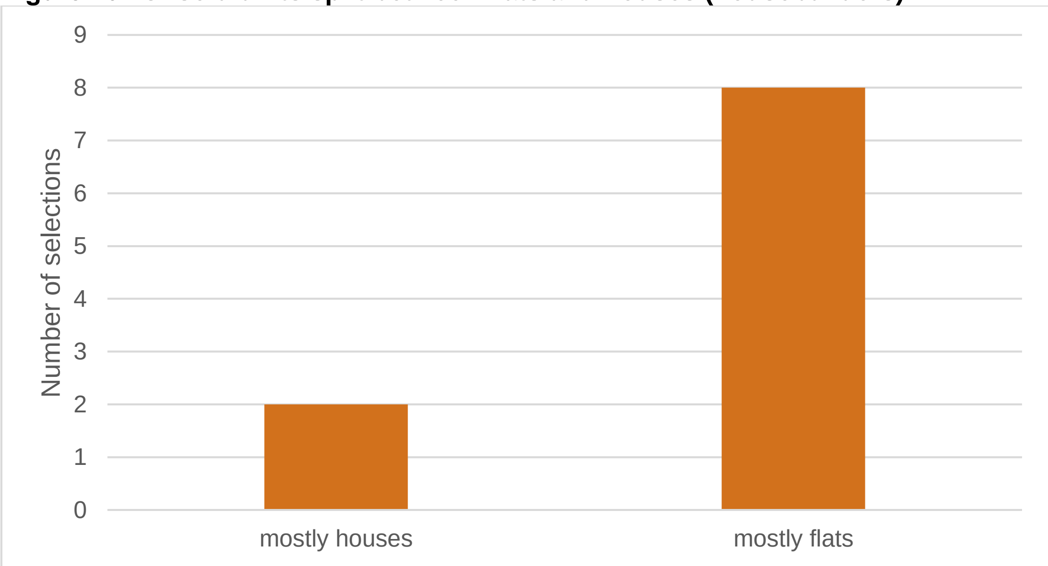
Figure 9: Reasons provided by estate agents for why new-build units do not sell



Source: Market Survey

7.19 It is worth considering the susceptibility of different types of dwellings to vacancy. While only 10 housebuilders responded to this question (out of 24) those that did, indicated flats formed the majority of unsold units from their schemes. Given 1-bedroom properties tend to be flats, it is worth noting the view of estate agents that there is an over-supply of 1-bedroom units in the Borough.

Figure 10: Unsold units split between flats and houses (housebuilders)



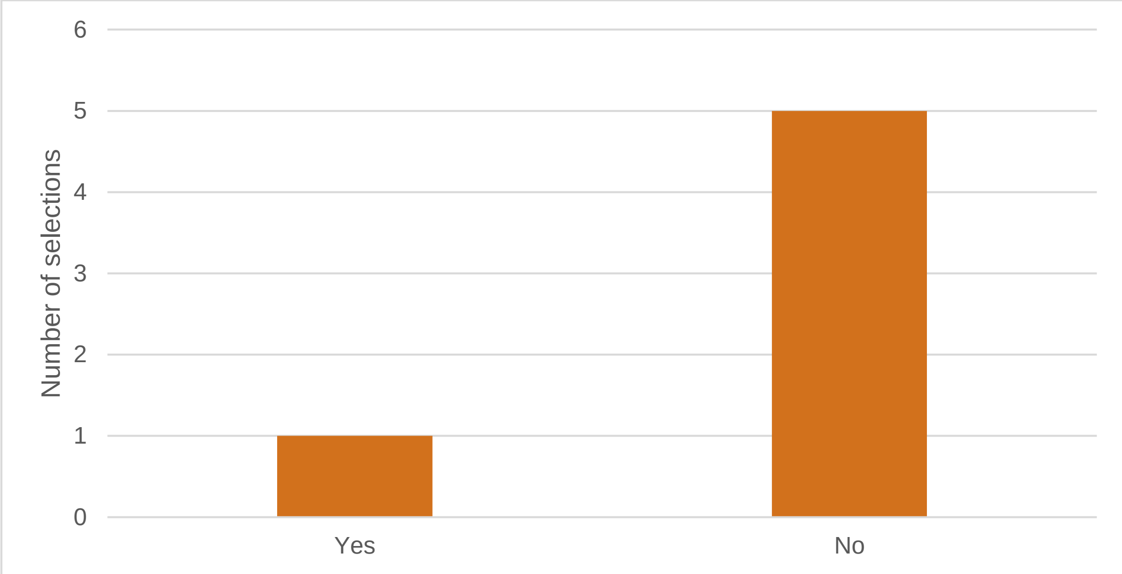
Source: Market Survey

7.20 It is worth considering this in the context of vacancy rates in the PRS. Of the six letting agents who responded, 5 indicated that they did not think the number of vacant dwellings in the Borough was too high.

7.21 Where it does occur one agent commented that it was caused by "a mixture of overpricing by landlords expecting higher rents, some agents over-pricing to win business and (more currently) social distancing".

7.22 This suggests that, rather than the PRS being affected by the current economic uncertainty undermining consumer confidence, it is only as a result of “over-pricing” that units fail to rent. This reinforces the impression of the counter-cyclical nature of the demand for renting and buying.

Figure 11: View of letting agents whether the number of vacant properties for rent is too high



Source: Market Survey

7.23 The reasons cited by estate agents for this phenomenon were a lack of confidence on the part of buyers together with the current economic uncertainty. This would suggest that, as with declining property prices, this is a cyclical issue, and these homes will be occupied alongside any economic recovery.

7.24 An additional finding in the Market Survey was that the majority of units that are vacant were flats. This is likely to be associated with the view of both housebuilders and estate agents that there is an over-supply of 1-bedroom flats.

7.25 Demand for 1-bedroom properties can weaken as a result of their perceived lack of flexibility and adaptability. The evidence gathered in this study suggests Spelthorne is not as attractive to singles as it is to family households.

7.26 When demand weakens, the size of dwelling that fits least well with the needs of the dominant market segments will prove to be the most challenging to sell. It is, however, important to draw a distinction between for-sale units and dwellings for rent. There appears to be strong demand for homes of this size in the PRS.

Market adjustment

7.27 As has been noted vacant dwellings are a common and a normal feature of the housing market, even in areas of high demand. This is because demand patterns are constantly changing due to various factors: the macro-economic environment, which impacts job security, household incomes and house prices.

7.28 This fluidity means that the market for homes is never "cleared" (i.e., a settled equilibrium is achieved between supply and demand). A principal reason for this is market failure results from buyers and sellers not having the same information available to them (where one party is better appraised of market conditions than the other).

7.29 One of the factors identified by estate agents was vendors having to reduce the value of their dwellings before a sale can be achieved, sometimes by as much as 10%. This suggests vendors can have unrealistic expectations of the value of their home, making house prices “sticky”.

7.30 In a domestic sale, this is unlikely to result in vacancy (unless the vendor has already found a new home to move to). However, for new build homes, it is likely to lead to dwellings remaining unoccupied for a substantial period.

7.31 The housebuilder business model is predicated on achieving certain sales values given they are seeking a target Gross Development Value (GDV) and profit margin. This creates a strong incentive to release units into the market only when they are confident acceptable sales values are achieved. Where units have already been built, this will lead to dwellings standing empty.

Misalignment

7.32 The second question posed by the data, the existence of relatively high levels of vacant homes in Zone 3 (South) is likely to be caused by misalignments between supply and demand in the property market. Misalignment occurs when the housing stock is not suited to the needs of households. It is likely to be exacerbated by changing market trends.

7.33 For new build homes, for example, the housing mix of a given scheme can be determined years in advance, particularly if it complies with planning policy given that the evidence base supporting such policies may be some years old. Once units are being sold from the scheme, demand trends may have shifted creating the conditions for misalignments to arise.

7.34 Alternatively, a different set of market conditions exist in the neighbourhood in which the development is being brought forward. To overcome this, it is sensible to allow housebuilders to submit, as part of their planning applications, evidence of current market trends near the site to justify an alternative housing mix to policy in the event the evidence supports it.

7.35 Looking at the circumstances in Zone 3 (South), the area has a relatively old population, many of whom may live in very large homes (Census 2011 indicates that almost 30% of homes in this part of the Borough are likely to have 4 bedrooms). The SHMAU identifies that from the age of around 60 for people in owner occupation and 45 for those in Social Rented homes, the average size of home (by numbers of bedrooms) starts to decline in Spelthorne, reaching 2.6 for the former, and 1.49 for the latter by the age of 85. This suggests a substantial proportion of the older residents in Zone 3 living in a home with 4 bedrooms or more may prefer a smaller one. Some may have vacated their home (for specialist accommodation for example) and have struggled to find a buyer in the current market given the Zone is the most expensive area in Spelthorne.

7.36 These dwellings may remain under-occupied or vacant unless there is a substantial price correction. One of the observations in this study is that smaller family dwellings should be supported in Zone 3 (South) to improve affordability. By expanding choice in this way, the prices of the largest homes in the area will also fall.

7.37 Moreover, the affordability analysis shows that households in median incomes will be unable to afford for sale dwellings in this area. This has sparked a growth in PRS in recent years. However, the development industry is only forecast to deliver a small proportion (8%) of new build homes that are BTR. This also points to a possible market failure.

7.38 The development industry in England is broadly predicated on a for sale business model; indeed, the established approach to viability assessments, both at Borough and site-level assume a BFS development will come forward. It is clear however that a far greater diversity of product is required if the needs of dominant market segments are to be properly addressed. A key product to ensure diversity is BTR.

7.39 The housebuilding sector in England is notoriously slow to innovate, and its attachment to the build for sale model and slowness in embracing BTR is a case in point. They are not alone in this, and Local Planning Authorities need to show greater willingness to create a fertile environment for BTR to come forward.

7.40 The identified “over-supply” of 1-bedroom flats is symptomatic of a failure to make market units accessible to those on lower incomes, revealing a misalignment between supply and demand that is likely to lead both to vacant units, and households having to put up with unsuitable, over-crowded or poor-quality accommodation.

Affordability

7.41 Estate agents were clear that affordability was a key factor in vacant homes. The new homes being built were simply “too expensive”. While this may in part be to do with the development industry delivering too many larger dwellings, it is also likely to be caused by restrictions on the supply of new homes (as a result of constraints on land supply chiefly).

7.42 A key indicator here is the median affordability ratio (MAR) which as noted earlier, stood at 10.86 in 2019, providing a clear indication that dwellings that are being built are unaffordable to most people in the area. Another sign of this is the growing number of families in the PRS.

Investor activity

7.43 The table below presents data drawn from the Market Survey showing the breakdown of buyers of new homes in Spelthorne according to whether they are intending to occupy the dwelling full-time, are buying as a second home or as an investment.

Table 26: Type of buyers

Respondent	Occupied full-time	Second-home	Investor
1	98%	2%	0%
2	70%	5%	25%
3	100%	0%	0%
4	80%	0%	20%
5	50%	20%	30%
6	100%	0%	0%
7	0%	0%	40%
8	75%	5%	20%
9	100%	0%	0%
10	100%	0%	0%
11	90%	0%	10%
12	100%	0%	0%
Average	80%	3%	12%
Average (OE)	**91%**	**1%**	**8%**

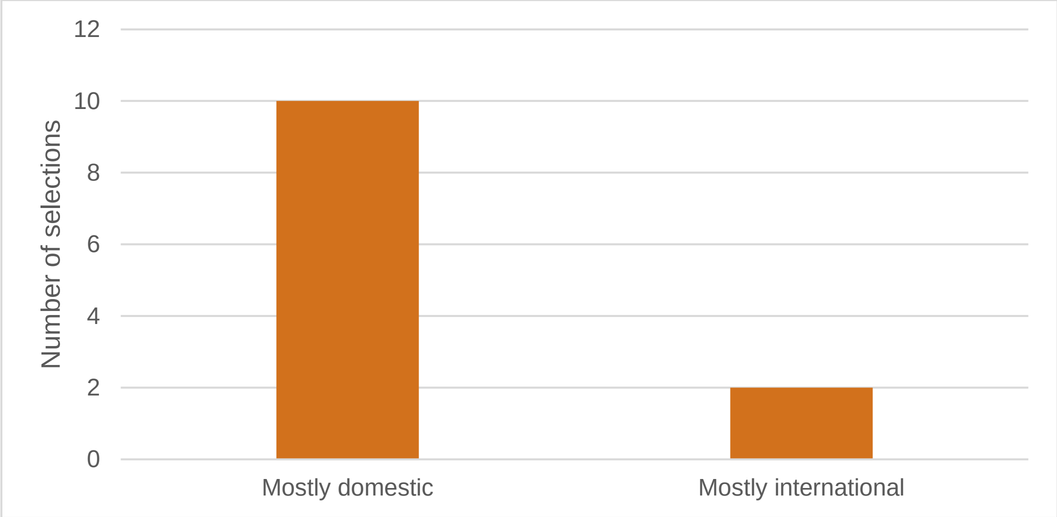
Source: Market Survey

7.44 Once outliers have been excluded (EO), the data suggests those seeking a property as a second home are negligible (around 1%), those intending to occupy the dwelling they buy form the overwhelming majority (91%). Investors do however have a presence in the market. The data suggest they account for between 8% and 12% of all transactions.

7.45 The proximity to London as they will be attracted to an area that has traditionally seen strong house price growth. The buoyancy of the PRS will also be a draw to investors seeking to build a portfolio of rental properties. This presence of investors will have fuelled the growth of house prices in recent times, both promoting development but also exacerbating poor affordability.

7.46 Looking at investors more closely, the table below provides an account of how, according to housebuilders and estate agents, investors break down to domestic or international. The data indicate that only a small minority of investors are from overseas.

Figure 12: Split between domestic and international investors

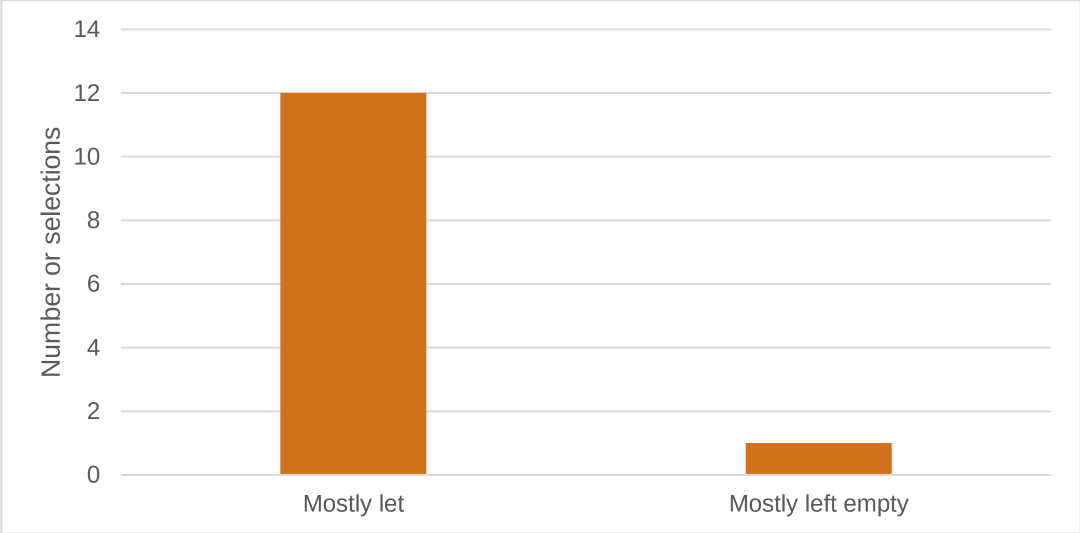


Source: Market Survey

7.47 In areas of high investor interest in the property market, particularly in a climate of rapidly increasing property prices, investors have used the property as a relatively secure place to "park" funds without the intention of deriving a rent from it. This has been termed "buy to leave".

7.48 The figure below records whether, as far as housebuilders are aware, the units sold to investors are either let or left empty. Of the 13 responses received, 12 (92%) indicated properties were let. The data indicates that it is likely that a small proportion of vacant homes belong to investors who, either by intention or inefficiency, have left them vacant.

Figure 13: Proportion of units sold to investors let or left empty



Source: Market Survey

Vacant homes – summary

- There is no evidence to suggest the "problem" of vacant homes is particularly acute in Spelthorne, indeed levels are below that of the England and the regional average.
- Nevertheless, Census 2011 data shows that Zone 3 (South) has a higher proportion of vacant homes than Zones 1 (North) and 3 (South), the South East region and England. This is likely because the stock of homes in Zone 3 (South) only partially reflects demand, resulting in vacant dwellings, as well as under-occupation and demographic imbalances.
- Also, housebuilders do suggest a significant minority of the homes remain unsold 1 year after completion. This is likely to reflect the volume housebuilder model of releasing units into the market only when they are confident that they will achieve an acceptable sales price.
- According to estate agents, the reasons new build dwellings do not sell is that they are "too expensive" and that potential buyers in the current market lack confidence due to the current climate of economic and political uncertainty. This suggests that, to a degree, vacant homes in the current market are cyclical and they will return to occupancy with an economic recovery.
- The question of affordability is, however, a structural issue and reflects in part a misalignment between supply and demand for homes and a failure to deliver enough development land to keep house prices within affordable limits.
  - The latter may be addressed by supporting the provision of homes where the market evidence suggests there is an under-supply, and improving the diversity of products (in particular, improving the range of tenures accessible to those on lower incomes such as BTR).
  - The former may be addressed by strengthening the supply of development land and working with the development industry to improve the viability and reduce risk.
- A small proportion of vacant homes are likely to belong to investors who, either by intention or inefficiency, have left them vacant.

Conclusions

- Vacant homes are unlikely to be a result of excess supply, but either dwellings people do not want because they are the wrong size or type or are in the wrong location or that they cannot afford.
- Both these issues relate to constraints on the supply of development land because the type of homes built depends in part on underlying land values (which increase as a result of restrictions on supply); it leads to higher house prices as a result of reducing the responsiveness of supply to demand surges.

8 AFFORDABLE HOUSING PROVISION

8.1 This section assesses whether there is an increased risk to the Council of not meeting its annual Affordable Housing targets by removing Green Belt sites from the housing land supply.

8.2 As noted earlier in this report, Policy H2 (Affordable Housing) requires that at least 30% of new homes are Affordable Housing on all schemes of 10 units (net of demolitions) or more. The policy, however, notes this should take viability into account and sets out the conditions under which this will be considered.

8.3 Table 12 of the Spelthorne SHMA Update (October 2019) sets out the net need for Affordable Housing in the Borough over the period 2019 to 2035. For ease of reference, this is reproduced below, showing an annual net need for Affordable Housing of 459 dpa.

Table 27: Estimated Annual Affordable Housing Need – Spelthorne (2019)

	Per annum
Current need	65
Newly forming households	456
Existing households falling into need	116
Total Gross Need	637
Supply	178
Net Need	459

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

8.4 The Whole Plan Viability Assessment (WPVA) produced by Dixon Searle Partnership (DSP) looks at the likely viability prospects for development on a basket of sites. Sites with the potential for allocation were reviewed and considered in sets relating to a host site type – broadly covering previously developed land (PDL) and greenfield (GF). The high-level appraisal of these is based on a starting point proposed level of Affordable Housing at 40%. Testing was also carried out at a lower 30% as it became evident that some sites, particularly PDL, would be unlikely to support the same level of Affordable Housing than should have reasonable prospects of viability on GF land.

8.5 The findings of this section of the report are informed by the findings of the DSP document as regards the comparative assessment of the likely capacity of PDL and GF sites to deliver Affordable Housing.

8.6 Consistent with the PPG, as part of their review of the viability appraisal results, DSP have considered the residual land value (RLV) outcomes relative to benchmark land value (BLV) levels. These have been considered at a site-specific level as indicative viability tests[27]. In order to consider potentially how secure or otherwise (i.e., sensitive to change) the viability results are, the appraisal RLVs were viewed by reference to both a 10% and 20% tolerance level either side of the BLV.

8.7 For a consideration of the risk to the Council of not achieving Affordable Housing targets and with the RLV results beneath the BLVs likely representing the most risk to delivery, GL Hearn has considered two scenarios:

- Scenario A: this scenario reflects a conservative view, using the outputs from the viability assessment that relate to 40% Affordable Housing. This level is also consistent with the level of Affordable Housing tested for policy H2[28]. It is however important to note that Affordable Housing policy is subject to review as part of the review of the Local Plan.
- Scenario B: this scenario reflects a lower provision of Affordable Housing of 30%.

Scenario A

8.8 To assess the level of risk the results of the viability assessment have been applied to the sites included in 5YHLS presented in section 5. The figure below shows the number of Affordable Homes that would be generated from sites based on the "guide" annual build out rate set out in section 5.

8.9 If policy were set at 40% of new build homes being Affordable Homes, this would in theory generate 935 affordable units over this five-year period, or 187dpa.

8.10 However, the WPVA provides an indication of the viability of different types and sizes of sites within the three CIL zones that allows a judgement to be made on the degree of viability of sites within the 5YHLS.

8.11 Essentially, within CIL zones 2 and 3, as these areas are associated with high house prices compared to CIL zone 1, relatively high Value Levels[29] (VLs) are required to achieve a RLV that is enough, firstly, to induce the landowner to engage in the development process (or sell the land) and, secondly, deliver a policy-compliant level of Affordable Homes.

[27] The RLV indicates the sum a developer is able to pay to the land-owner drawn from any surplus revenue once all development costs and developer profit associated with the scheme has been covered. This is measured against a BLV which represents the assumed return to the land-owner that is considered to include any necessary reasonable incentive to sell the land, as noted in PPG [Viability 013]. BLV is assessed on the basis of existing use value plus (EUV +)

[28] While this approach is adopted for the purposes of this report, it is worth noting that the average proportion of Affordable Housing achieved on sites in Spelthorne was 9% over the period 2010/11 to 2019/20, according to SBC's monitoring data.

[29] The value level (VL) is the assumed value expressed in £/sq. m terms (or equivalent) of the finished housing scheme (which along with any other assumed revenue e.g. element of non-residential use drives the Gross Development Value (GDV) and from which the development costs are deducted to estimate the potential scheme RLV.)

8.12 As a result, a substantial number of sites are unlikely to be viable at an Affordable Homes policy set at 40%. If these sites are removed from the 5YHLS, the total affordable units delivered over the period falls to 183 units or an average of 37dpa. Clearly, this falls far short of the 459 dwellings identified in the SHMA Update.

Table 28: Affordable Housing delivery from PDL sites 2020/21-2024/25 (Scenario A)

Category	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Adjusted 5YHLS	310	455	557	650	591	**2,564**
Net of non-viable	59	70	134	113	81	**458**
Affordable Homes	24	28	54	45	33	**183**

Source: SBC, GL Hearn calculations

Scenario B

8.13 Addressing scenario B, the table below reproduces the findings of the Viability Assessment showing the change to the viability indication where the Affordable Housing contribution required by policy is lowered from 40% of 30% of units.

Table 29: Affordable Housing delivery from PDL sites 2020/21-2024/25 (Scenario B)

Category	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Adjusted 5YHLS	310	455	557	650	591	**2,564**
Net of non-viable	298	393	518	631	542	**2,381**
Affordable Homes	89	118	155	189	163	**714**

Source: SBC, GL Hearn calculations

8.14 This shows that the effect of this across all PDL sites is an uplift of AH units to 714 units compared with scenario A, an uplift of 531 Affordable Homes over the period.

8.15 The table below sets out those sites that are likely to be non-viable (NV) and viable (V) within each scenario based on an interpretation of the VA.

Table 30: Viability of sites under Scenario A and Scenario B

Site name / address	Address 2	Ward	Scenario A	Scenario B
Brooklands College	Church Road	Ashford Town	NV	V
17-51	London Road	Staines	NV	V
Ashford Hospital (East Yard)	Town Lane	Ashford North & Stanwell South	V	V
Masonic Hall and Old Telephone Exchange site	Elmsleigh Road	Staines	NV	V
Viewpoint, 240	London Road	Staines	NV	V
Renshaw Trading Estate	Mill Mead	Staines	NV	V
Ashford Multi-storey car park	Church Road	Ashford Town	NV	V
23-31 (not 11-19)	Woodthorpe Road	Ashford Town	NV	V
Sunbury Cross Ex Services Association Club	Crossways	Sunbury Common	V	V
Annandale House, 1	Hanworth Road	Sunbury East	NV	NV
Thameside House	South Street	Staines	NV	V
34-36 (OAST House) /Car park	Kingston Road	Staines	NV	V
Phase 1C Charter Square	High Street	Staines	NV	V
Sunlink One, 1-3	Station Road	Sunbury East	V	V
West Wing, Council Offices	Knowle Green	Staines	V	V
Ashford Depot	Poplar Road	Ashford Common	V	V
Two Rivers Pub and Restaurant, 43	Church Street	Staines	NV	NV
Drake House	Drake Avenue	Staines	NV	NV
Forum House, 14	Thames Street	Staines	V	V
15	London Road	Staines	V	V
381-385	Staines Road West	Ashford Common	V	V
487 - 491	Staines Road West	Ashford East	NV	NV
Atrium, 31 - 37	Church Road	Ashford Town	V	V
Staines Ex Servicemen Club, 6	Laleham Road	Riverside & Laleham	NV	NV
Crownage Court, 99	Staines Road West	Sunbury Common	NV	NV
Shepperton House, 2-4	Green lane	Shepperton Town	NV	NV
Glenthorne, 33	Rookery Road	Staines	NV	NV
Staines Tinware	Langley Road	Staines	V	V
Acacia Lodge	Rookery Road	Staines	NV	NV
Elizabeth House, 56-60	London Road	Staines	V	V
Magna House, 18 - 32	London Road	Staines	V	V
Benwell House	Green Street	Sunbury East	V	V
Cadline House	Drake Avenue	Staines	NV	NV
Jewsons	Moor Lane	Staines	V	V

William Hill/Vodafone, 91	High Street	Staines	NV	NV
131	High Street	Staines	V	V
Car Park, Hanover House & Sea Cadet Building	Moor Lane	Staines	NV	V
Former Debenhams site, 35-45	High Street	Staines	NV	V
Communications House	High Street	Staines	NV	V

Source: Interpretation of DSP, Viability Assessment, Appendix IIa: Residential Results - Typologies

8.16 Moreover, the Viability Assessment has concluded that that all GF sites proposed for allocation are considered likely to have reasonable prospects of delivering an Affordable Housing provision of 50%.[30]

8.17 It is also worth highlighting the degree to which the Viability Assessment is supportive of the conclusions reached elsewhere in the report that,

- rebalancing the spatial arrangement of allocated sites to identify a greater proportion than is currently the case in Zone 1 (North) is advisable given that between 2011 and 2019 Zone 1 generated the most Affordable Housing units both in absolute terms and as a proportion of the existing stock. It also saw Affordable Homes constitute the highest proportion of new homes compared with the other two zones (26% as against 15% for Zone 2 and 9% for Zone 3); and
- while a majority of housebuilders will consider PDL sites, they are likely to be more expensive to develop than greenfield, resulting in lower-than-expected build-out rates and weaker delivery of Affordable Housing. This suggests including an increased number of greenfield sites would be advisable to reduce the risk of the Council failing to generate the optimum quantity of Affordable Homes.

8.18 As regards the first point, the VA concludes that, generally speaking, development in CIL zones 2 and 3 is less likely to deliver Affordable Homes on viability grounds as a result of the higher VL required for these sites compared with those in CIL zone 1. That said, at the site level, BLVs are driven by site specific characteristics with key differentials much more likely to include whether a site is greenfield or PDL and its existing use.

8.19 Also, the assumed VL associated with a particular scheme is driven by the type of development envisaged. For example, flatted development is typically more costly and therefore less viable unless very high sales values are available to support it.

[30] DSP, Viability Assessment, Appendix IIc: Residential Results - Specific Sites Summary Analysis

8.20 As regards the second point, the VA does indicate that PDL sites are, in general, weaker from a viability perspective and therefore less likely to be able to meet the requirements of Policy H2 at a higher threshold of 40%.

Summary

- The Spelthorne SHMA Update identifies a net annual need of 459 homes for Affordable Rent in Spelthorne.
- Excluding sites that are non-viable or at the margins of viability, the capacity of PDL sites in the Borough to generate Affordable Homes under a scenario that sets Affordable Homes policy at 40% is estimated to be 37dpa, or 8% of the evidenced need.
- Where the policy is set at 30%, this lifts to 143 dpa or 31% of need.
- The Council will have to make "trade-offs" balancing policy objectives (both Affordable Housing delivery and meeting housing targets) with not releasing or releasing fewer GF/GB allocations.
- The Viability Assessment finds a link between which CIL zone a given site falls into and its viability, and therefore capacity to generate Affordable Homes. This is driven by higher Value Levels required to be achieved on sites in CIL zone 2 and 3 compared with CIL zone 1.
- The Viability Assessment does identify that, in general, PDL are less likely to be able to generate Affordable Homes because of weaker Residual Land Values.

Conclusions

- Given the evidence that PDL sites are considered likely to be in a significantly weaker position to deliver Affordable Homes than greenfield sites, the removal of sites in the Green Belt from the housing land supply is likely to increase the risk of failing to deliver an acceptable number of Affordable Homes.
- This risk could be mitigated by the Council taking a robust stance in its insistence on developers delivering policy compliant schemes where the viability of doing so is established within the Local Plan.

Appendices

APPENDIX A: Green Belt cases

Date	Case	Proposed development	Key lesson	Implication for Spelthorne
20/07/2017	Molins PLC v Wycombe District Council	131 houses on a former sports ground and social club in Buckinghamshire	**Dismissed:** The Inspector accorded considerable weight to the contribution of the appeal scheme to reducing a short-term housing supply deficit. Conflict with green belt policy however resulting from inappropriateness, loss of openness and encroachment into open countryside. This was given substantial weight and judged not to be clearly outweighed by other considerations, this failing to satisfy the test of very special circumstances. The test is therefore not satisfied in development that helps address need for additional general needs housing.	This case shows the high evidential bar that many planning inspectors place on showing the harm to the Green Belt is out-weighed by the other considerations, in this case addressing the need for housing in the context of a weak land supply position. It suggests that the provision of mainstream housing is not a special circumstance, and the titled balance will not be triggered on Green Belt sites.

24/05/2018	Bonnar Allan Ltd v Elmbridge Borough Council (Surrey)	Garden Village of up to 1,024 dwellings served by a range of shops, offices, a medical centre, a primary school and recreation and community facilities	**Dismissed:** Although the Council could only show 2.65 years land supply, the view of the Secretary of State was that the new village would damage the central purpose of the Green Belt to check urban sprawl, prevent towns merging and block encroachment into the countryside. The appellants contended that there was a likelihood of erosion of the Green Belt, given that the emerging Local Plan was expected to allocate sites within it to meet the district's housing needs. The secretary of state concluded this view was in effect pre -empting the Local Plan, and it could not yet be said whether the appeal site would be preferable to other alternative site.	The scale of the site was clearly a contributory factor in this case, although the dismissal of the appeal may owe something to timing (the Local Plan was being reviewed). The case reinforces the notion that however weak the Local Authority's land supply position, development in the Green Belt for housing will not be endorsed by the Secretary of State in the absence of specific benefits related to evidenced need.
01/08/2018	Mr. Robert Owen v Wyre District council (Worcestershire)	One dwelling for special medical circumstances	**Allowed:** A new dwelling from a stable in the Green Belt in Worcestershire was allowed taking into account the special medical circumstances of the appellant. This was judged to outweigh the harm to Green Belt openness and poor access to shops and services.	The case shows that harm to the Green Belt is out-weighed in cases of medical need where no suitable alternative solutions are available.

19/12/2018	Retirement Villages West Malling v Tonbridge & Malling Borough Council (Kent)	79 extra-care apartments and cottages and communal facilities	**Allowed:** The inspector gave substantial weight to Green Belt harm but concluded that this was outweighed by the cumulative advantages of the contribution to general housing supply and providing specialist extra care housing for sale to older people. The need for this type of accommodation had been underestimated in a strategic housing market assessment and the current and emerging development plans were judged to have made inadequate provision for it. A further contributory factor was the lack of a five-year land supply.	In addition to maintaining a five-year land supply (potentially evidenced by an annual basis through an Annual Position Statement), the Council should demonstrate that proper allowance has been made for specialist housing for older people. The Green Belt may not be used as a means of side-stepping planning for the needs of specialist groups.
15/02/2019	Retirement Villages Development LTD v Runnymede District Council (Surrey)	Retirement village consisting of a care home and up to 110 units of extra care apartments	**Dismissed:** The inspector found the proposed development would have a substantial impact on the Green Belt and reduce the openness of the site. This would be compounded by harm to local character and the landscape. Also, in the opinion of the inspector, improving the range of accommodation for those with care needs would rarely amount to a very special circumstance. Similarly, the inability of the council to demonstrate a five-year supply of housing land was not exceptional and could not outweigh the very significant harm to the openness of the area and to green belt objectives.	In this case, the Green Belt balance found in favour of the Local Authority. The bar to show that benefits of the proposed scheme will outweigh the harm to the Green Belt is set high in cases where such harm is manifest. Harm will be more apparent in the case of larger schemes.

23/04/2019	Aedis Homes Ltd v Brentwood Borough (Essex)	Redevelopment of a former agricultural building at a golf centre in the countryside to provide 30 homes and a replacement clubhouse	**Dismissed:** The development involved the re-development of land on the Green Belt. For this reason, the test set out in paragraph 145(g) was applied. The size of the new structures was deemed to be marginally greater than the existing, therefore contravening 145(g). Relevant to the judgement about where the Green Belt balance lay were the provision of five affordable units and the contribution to the supply of homes where the Local Authority had 1.5 years' land supply and a record of persistent under-delivery. However, the inspector found these benefits to be insufficient to justify harm to the green belt. fn: [1] NPPF paragraph 145 (g) notes that “the partial or complete redevelopment of previously developed land on the Green Belt...should not have a greater impact on the openness of the Green Belt than the existing development”	The inspector found this scheme to be substantially larger than the existing buildings, constituting an encroachment into the Green Belt. Again, where harm to the Green Belt can is clear, despite notable cumulative benefits, these are unlikely to be insufficient to outweigh the perceived harm.

14/06/2019	Richmond Care Homes Ltd v Bradford Metropolitan District Council (Yorkshire)	Redevelopment of the site of a former mill in a Yorkshire village for 42 affordable homes	**Dismissed:** The Local Authority did not have a rural exception site, so the mechanism available in paragraph 145(f) was not available to justify the scheme. In addition, the proposal entailed previously developed land and the Inspector found that the 42 homes would have a much greater impact on the openness of the green belt than redundant Mill buildings, thus not meeting the test of 145 (g). Also, while the site lay within the settlement infill boundary of an adopted plan, the inspector judged that the scale of development exceeded policy limits.	Given SBC's objective of addressing need for affordable homes in the area, allocating “rural exception sites” may be a policy the Council would consider, putting is overall view of Green Belt release to one side. It is however notable that in the absence of a “rural exception sites” policy the provision of affordable housing in itself is unlikely to off-set harm to the Green Belt.

14/02/2020	Richmond Care Villages v Solihull Borough Council (Warwickshire)	Care complex consisting of 50 dementia care beds, 49 care suites, 71 care apartments, 7 care cottages and 4 care bungalows, a care building and wellness centre and associated infrastructure.	**Dismissed:** Given the significant extent of the proposed development across the site, together with the massing, height and built form of the buildings, the inspector found harm to the Green Belt would significant, and extensive. Points counting in favour of the site were firstly, a clear shortfall for older persons' accommodation in the area; secondly, that there were no other available sites for such a facility; and thirdly, that the scheme would provide substantial employment benefits. However, the inspector found Green Belt balance was too marginal to satisfy the "very special circumstances" test. reduction in openness both spatially and visually.	A proposal for a large care village, despite bringing substantial cumulative benefits, is insufficient where is can be shown the scheme will make a significant intrusion into the Green Belt, eroding its openness.

22/04/2020	Stockport Borough Council v Seashell Trust	Redevelopment of a school for students with multiple and very complex needs to provide new facilities, funded by a charitable trust but cross-subsidised by up to 325 dwellings, including 30 per cent affordable housing, on adjacent farmland.	**Allowed:** The Secretary of State concluded that the test of "very special circumstances" was met taking into consideration the purpose of the school in addressing the educational needs of students with multiple and very complex needs, and that the cross subsidy provided by the 325 dwellings was the minimum necessary to meet the trust's objectives. In addition, the Council was only able to show 3 years' worth of land supply. While the scheme is contrary to green belt policy and the development plan, it was concluded that the cumulative benefits of the scheme were enough to out-weigh the harm to the Green Belt.	The decision in this case shows that the Secretary of State has a wide scope in which to interpret "very special circumstances". It has been commented that it may not only suggest a revision of the "very special circumstances" test, but a signal from the then Secretary of State (Robert Jenrick) that appeals involving schemes for a substantial number of dwellings on the Green Belt where the Council is in a weak land supply position may be allowed in the context of wider benefits (such as the provision of specialist housing or services to vulnerable or needy groups in society.
03/03/2021	Bradford City Council v CEG Land Promotions LTD	Residential Development (Use Class C3) of circa 500 units and primary school (Use Class D1) in the Green Belt to the West of Burley-in Wharfdale.	**Allowed:** The 5YHLS position of the Council was around 2 years. As a result, the tilted balance was engaged. Given the contribution to meeting housing need; the provision of education facilities; and overall enhancement of bio-diversity, the Secretary of State concluded that the development would meet the test of “very special circumstances”, given the limited impact on the Green Belt and landscape surrounding the site.	This case re-affirms the approach taken by the Secretary of State in the Seashell Trust case that the threshold of "very special circumstances" can be met where the position of the Council as regards land supply is weak and the development is able to provide a range of benefits which, cumulatively, is substantial.

06/05 2021	St. Albans City and District Council/Welwyn Hatfield Borough Council v Canton Ltd	Development of 100 dwellings including 45% affordable and 10% self-build on 5ha of Green Belt land on the eastern edge of Colney Heath.	**Allowed:** The planning context for the appeal were two councils with a very weak 5YHLS (around 2.4 years each). The provision of self-build plots as well as Affordable Homes was accorded substantial weight due to a failure to plan for the former and a very weak record of delivery in the latter. The appellant was able to show the sites were sustainable in transport terms and that planning conditions would address issues of impact. The cumulative benefit of the development was judged in the planning balance to meet the test of "very special circumstances".	Where the appellant is able to identify clear policy omissions and a weak record of delivery leading to a very serious shortfall of market and affordable homes and no discernible objective on the part of the Council to meet the need of a specific group identified in national policy, the Inspector may allow the appeal, particularly where the titled balance is engaged. That said, the Inspector in this case expressed scepticism as regards the applicability of precedents saying that each case must be considered on its own specific merits.

APPENDIX B: Housing Market Appraisal data analysis

Demand

8.21 To begin an examination of demand trends in Spelthorne, we consider key demographic factors. These are age structure, household composition and how they are forecast to change over the plan period.

8.22 The data is gathered at several spatial scales: the CIL Zones (based on ward and MSOA data) together with the Borough as a whole, the South East region and England. This is to identify how the different CIL Zones depart from the Borough average and contextual geographies. The approach is designed to enable an analysis of the factors that define the economic characteristics of each Zone, as well as the Borough as a whole.

Age structure

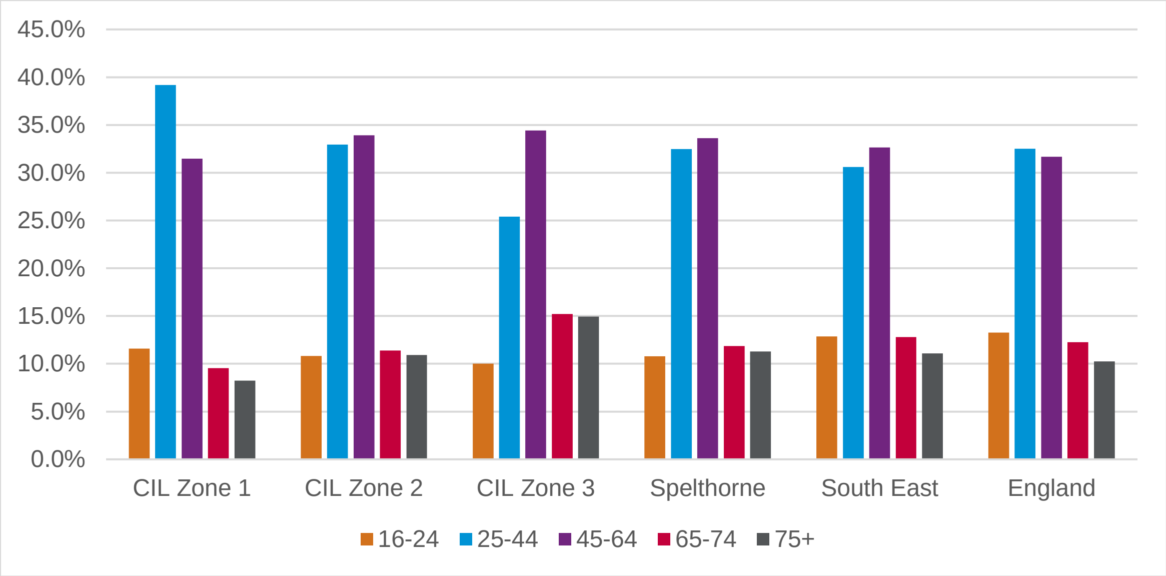
8.23 The table below presents the age structure within the resident population of Spelthorne in 2018, and how this compares with the wider South East and England.

8.24 The age structure of CIL Zones 1 (North) and 3 (South) is significantly younger than for Zone 3 (South). Around 18% and 22% of residents in Zones 1 (North) and 3 (South) are aged 65 and above compared to 30.2% in Zone 3 (South). Of those aged 75 and above, the figures are 8.2% and 10.9% for Zones 1 (North) and 3 (South) compared to 15.0% for Zone 3 (South). Conversely, the number of young adults (aged 25-44) within CIL Zones 1 (North) and 3 (South) compared with Zone 3 (South) is 29.5% and 23.0% respectively compared to 21.6% in Zone 3 (South).

8.25 People in middle age (45-64) are evenly distributed across the Borough, however. People of this age are more likely that other cohorts to have dependant and non-dependent children living at home. This in part explains the relatively even distribution of those aged 16-24 across the Borough.

8.26 It is worth noting that, of the three Zones, Zone 2 (Mid) reflects trends at the Borough, regional and national scales most closely. This is because it is the largest Zone, making up 62.3% of the Borough population, compared with 17.3% and 20.4% in Zones 1 (North) and 3 (South) respectively. The Borough reflects national trends closely, displaying a difference of only around 1% for each age cohort.

Figure 14: Age structure, CIL charging Zones, Spelthorne, South East and England, 2018

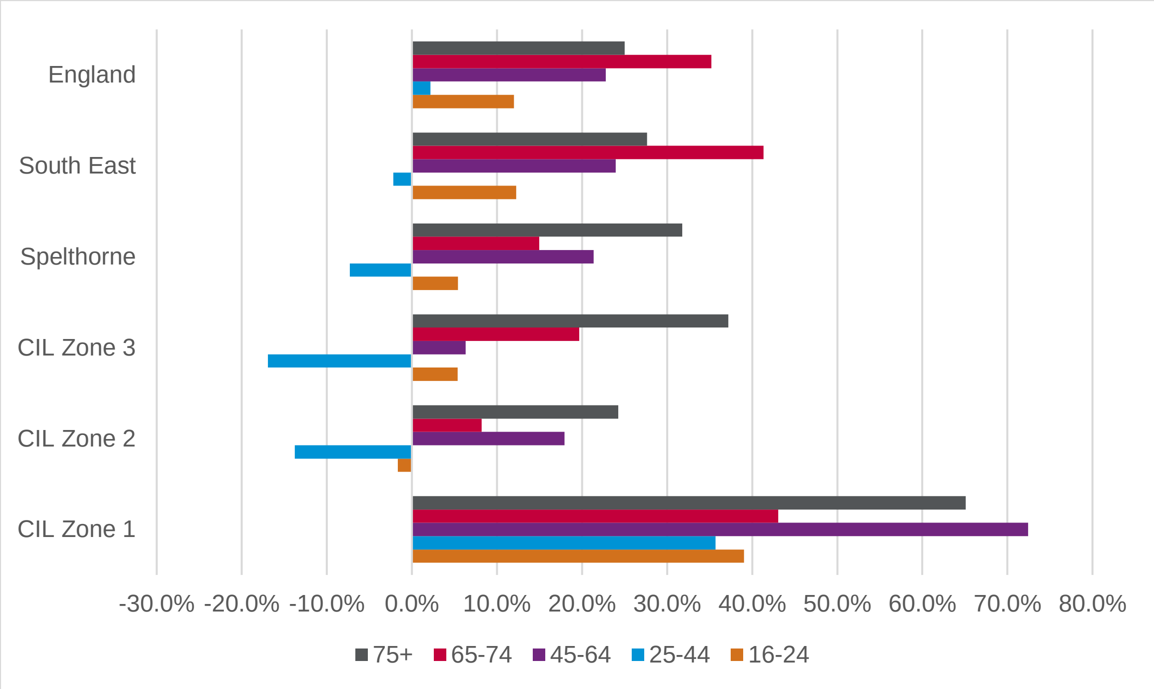


Source: Mid-2018 Population Estimates for 2019 Wards

8.27 The table below shows how the age structure of the Borough has changed over the period 2001 to 2018. Over this period, there has been a substantial loss in young adults, with Zone 3 (South) experiencing a substantial re-balancing within its population from younger cohorts to older ones. While those aged between 25 and 44 have fallen by 16.9% over the period, the age group 75+ has increased by 32%.

8.28 The greatest proportional increase is in the number of people aged 75+. This cohort increased by 31.8% over the period, or 2,169 individuals. This trend is also reflected in Zones 2 (Mid) and 3 (South).

Figure 15: Age structure variation 2001-2018



Source: Census 2001 and Mid-2018 Population Estimates for 2019 Wards

Projected Age Structure Changes

8.29 Data presented in the Strategic Housing Market Assessment update is presented below showing the projected uplift in the numbers of people falling into the various age cohorts in. As shown, there is expected to be an increase in the number of people falling into each of the five age cohorts over the plan period.

Table 31: Age structure 2018-2035 Spelthorne

Age	2018	2035	%
16-24	8,613	12,631	47%
25-44	25,922	28,794	11%
45-64	26,816	30,314	13%
65-74	9,462	12,898	36%
75+	8,997	13,261	47%

Source: SHMAU 2019, demographic projections

Household composition

8.30 The table below sets out data for household composition at the time of the last census in 2011. The colour scheme shows higher proportions of households in red, and lower in blue. This shows that, while Spelthorne is close to regional and national trends, individual Zones deviate from it.

8.31 Zone 3 (South) contains a substantially larger proportion of households aged 65 or over, both living on their own and as a couple. Zone 1 (North) includes a greater proportion of people living on their own who are aged below 65 at 20.4% compared with regional and national comparables, at 16.1% and 17.9% respectively. The area also contains the greatest proportion of HMOs, at around 10% of all households, compared with 6% in Zone 3 (South).

8.32 There is also a relative concentration of lone parent with dependent children households in Zone 1 (North), recording 8.3% of households, compared with a Borough average of 5.6%. Other households with dependent children are, on the other hand, distributed evenly across the Borough.

Table 32: Household composition, CIL charging Zones, Spelthorne, South East and England, 2011

	CIL Zone 1 (North) (North)	CIL Zone 2 (Mid) (Mid)	CIL Zone 3 (South) (South)	Spelthorne	South East	England
One-person aged 65+	9.2%	12.4%	15.9%	12.7%	12.7%	12.4%
Other one person	20.4%	15.5%	13.7%	15.8%	16.1%	17.9%
All aged 65+	6.0%	8.6%	12.0%	8.9%	9.0%	8.1%
No children	14.6%	17.1%	17.1%	16.8%	18.7%	17.6%
With dependent children	19.7%	22.0%	20.6%	21.4%	21.0%	19.3%
With non-dependent children	7.3%	7.7%	7.2%	7.5%	6.0%	6.1%
Lone parent with dependent children	8.3%	5.5%	4.3%	5.6%	6.1%	7.1%
Lone parent with non-dependent children	4.6%	3.6%	3.4%	3.7%	3.1%	3.5%
Other households	9.9%	7.7%	5.8%	7.5%	7.4%	8.0%

Source: Census 2011

Demographic analysis summaries

Age Structure

- In 2011, the age structure of CIL Zones 1 (North) and 3 (South) was significantly younger than for Zone 3 (South). Whereas 17.8% and 22.3% of residents in the former are aged 65 and above, in Zones 1 (North) and 3 (South), the figure is 30.2% for Zone 3 (South).
- in contrast there is a greater number of young adults (aged 25-44) within CIL Zones 1 (North) and 3 (South) compared with Zone 3 (South). These Zones show 29.5% and 23.0% falling into these categories respectively, as against 21.6% in Zone 3 (South).

- Between 2001 and 2018, there has been a substantial loss in young adults in the Borough, with Zone 3 (South) experiencing a substantial ageing of its population.
- The greatest proportional increase is in the number of people aged 75+. This cohort increased by 31.8% over the period, or 2,169 individuals.

Household composition

- Zone 3 (South) contains a substantially larger proportion of households aged 65 or over, both living on their own and as a couple.
- Zone 1 (North) includes a greater proportion of people living on their own who are aged below 65 than the South East or England (20.4% as against 16.1% and 17.9% respectively).
- There is a relative concentration of lone parents with dependent children in Zone 1 (North), recording 8.3% of households, compared with a Borough average of 5.6%.
- Between 2001 and 2011, there was a large increase in HMO (around 51%, or 171 households) in Zone 1 (North); the Zone also registered the largest increase in households with non-dependent children (17.2%), compared with a Borough average of 9.5%.

Supply

Type of dwellings

8.33 The table below presents the distribution of types of dwelling in the three CIL Zones, together with the Borough, the South East region and England in 2011. This demonstrates that, at the time of the last Census, there were clear differences in the housing stock across the Borough.

8.34 Detached homes make up 29.3% of all dwellings in Zone 3 (South). This is in contrast with 6.6% in Zone 1 (North). At 22.6% and 16.7% respectively Zones 1 (North) and 3 (South) have a higher proportion of semi-detached homes than Zone 3 (South) (14.9%).

8.35 Flats are concentrated in Zone 1 (North) accounting for 43.2% of all dwellings in the Zone. In contrast with only 29.7% of homes are flats in Zone 3 (South) where the proportion is 29.7%. This Zone 1 (North) figure also exceeds the figures for the South East and England, indicating that Zone 1 (North) highly urbanised.

Table 33: Distribution of types of homes, 2011

	Detached	Semi-detached	Terraced	Flat	Caravan
CIL Zone 1 (North)	6.6%	27.7%	22.4%	43.2%	0.1%
CIL Zone 2 (Mid)	14.0%	30.2%	16.7%	39.1%	0.1%
CIL Zone 3 (South) (South)	29.3%	23.8%	14.9%	29.7%	2.4%
Spelthorne	16.1%	28.6%	17.1%	37.7%	0.5%
South East	23.5%	23.4%	18.8%	33.8%	0.5%
England	18.6%	25.8%	20.2%	35.0%	0.3%

Source: Census 2011

8.36 It is also worth noting that 2.4% of homes in Zone 3 (South) were caravans, or other mobile structures. This a substantially greater than anywhere else in Spelthorne, and exceeds the averages for Spelthorne, the South East and England.

Completions by Type

8.37 The table below draws on data provided by SBC to show the net number of new dwellings built in the three CIL Zones between 2011/12 and 2019/20. Over the period, 6,585 net new homes were built of which 664 (20.4%) were houses (the Council data does not break new dwellings down by type) and 2,585 were flats (79.6%).

These figures however mask differences among the Zones. In Zone 2 (Mid), around 90% of net new homes were flats, whereas in Zones 1 (North) and 3 (South) around 71% and 57% of new homes were flats.

Table 34: Net new homes built between 2011 and 2020

	Total houses	%	Total Flats	%
CIL Zone 1 (North)	176	29.4%	423	70.6%
CIL Zone 2 (Mid)	108	10.7%	903	89.3%
CIL Zone 3 (South) (South)	136	43.3%	178	56.7%
Spelthorne	**664**	**20.4%**	**2,585**	**79.6%**

Source: Spelthorne Borough Council

Number of rooms

8.38 The table below presents data relating to the size of dwellings in the study area by habitable rooms. There is no single legal definition of "habitable room", as its use and meaning are subject to context[31]. However, for the purposes of this exercise, we have assumed a definition that is consistent with Part M of the building regulations: a room used, or intended to be used, for dwelling purposes including a kitchen but not a bathroom or utility room.

8.39 Using this definition, we have assumed

- a dwelling with 2 habitable rooms comprises a bedroom and an open-plan kitchen/living space;
- a dwelling with 3 habitable rooms comprises two bedrooms and an open-plan kitchen/living space;
- a dwelling with 4 habitable rooms comprises two bedrooms, a kitchen and living room;
- a dwelling with 5 habitable rooms comprises three bedrooms, a kitchen and living room;
- a dwelling with 6 habitable rooms comprises three bedrooms, a kitchen, a living room, and an additional reception room;
- a dwelling with 7 habitable rooms comprises four bedrooms, a kitchen, a living room, and an additional reception room; and
- a dwelling with 8 habitable rooms comprises five bedrooms, a kitchen, a living room, and an additional reception room.

8.40 The table below presents the distribution of home of different sizes across each CIL Zones, the Borough, the region, and England in 2011. This data shows a greater proportion of smaller homes in Zone 1 (North) (21%) than the other two Zones (13.8% and 12.3% in Zones 2 (Mid) and 3 (South) respectively).

8.41 There is a substantially higher proportion of larger dwellings (7 or more habitable rooms) in Zone 3 (South) (28.6%) compared to Zone 1 (North) (11.4%) and Zone 2 (Mid) (19.4%). It is however worth noting that Zone 3 (South) is broadly in line with trends in the South East.

8.42 The bulk of the stock in all three Zones are, however, dwellings of 4 - 6 habitable rooms. These are typically medium sized homes suitable for families. Of the three Zones, Zones 1 (North) and 3 (South) have the highest proportion of these dwellings (around 67%). This is in line with Spelthorne average of 65.3%. The proportion of dwellings of this size in Zone 3 (South) (59%) is however in line with the regional average.

[31] https://www.planningportal.co.uk/directory_record/275/habitable_rooms (visited 08/04/20)

Table 35: Distribution of sizes of home, 2011

Rooms	1	2	3	4	5	6	7	8+
CIL Zone 1 (North)	3.1%	5.2%	13.0%	20.5%	29.6%	17.3%	6.8%	4.5%
CIL Zone 2 (Mid)	0.5%	3.1%	10.2%	20.6%	25.5%	20.7%	10.4%	9.0%
CIL Zone 3 (South) (South)	0.4%	2.6%	9.3%	16.5%	21.9%	20.6%	13.6%	15.0%
Spelthorne	0.8%	3.3%	10.4%	19.8%	25.3%	20.3%	10.6%	9.6%
South East	0.6%	2.8%	9.8%	17.9%	22.7%	18.9%	11.1%	16.1%
England	0.8%	2.9%	10.3%	19.2%	24.7%	19.4%	10.1%	12.7%

Source: Census 2011

Completions by Size

8.43 Spelthorne Borough Council records data relating to the size of completed units by number of bedrooms. The data indicate most new dwellings are 1- and 2-bedroom homes (likely to be dwellings of 2-4 habitable rooms). The delivery of larger family homes of 3+ bedrooms in Zones 1 (North) and 3 (South) exceeds that of Zone 2 (Mid) (24.2% and 34.4% as against 6.9%).

Table 36: Sizes of new homes delivered, 2011-2020

	1 bed	2 bed	3 bed	4+ bed
CIL Zone 1 (North)	30.4%	45.4%	17.7%	6.5%
CIL Zone 2 (Mid)	49.9%	43.2%	5.8%	1.1%
CIL Zone 3 (South) (South)	21.3%	44.3%	20.1%	14.3%
Spelthorne	39.1%	44.1%	11.9%	4.9%

Source: Spelthorne Borough Council

8.44 The table below sets out the absolute numbers of different sizes of home delivered between 2011 and 2020. While there has been a substantial increase in 1- and 2-bedroom dwellings in Zones 1 (North) and 3 (South) over this period (these translate into dwellings of 2-4 habitable rooms).

Table 37: Sizes of homes delivered (numerical), 2011 -2020

	1 bed	2 bed	3 bed	4+ bed
CIL Zone 1 (North)	182	272	106	39
CIL Zone 2 (Mid)	504	437	59	11
CIL Zone 3 (South) (South)	67	139	63	45
Spelthorne	753	848	228	95

Source: Spelthorne Borough Council

Tenure

8.45 The table below sets out the distribution of tenure across the three CIL areas, and how this compares with the Borough average, the region, and the country. This indicates a concentration of households that are mortgage-free in CIL Zone 3 (South). The figure for this area exceeds that for every other geography and reflects the older demographic in this part of the Borough. This is in contrast with Zone 1 (North), where 22.7% of households are in this position.

8.46 Overall, the most prevalent tenure is "owned with a mortgage". The three CIL areas display similar proportions as regards this tenure. The average for the Borough, at 40%, is higher than the figures for the region and England (36.2% and 33.6% respectively).

8.47 PRS is most common in Zone 2 (Mid). However, the three Zones are close in the proportion of households in the PRS, between 11% and 14%. This is lower than the average for the South East and England (around 18%).

8.48 As regards Affordable Housing, CIL Zone 1 (North) displays a substantially higher proportion of affordable dwellings (25.9%) than either Zone 2 (Mid) (11.5%) or Zone 3 (South) (7.1%). It is apparent from this that Zone 1 (North) has been where Affordable Housing has been concentrated.

Table 38: Distribution of tenures, 2011

	Owned outright	Owned with a mortgage	Private rent	Affordable Housing
CIL Zone 1 (North)	22.7%	38.0%	13.4%	25.9%
CIL Zone 2 (Mid)	33.2%	40.9%	14.4%	11.5%
CIL Zone 3 (South) (South)	42.9%	38.6%	11.4%	7.1%
Spelthorne	33.9%	40.0%	13.6%	12.4%
South East	32.5%	36.2%	17.6%	13.7%
England	30.6%	33.6%	18.2%	17.7%

Source: Census 2011

8.49 The table below sets out how the distribution of tenures have shifted during the period between 2001 and 2011. It is apparent from this data that those households that own their dwelling with a mortgage have declined over the period, by around 9% at the Borough level. This is likely to be linked to affordability and access to mortgage products. Linked to this there has been a substantial growth in the PRS over the period.

8.50 Finally, there was also a growth in the number of households who have paid off their mortgage. Given the link between age and this tenure, this reflects the ageing population across the Borough.

Table 39: % Change in tenure 2001-2011

Row Labels	Owned outright	Owned with a mortgage	Private rent	Affordable Housing
CIL Zone 1 (North)	6.2%	-9.4%	66.7%	-1.1%
CIL Zone 2 (Mid)	6.7%	-9.5%	56.8%	-3.1%
CIL Zone 3 (South) (South)	6.0%	-5.4%	40.3%	1.9%
Spelthorne	6.5%	-8.7%	54.8%	-2.0%
South East	12.4%	-6.5%	57.2%	0.6%
England	13.0%	-6.9%	63.3%	-4.2%

Source: Census 2001 and 2011

Completions by Tenure

8.51 Spelthorne records data on the tenure of homes built in the Borough, split between affordable and market dwellings. The data in the table below presents this data for the period 2011-2020, broken down to sizes of home.

8.52 At the Borough level, 9% of new homes have been affordable over the period, or 340 dwellings.

8.53 At 26% Zone 1 (North) has seen the greatest proportion of Affordable Homes delivered in the Borough. This is followed by Zone 2 (Mid) (15%) and Zone 3 (South) (9%). This is consistent with historic trends and reinforces the role of Zone 1 (North) as where Affordable Homes are most likely to be delivered.

8.54 Most Affordable Homes that have been delivered are 1 bed (36%) and 2 bed (42%), with Affordable Homes of 3 or more bedrooms in size making up the balance, dividing in to 20% 3 bed and 2% 4 bed.

Table 40: Proportion of new build homes that are affordable

CIL Zone	AH	Mkt	%
CIL Zone 1 (North)	157	442	26%
CIL Zone 2 (Mid)	154	857	15%
CIL Zone 3 (South)	29	285	9%
Spelthorne	340	2337	9%

Source: Spelthorne Borough Council

8.55 The table below shows the distribution of Affordable Homes by size between 2011 and 2020.

Table 41: Tenure split of new homes delivered 2011-2020, Spelthorne Borough

CIL Zone	1 bed			2 bed			3 bed			4 bed		
	AH	Mkt	%	AH	Mkt	%	AH	Mkt	%	AH	Mkt	%
CIL Zone 1 (North)	66	116	**36%**	39	233	**14%**	47	59	**44%**	5	34	**13%**
CIL Zone 2 (Mid)	52	452	**10%**	81	356	**19%**	20	39	**34%**	1	10	**9%**
CIL Zone 3 (South) (South)	3	64	**4%**	24	115	**17%**	2	61	**3%**	0	45	**0%**
Spelthorne	121	1385	**8%**	144	704	**8%**	69	159	**15%**	6	89	**3%**

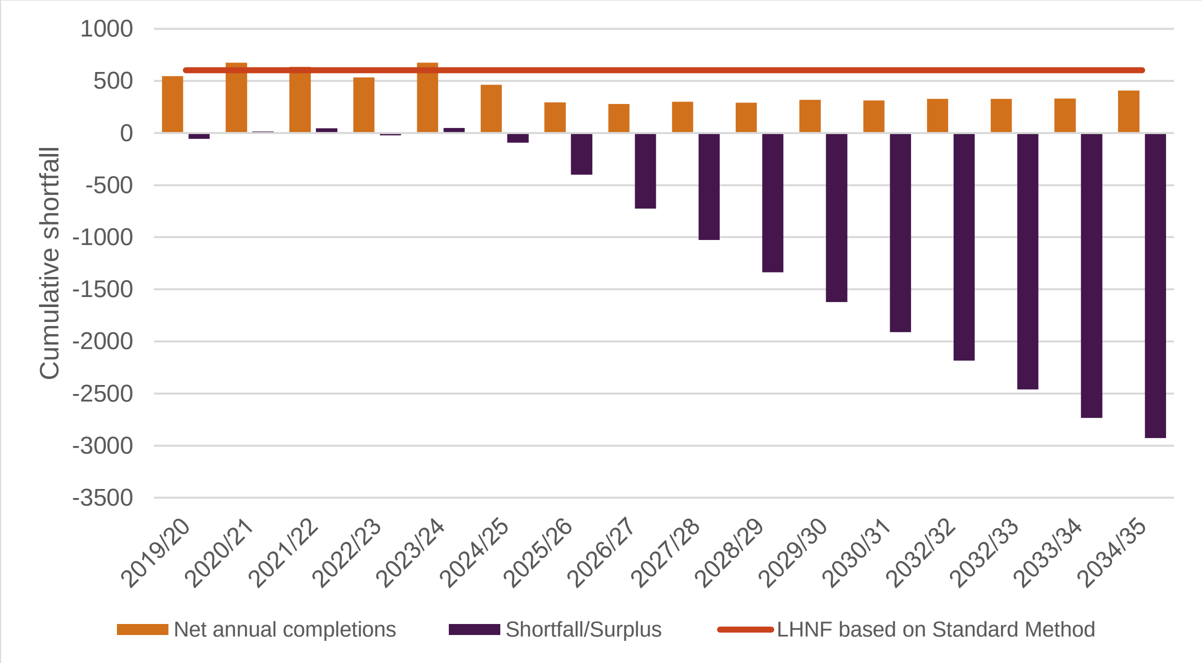
Source: Spelthorne Borough Council

Pipeline

8.56 The figure below presents SBC's current Housing Trajectory over the period 2019/20 to 2034/35. The trajectory foresees an annual average rate of delivery of 420 dwellings per annum (dpa), totalling 6,719 units over the period. This is different from the data presented earlier in the report largely on account of the fact the data presented in the Site Allocations document includes windfalls.

8.57 Over the next five years (2019/20- 2024/25) the trajectory indicates SBC will fall short of meeting evidenced need, based on the Local Housing Need Figure of 618dpa derived from the Standard Method, given that a 20% buffer will be applied. Also, beyond 2024/25, the trajectory forecasts a substantial shortfall in the number of dwellings over the balance of the plan period, amounting to 2,929 dwellings, as shown in the figure below.

Table 42: Cumulative shortfall in dwellings 2019-2035 against evidenced need



Source: Spelthorne Borough Council

8.58 The table below sets out how the land supply pipeline is split between the wards in Spelthorne and the three Zones. It is notable that the Zone that historically has yielded the greatest proportion of Affordable Homes (Zone 1 (North)) accounts for 11% of capacity in the Borough. Zone 2 (Mid), on the other hand, accounts for the vast majority of all capacity (80%).

Table 43: Net capacity of pipeline sites by CIL Zone, 2022/3 – 2036/7

Ward/CIL zone	Units	%
Ashford North and Stanwell South	668	8.2%
Stanwell North	208	2.6%
CIL Zone 1	**876**	**10.8%**
Ashford Common	87	1.1%
Ashford East	127	1.6%
Ashford Town	389	4.8%
Laleham and Shepperton Green	11	0.1%
Riverside and Laleham	19	0.2%
Staines	5,204	64.0%
Staines South	10	0.1%
Sunbury Common	635	7.8%
CIL Zone 2	**6,482**	**79.7%**
Sunbury East	677	8.3%
Halliford and Sunbury West	5	0.1%
Shepperton Town	92	1.1%
CIL Zone 3	**774**	**9.5%**
Total	**8,132**	**100%**

Source: Spelthorne Borough Council

Supply – summary

Type

- In 2011, detached homes make up 29.3% of all dwellings in Zone 3 (South). This is in contrast with Zone 1 (North), where 6.6% of dwellings are detached.
- Census 2011 data indicates flats are concentrated in Zone 1 (North) with 43.2% of all dwellings being flats in contrast the equivalent figure for Zone 3 (South) is 29.7%.
- Between 2011 and 2020, 3,249 net new homes were built of which 664 (20.4%) were houses and 2,585 were flats (79.6%).
- In terms of sizes of homes, Census 2011 data shows that Zone 1 (North) has a greater proportion of smaller homes of 1-3 habitable rooms than the other two Zones. 21.3% of dwellings in Zone 1 (North) are of 1 - 3 habitable rooms, whereas 13.8% of dwellings in Zone 2 (Mid) and 12.3% in Zone 3 (South) fall into this category.
- 28.6% of homes in Zone 3 (South) were larger dwellings of 7 or more habitable rooms. This is a greater proportion than for Zone 1 (North) and 2, but in line with trends in the South East.

  Over the period 2011 to 2020, there has been a substantial increase in 1- and 2-bedroom dwellings in Zones 1 (North) and 3 (South) (these translate into dwellings of 2-4 habitable rooms).

Tenure

- 42.9% of households are mortgage-free in CIL Zone 3 (South). This is in contrast with Zone 1 (North), where 22.7% of households are in this position.
- As regards Affordable Housing, CIL Zone 1 (North) displays a substantially higher proportion of affordable dwellings (25.9%) than either Zone 2 (Mid) (11.5%) or Zone 3 (South) (7.1%).
- Between 2001 and 2011, those households that own their dwelling with a mortgage have declined over the period, by around 9% at the Borough level. Linked to this there has been a substantial growth in the PRS over the period.
- The data also show there was also a growth in the number of households who have paid off their mortgage. This suggests an ageing population across the Borough.
- Between 2011 and 2020, 13% of new homes have been affordable over the period, or 340 dwellings. Most Affordable Homes that have been delivered are 1 bed (36%) and 2 bed (42%).
- Zone 1 (North) provided the greatest proportion of Affordable Homes in the Borough, at 26% of all new homes, followed by Zone 2 (Mid) (15%) and Zone 3 (South) (9%).

Pipeline

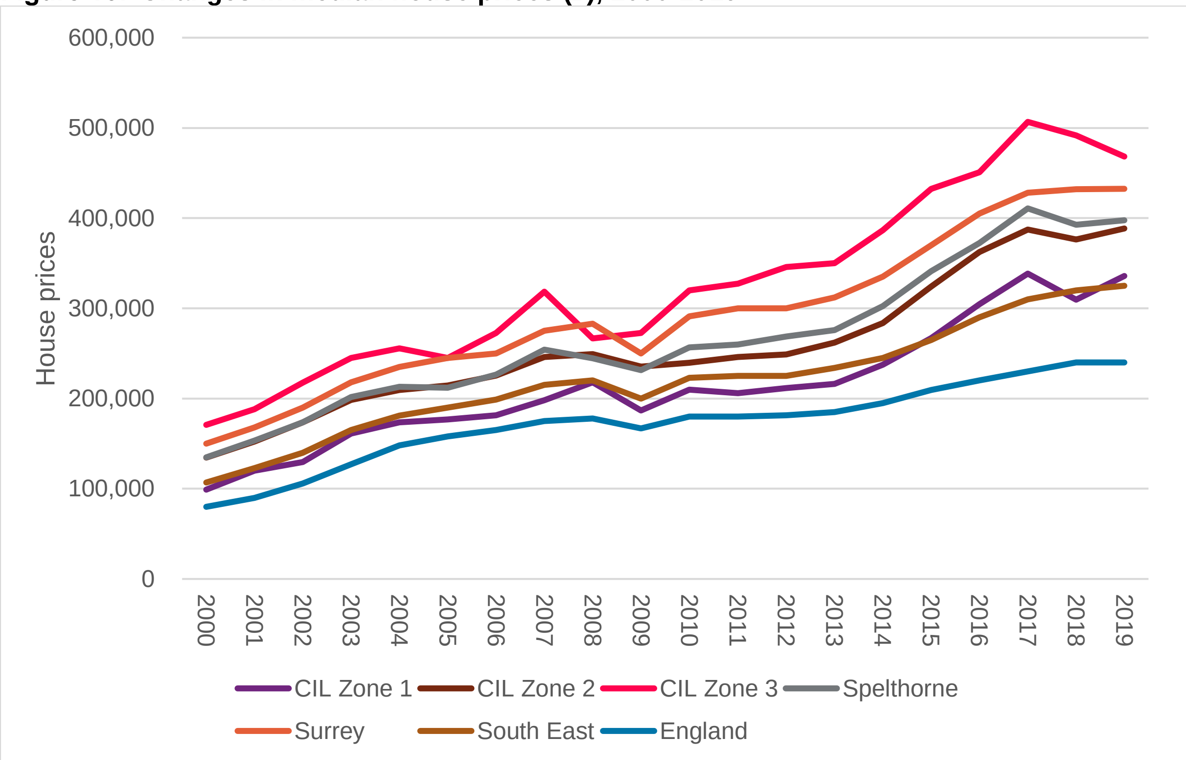
- SBC's Housing Trajectory foresees an annual average rate of delivery of 420 dwellings per annum (dpa), totalling 6,719 units over the period. The pipeline data however shows sites with a total capacity of 6,174 dwellings (5,919 in allocated sites and 255 in conversions and small sites) once Green Belt sites have been excluded.
- While the Trajectory foresees the Borough meeting its annual housing requirement over the period 2019/20- 2024/25, a substantial shortfall is forecast thereafter.
- The pipeline data identifies 10.8% of dwellings coming from capacity in Zone 1 (North), the Zone that has historically generated most Affordable Housing units. Zone 2 (Mid), on the other hand, accounts for the majority of capacity, 79.7%.

APPENDIX C: Market signals data analysis

House prices

8.59 The figure below presents data relating to change in median house prices from 2000 for each of the CIL Zones, together with Spelthorne, the county of Surrey, the wider South East region and England. The data shows that, median house prices in the Borough have followed a broadly similar path of growth until 2017, whereupon prices softened considerably.

Figure 16: Changes in median house prices (£), 2000-2019



Source: ONS

8.60 It is also worth noting the differences in median prices achieved across the three Zones in 2019. At £468,417 properties in Zone 3 (South) were the most expensive, 40% more than Zone 1 (North) (£335,750) and 20% more than Zone 2 (Mid) (£388,508).

8.61 In order to explore these changes, the table below analyses trends over three periods, pre-recession growth to 2008-9, a period of slower post-recession growth 2010-2017, and the period of general slowing of the residential property market in recent years, from 2017 to 2019.

8.62 In the pre-recession period Spelthorne saw significant growth albeit at a lesser rate than the winder comparators. In contrast it saw comparatively higher rates post-recession. Since 2017, Spelthorne has saw a fall in prices of 3%, in excess of Surrey, the South East and England that saw increases in prices of 1%, 5% and 4% respectively.

Table 44: Changes in median house prices 2000-19

	Change 2000-10	Change 2010-17	Change 2017-19
CIL Zone 1 (North)	112%	61%	-1%
CIL Zone 2 (Mid)	78%	61%	0%
CIL Zone 3 (South)	87%	58%	-8%
Spelthorne	90%	60%	-3%
Surrey	94%	47%	1%
South East	109%	39%	5%
England	125%	28%	4%

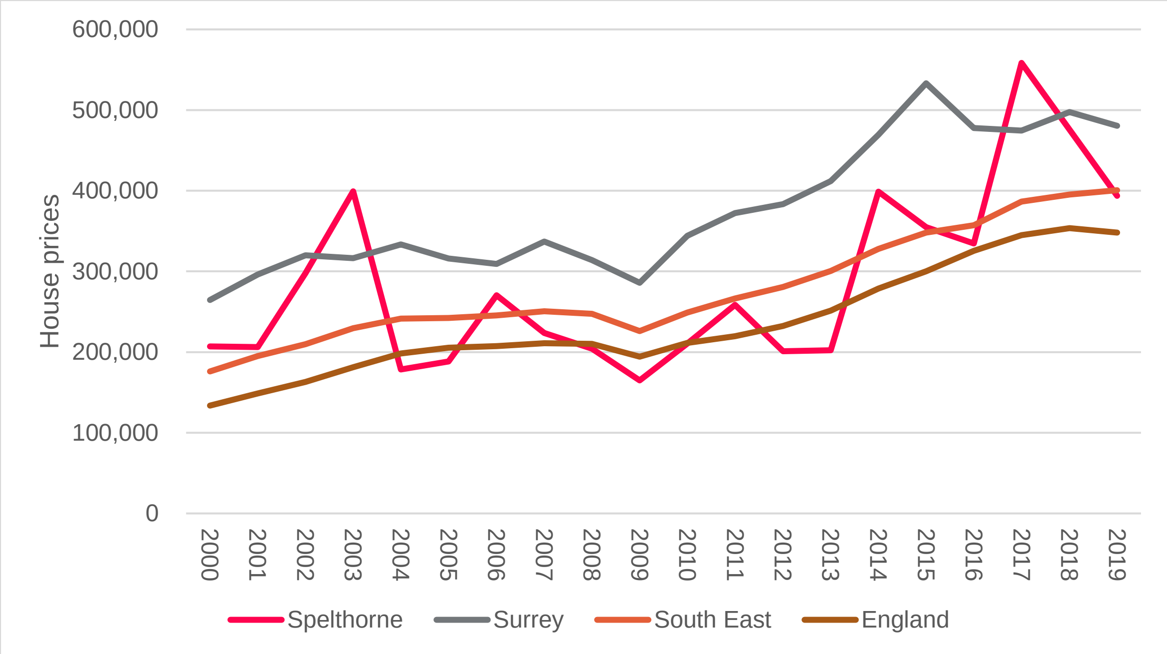
Source: ONS

8.63 While the three CIL Zones followed a similar pattern of growth during the first two periods in the third, they period they have started to diverge. Zones 1 (North) and 3 (South) are plateauing however Zone 3 (South) has seen a substantial fall in prices (8%).

8.64 The figure below shows trends in the median prices paid for new-build dwellings in Spelthorne, Surrey, the South East and England. Fluctuations in the median price of new build dwellings in Spelthorne has been more pronounced than the other geographies. However, this is likely to be because of the relatively small number of data-points rather than actual price volatility. Given these fluctuations in the data, it makes sense to focus on longer term trends. In this regard, the Borough broadly follows trends for Surrey and the South East.

8.65 The median house price for new build dwellings in Spelthorne was £393,701 in 2019. This is 22% than the figure for Surrey (£480,581). The Borough figure is however close to that of the South East of England, and 13% higher than England. Between 2000 and 2019, the prices of new-build homes in the Borough have increased by 90%.

Table 45: Median prices paid for new build homes (£), 2000- 2019



Source: ONS

8.66 Analysis of the three CIL Zones suggests prices in Zone 1 (North) have grown more strongly than house prices in Zones 2 (Mid) and 3 (South) over the period. Although, again, the relatively small number of data points suggests this finding should be treated with caution.

Table 46: Median house price of new build dwellings (£), 2000 and 2019

	2000	2019	Change 2000-19
CIL Zone 1 (North)	124,000	299,999*	142%
CIL Zone 2 (Mid)	250,000	329,427	32%
CIL Zone 3 (South)	247,000	457,975	85%
Spelthorne	207,000	393,701	90%
Surrey	264,559	480,581	82%
South East	176,031	400,674	128%
England	133,682	348,113	160%

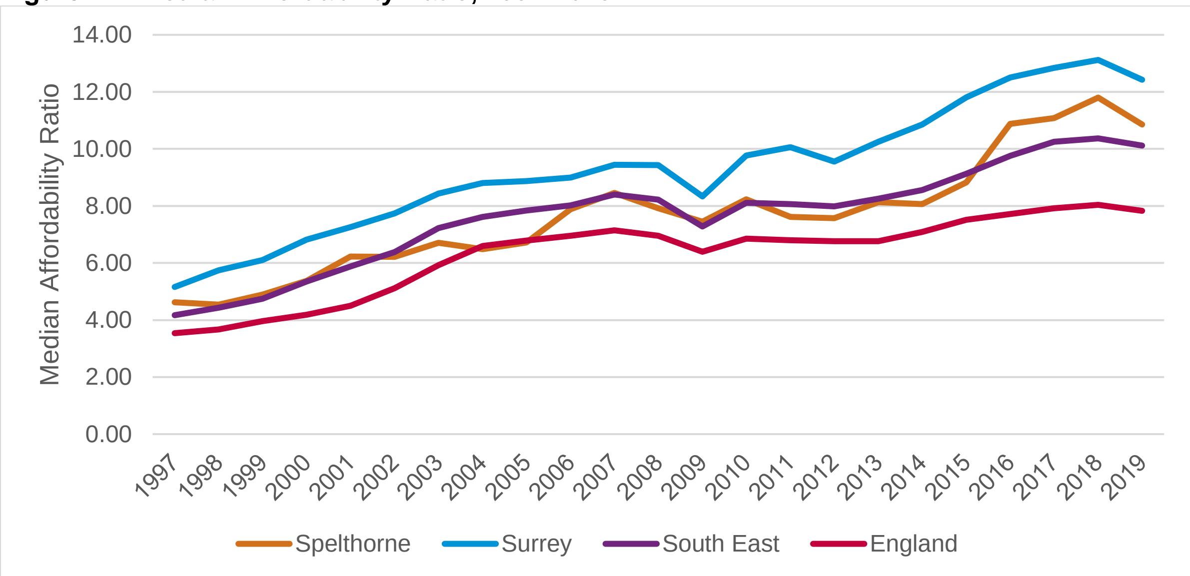
Source: ONS prices for 2016

Median Affordability Ratio

8.67 The figure below presents the Median Affordability Ratio (MAR) for Spelthorne, the South East Region, Surrey, and England. The MAR expresses median house prices as a multiple of median household incomes and, as such, indicates affordability. Typically, banks allow people to borrow four times their income, thus, a household with an income of £25,000 can afford a dwelling worth £110,000, assuming they can provide a deposit worth 10% of the value of the property.

8.68 The MAR for Spelthorne has followed that of the South East, with the Borough and region recording a MAR of 10.86 and 10.12 respectively in 2019. This indicates that median house prices are well in excess of what is affordable to households on median incomes (estimated to be £41,500 in 2018). It is worth noting however that Spelthorne has a lower MAR than Surrey (12.43) and is therefore more affordable than the wider county.

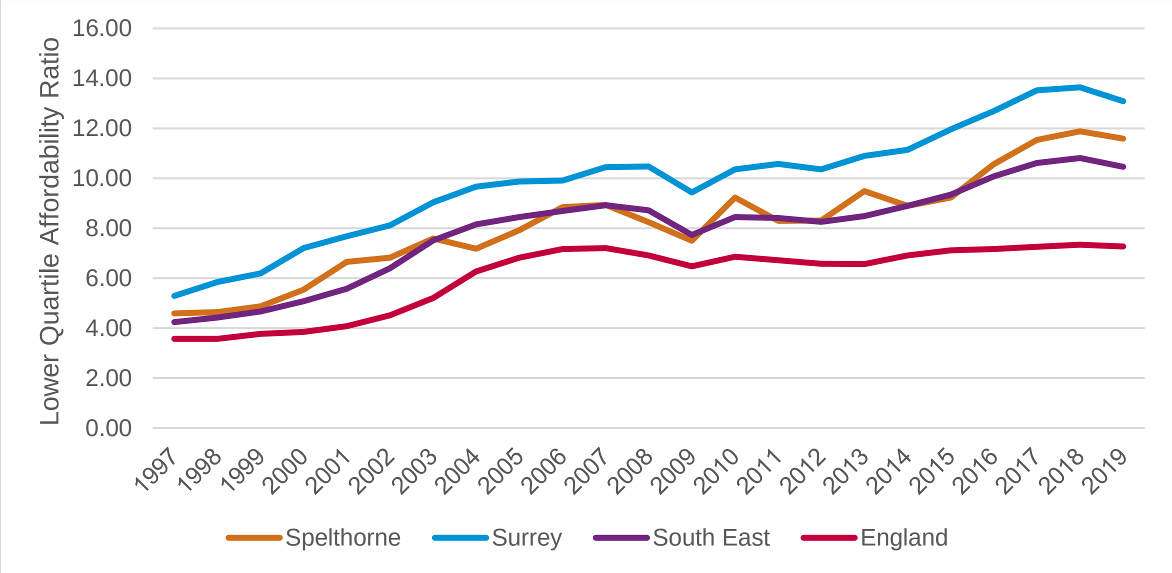
Figure 17: Median Affordability Ratio, 1997-2019



Source: MHCLG

8.69 The figure below presents the Lower Quartile Affordability Ratio (LQAR) in Spelthorne. Again, the LQAR for the Borough closely mirrors that of the South East region. The LQAR is, however, higher than the MAR at 11.58, indicating that affordability pressures are more acute at lower income levels.

Figure 18: Lower Quartile Affordability Ratio



Source: MHCLG

Rents

8.70 The table below presents data relating to rents in five neighbourhoods in Spelthorne. The data has been captured from the Home.co.uk using post code geographies. The neighbourhoods are, TW18 (Staines), TW15 (Ashford), TW16 (Sunbury), TW17 (Shepperton), TW19 (Stanwell). These broadly fall into the following CIL zones: Zone 1 (North): TW19; Zone 2 (Mid): TW15 and TW18; Zone 3 (South): TW16 and TW17.

8.71 The data indicates that TW16 (Sunbury) has the highest rents, averaging £1,625pcm. The lowest rents are in TW15 (Ashford) at £1,303pcm. TW18 (Staines) also has relatively affordable rents at average rent of £1403pcm, and a median rent of £1,344pcm. Based on this data, CIL Zone 2 (Mid) (Staines and Ashford) has the cheapest rents, followed by Zone 1 (North) (Stanwell). Zone 3 (South) (Shepperton and Sunbury) has the most expensive rents.

8.72 TW15 (Ashford), TW17 (Shepperton) and TW19 (Stanwell) all report the mean rent is lower than the median, indicating more than 50% of the sample properties were offered at rents less than the mean, suggesting most of the stock is relatively affordable.

Table 47: Rents in postcode areas, May 2020

Area	CIL Zone	Item	
TW18 (Staines)	2	No. of properties	112
		Average rent (pcm)	£1,403
		Median rent (pcm)	£1,344
TW15 (Ashford)	2	No. of properties	53
		Average rent (pcm)	£1,303
		Median rent (pcm)	£1,315
TW16 (Sunbury)	3	No. of properties	60
		Average rent (pcm)	£1,625
		Median rent (pcm)	£1,512
TW17 (Shepperton)	3	No. of properties	16
		Average rent (pcm)	£1,412
		Median rent (pcm)	£1,472
		Average ToM (days)	123
TW19 (Stanwell)	1	No. of properties	45
		Average rent (pcm)	£1,450
		Median rent (pcm)	£1,465

Source: Home.co.uk

Income

8.73 The table below provides an estimate of income levels in the three CIL Zones, together with data for the South East as a whole and England. The data indicate that the Borough is a relatively affluent part of the region, with the average household income 42% higher in Spelthorne than the average for the South East.

8.74 Within Spelthorne, CIL Zone 2 (Mid) is the area with the highest average incomes, with a figure of £57,663. This is 16% higher than Zone 1 (North), and 2% higher than Zone 3 (South). This data supports the higher house prices observed in Zone 2 (Mid) and 3, and the demand for small more Affordable Homes in Zone 1 (North).

Table 48: Household Income (£)

Area	Average Annual Gross Income
CIL Zone 1 (North)	£49,700
CIL Zone 2 (Mid)	£57,663
CIL Zone 3 (South)	£56,400
Spelthorne	£54,588
South East	£38,397
England	£34,148

Source: ONS

Access to jobs

8.75 An important driver of demand for housing is its locations access to the jobs market. In this section, an analysis is provided of commuting patterns as they relate to the three CIL Zones to identify areas of disparity as this may translate into differences in market strength.

8.76 The review of the FEAA earlier in this document identified that Spelthorne is well connected through road and rail infrastructure to employment centres in Greater London and the wider South East. The table below identifies those Local Authority areas, based on Census data, with which Spelthorne, and the three constituent CIL Zones, has the strongest commuting relationships.

Table 49: Commuting patterns, CIL Zones, 2011

Local Authority	CIL Zone 1 (North)	CIL Zone 2 (Mid)	CIL Zone 3 (South)
Spelthorne	25.13%	27.96%	25.06%
Hillingdon	17.88%	9.62%	6.88%
Hounslow	16.38%	13.53%	11.42%
Runnymede	9.52%	11.27%	6.93%
Slough	5.35%	3.48%	1.89%
Richmond upon Thames	2.54%	4.77%	8.21%
Elmbridge	2.31%	3.84%	7.37%
Westminster	1.92%	2.72%	3.85%
Windsor and Maidenhead	1.81%	1.86%	1.33%
Ealing	1.70%	1.58%	1.26%
Woking	1.02%	1.24%	1.57%
Kingston upon Thames	0.95%	1.83%	3.95%
Hammersmith and Fulham	0.89%	0.94%	1.27%
Surrey Heath	0.73%	0.78%	0.85%
City of London	0.54%	1.14%	1.67%
Guildford	0.54%	0.66%	1.00%
Wandsworth	0.50%	0.59%	0.94%
Camden	0.41%	0.79%	0.99%
Bracknell Forest	0.39%	0.68%	0.76%
Tower Hamlets	0.29%	0.64%	0.67%

Source: Census 2011

8.77 This shows the Local Authority areas that attracted the greatest number of commuting journeys in 2011 were Spelthorne itself, followed by Hillingdon, Hounslow, Runnymede, Slough, Richmond upon Thames, Elmbridge, and Westminster.

8.78 In 2011, around 2% of commuting journeys were to the City of London for work were from Zone 3 (South) compared with 1% for Zone 2 (Mid) and 0.5% for Zone 1 (North). Zone 3 (South) also displays relatively high commuting journeys to The City of Westminster (around 4% compared with 3% and 2% for Zones 2 and 1 respectively)

8.79 The highest proportion of households working in Hillingdon (including Heathrow) is Zone 1 (North), around 18%. In contrast, around 10% and 7% of commuting journeys from Zones 2 (Mid) and 3 (South) are to Hillingdon. Zone 1 (North) also displays relatively high commuting journeys to Slough (around 5% compared with 4% and 2% for Zones 2 (Mid) and 3 (South)).

8.80 The greater proportion of commuting relationships to concentrations of higher paid jobs in the City of Westminster and the City of London, suggests the residents in Zone 3 (South) are, on average, more highly paid than residents in Zones 1 (North) and 3 (South). This is likely to translate into a stronger housing market in this Zone for higher value dwellings.

8.81 Similarly, the high proportion of commuting journeys to Hillingdon and Slough from Zone 1 (North) is an indicator that a greater proportion household in this Zone are in lower paid employment than in Zone 2 (Mid) and 3. This is likely to translate into a stronger rental market and higher Affordable Housing demand as demonstrated earlier in this report.

8.82 This data shows that residents in the Borough can access a large and varied number of jobs within acceptable commuting times. This is arguably the principle reason for the high demand for homes across the Borough.

Overcrowding

8.83 The table below presents data relating to occupancy levels in the Borough, disaggregated into the three CIL Zones. The occupancy rating uses standard benchmarks to assess whether a household has enough bedrooms, considering the age and sex of each occupant and the nature of their relationships.

8.84 A rating of zero indicates the household has enough bedrooms. A score greater that 0 indicates the household has more than their household composition would indicate, and less than one points to a shortfall, or overcrowded conditions.

8.85 The table below shows that in Zone 3 (South) most households (58%) had 2 more bedrooms than they needed in 2011, according to this standard measure. This can indicate both wealth i.e., larger homes or age of population i.e., empty nesters and older or both. It may indicate an inability of older people to "down-size" into smaller dwellings as they age on account of a lack of suitable accommodation.

8.86 The data for Zone 3 (South) contrasts with Zones 1 (North) and 3 (South) where figures of 33% and 47% were reported to have two or more extra bedrooms. Indeed, the figure for Zone 3 (South) is greater than the South East average for this metric by 5%.

8.87 At the other end of the scale, it is also worth noting a level of over-crowding in Zone 1 (North) (where the occupancy rating is -1 or less) at 16% exceeds the average for the South East by 8%. This indicates that some households are unable to afford suitable homes.

Table 50: Occupancy rating, Spelthorne Borough (2011)

Area	2	1	0	-1	-2
CIL Zone 1 (North)	33%	26%	26%	11%	5%
CIL Zone 2 (Mid)	47%	24%	20%	7%	2%
CIL Zone 3 (South) (South)	58%	21%	15%	5%	1%
Spelthorne	48%	24%	19%	7%	2%
South East	53%	22%	18%	6%	2%
England	50%	23%	19%	6%	2%

Source: Census 2011

8.88 The table below shows the change in occupancy ratings between 2001 and 2011 in Spelthorne. The table indicates that an additional 1,060 households (42%) experience a degree of over-crowding in the Borough between 2001 and 2011. The largest absolute increase was in Zone 2 (Mid), where 702 households additional reported an occupancy rating of -1 or less.

Table 51: Numerical change in occupancy rating Spelthorne Borough (2001-11)

Area	2	1	0	-1	-2	Total
CIL Zone 1 (North)	-73	-116	115	136	63	199
CIL Zone 2 (Mid)	103	-597	481	554	148	702
CIL Zone 3 (South) (South)	124	-127	150	123	36	159
Spelthorne	154	-840	746	813	247	1,060

Source: Census 2001 and 2011

8.89 The 42% growth compares unfavourably with the South East and England where figures of 22% and 20% respectively are reported. Even Zone 1 (North) which deteriorated by 30% is considerable worse than the wider comparators.

Table 52: % Change in occupancy rating Spelthorne Borough (2001-11)

Area	2	1	0	-1	-2
CIL Zone 1 (North)	-4%	-8%	10%	34%	30%
CIL Zone 2 (Mid)	1%	-9%	10%	45%	49%
CIL Zone 3 (South) (South)	3%	-7%	14%	43%	48%
Spelthorne	1%	-8%	11%	43%	42%
South East	8%	-2%	14%	41%	22%
England	9%	-3%	10%	38%	20%

Source: Census 2001 and 2011

Concealment

8.90 The table below presents data relating to concealed households. A household is concealed when it is unable to form an independent household despite a wish to do so, usually on affordability grounds, and it therefore obliged to live with a host household.

8.91 The percentage of all families that are concealed in Spelthorne, at 1.9%, is higher than the average for the South East (1.6%), but on a par with England (1.9%). In the Borough, 43.8% of concealed families have children, a lower proportion than for the South East or England, at 48.9% and 55.4% respectively.

Table 53: Concealed families, 2011

		Number	%
Spelthorne	All families	534	1.9%
	Couple only	300	56.2%
	With children	234	43.8%
South East	All families	39,465	1.6%
	Couple only	20,171	51.1%
	With children	19,294	48.9%
England	All families	275,954	1.9%
	Couple only	122,951	44.6%
	With children	153,003	55.4%

Source: Census 2011

Vacant dwellings

8.92 The table below presents data relating to unoccupied household spaces broken down to the CIL Zones, the Borough, the South East and England for comparison purposes. The ONS defines “household spaces” as accommodation used or available for use by an individual household therefore while the great majority of household spaces will be homes some might be rooms in a shared house.

8.93 The 2011 Census does not distinguish between vacant household spaces and household spaces that are used as second addresses. However, the 2001 census did and notes that, around 128, or 14% of dwellings that were unoccupied in Spelthorne were identified as "second residence/holiday accommodation". The “unoccupied” should not be treated as a synonym for vacancy in 2011 Census data but may be accepted as an indicator of its prevalence.

Table 54: Unoccupied dwellings

Type	No.	%
Vacant	785	86%
Second home	128	14%
Total	913	100%

Source: Census 2001

8.94 The data in the table below shows that the proportion of dwellings that were reported as unoccupied increased between 2001 and 2011 in the Borough. In 2001, Spelthorne had relatively low rates of unoccupied homes compared with the South East and England (2.3% as against 3.4% and 3.8% respectively).

8.95 However, over the decade, rates in the Borough increased from 2.3% of all household spaces to 3.5%, closing the gap to the wider areas. Nevertheless, the reported levels of unoccupied homes in the Borough at 3.5% was in 2011 less than the South East (4.0%) and for England (4.3%).

8.96 Looking at the individual CIL Zones, Zone 2 (Mid) has the greatest number of unoccupied household spaces (843), and Zone 3 (South) has the highest proportion (4.7%). This is higher than all other geographies in the table.

Table 55: Unoccupied Household spaces, 2001 and 2011

	2001			2011		
	All Household spaces	Unoccupied household spaces	%	All Household spaces	Unoccupied household spaces	%
CIL Zone 1 (North)	6,296	97	1.5%	5,279	181	3.4%
CIL Zone 2 (Mid)	24,673	546	2.2%	26,883	843	3.1%
CIL Zone 3 (South) (South)	8,331	263	3.2%	8,783	409	4.7%
Spelthorne	39,304	912	2.3%	40,945	1,433	3.5%
South East	3,401,820	114,331	3.4%	3,704,173	148,710	4.0%
England	21,262,825	811,398	3.8%	23,044,097	980,729	4.3%

Source: Census 2001 and 2011

8.97 In arriving at a working estimate of the number of vacant household spaces in Spelthorne in 2011, it is however necessary to reduce the unoccupied spaces by 14% to allow for second homes. The result of this is set out in the table below.

Table 56: Vacant household spaces, Spelthorne 2011

Area	All Household spaces	Unoccupied household spaces	%
CIL Zone 1 (North)	5,279	156	2.9%
CIL Zone 2 (Mid)	26,883	725	2.7%
CIL Zone 3 (South) (South)	8,783	352	4.0%
Spelthorne	40,945	1,232	3.0%

Source: Census 2011, GLH calculations

8.98 SBC also records the number of “empty” dwellings across the Borough. This data, from May 2019, is presented in the table below. As noted in the table above, the number of unoccupied household spaces in the Borough stood at 1,433 dwellings in 2011. Assuming 14% of these dwellings represent "second residence/holiday accommodation”, this would produce an estimated total number of “vacant” dwellings of around 1,232 at that time.

Table 57: Empty properties, May 2019

Period	Empty Properties
1-6 Months	78
6-12 Months	125
12-24 Months	156
24 + Months	64
Total	423

Source: Spelthorne Borough Council

8.99 If the 423 dwellings represent the total number of vacant homes in 2019, this would suggest a substantial reduction in their number between 2011 and 2019.

Market signals – summary

House prices

- Between 2000 and 2017, median house prices (MHP) in the Borough have followed a broadly similar path of growth until 2017, whereupon prices have fallen.
- There are significant differences in MHP between the three Zones. In 2019, the MHP of dwellings in Zone 3 (South) was £468,417 indicating this Zone has the least affordable properties. MHPs are 40% higher in Zone 3 (South) than in Zone 1 (North) (£335,750) and 20% more than Zone 2 (Mid) (£388,508).
- Since 2017 Spelthorne saw a fall in prices of 3%, in excess of Surrey, the South East and England that saw increases in prices of 1%, 5% and 4% respectively.
- While data is limited, the evidence suggests prices in CIL Zone 1 (North) (142%) have increased more strongly between 2000 and 2019 than Zones 2 (Mid) and 3 (South) (32% and 85% respectively).

Median Affordability Ratio

- The Median Affordability Ratio (MAR) trend for Spelthorne follows that of the South East, with the Borough and region recording a MAR of 10.86 and 10.12 respectively in 2019.
- Spelthorne has a lower MAR than Surrey (12.43) and is therefore more affordable than the wider county.

Rents

- CIL Zone 2 (Mid) (Staines and Ashford) has the cheapest rents, followed by Zone 1 (North) (Stanwell). Zone 3 (South) (Shepperton and Sunbury) has the most expensive rents.

Income

- Within Spelthorne, CIL Zone 2 (Mid) is the area with the highest average incomes, with a figure of £57,663. This is 16% higher than Zone 3 (South), and 2% higher than Zone 3 (South).
- The income data supports the higher house prices observed in Zone 2 (Mid) and 3, and the demand for small more affordable market dwellings in Zone 1 (North).

Overcrowding

- Between 2001 and 2011 there was a deterioration in over-crowding over the period, with the overall percentage increase in the number of households experiencing a shortfall of 2 or more-bedroom spaces increasing by 42%. This compares unfavourably with the South East and England where figures of 22% and 20% respectively are reported.
- In Zone 3 (South) most households had 2 more bedrooms than required in 2011.
- The level of over-crowding in Zone 1 (North) (where the occupancy rating is -1 or less) exceeds the average for the South East by 8%.

Commuting patterns

- Residents in the Borough can access a large and varied number of jobs within acceptable commuting times.
- Relatively greater commuting to concentrations of higher paid jobs in the Cities of Westminster and London, suggests the residents in Zone 3 (South) contains more highly paid workers than Zones 1 (North) and 3 (South).
- The high proportion of commuting journeys to Hillingdon/Heathrow and Slough from Zone 1 (North) is an indicator that a greater proportion household than in Zones 2 (Mid) and 3 (South) are in lower paid employment.

Vacancy

- Between 2001 and 2011, the proportion of dwellings in Spelthorne that were reported as unoccupied increased from 2.3% of all household spaces to 3.5%, closing the gap between the South East and England geographies.
- Nevertheless, the reported levels of unoccupied homes in the Borough at 3.5% was in 2011 less than the South East (4.0%) and for England (4.3%). Zone 3 (South) has the highest proportion of vacant homes than all other geographies (4.7%).

APPENDIX D: Market Survey analysis

8.100 GL Hearn designed and carried out an online market survey between 25th May and 13th June. Its purpose was to contact people who have a good knowledge of the housing market in Spelthorne to complement the statistical aspects of the research.

8.101 Importantly, it sought to better understand market trends within the Borough by getting feedback on key topics from a wide range of stakeholders engaged in bringing forward residential development of different types, sized and tenures.

8.102 In fully understanding delivery, development, and policy risk it is important the "policy on" perspective of the local authority is balanced with the market perspective of housebuilders and local agents.

8.103 Working with officers at Spelthorne Council, a list of local estate agents was drawn up together with housebuilders and Registered Providers that have either recently or are in the process of bringing forward residential development in the Borough.

8.104 Given the survey was undertaken at the height of the Covid 19 pandemic, it was conducted solely through digital channels. Respondents could complete the survey anonymously if they wished.

Respondents

8.105 25 developers, or their planning advisers, completed the survey, although not all respondents answered all questions. The table below shows the range of developers that took part.

Table 58: Housebuilder survey – respondent profile

Respondent type	Responses	
Private developer	13	52%
Registered provider	4	16%
Public sector developer	1	4%
Other	7	28%
Total	**25**	**100%**

Source: GL Hearn market survey

8.106 The respondent profile shows a weighting towards private developers. These made up 52% of all respondents. The "other" category is planning advisers working with various clients to devise appropriate planning strategies to secure consent for residential development in the Borough.

8.107 16% of respondents were Registered Providers likely to be delivering a mix of affordable and market dwellings. The "public sector developer" is the development team at Spelthorne District Council.

8.108 The survey sought to establish the broad tenures and types of home the developers specialised in. This was to understand how the survey responses may be biased in favour of one area of the market, or another. This is set out in the figure below.

8.109 Respondents were able state they were involved in more than one tenure and type of development. Indeed, the number of categories chosen (62) across the number of respondents (25) shows the diversified nature of many housebuilders.

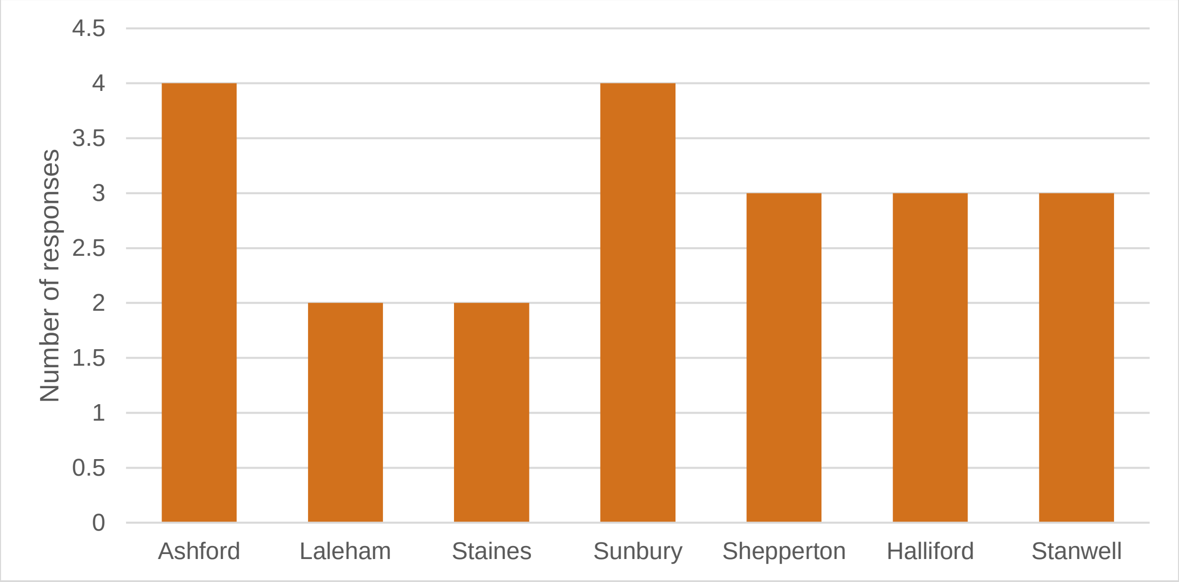
Figure 19: Housebuilder survey – tenures and types of development practised by respondents

Source: Market Survey

8.110 The survey also sought to speak to local estate agents, both estate (sales) agents and letting agents. 5 sales and 6 letting agents and took part in the survey. Collectively, they represent a broad spectrum across the market both geographically and in terms of market positioning.

8.111 For the purposes of drafting survey questions, the Borough was divided into seven neighbourhoods: Ashford, Laleham, Staines, Sunbury, Shepperton, Halliford and Stanwell. The figure below shows the presence of the agents who responded to the survey across the various neighbourhoods. All neighbourhoods of the Borough were represented in the survey, with at least 2 agents able to provide a view on a given neighbourhood.

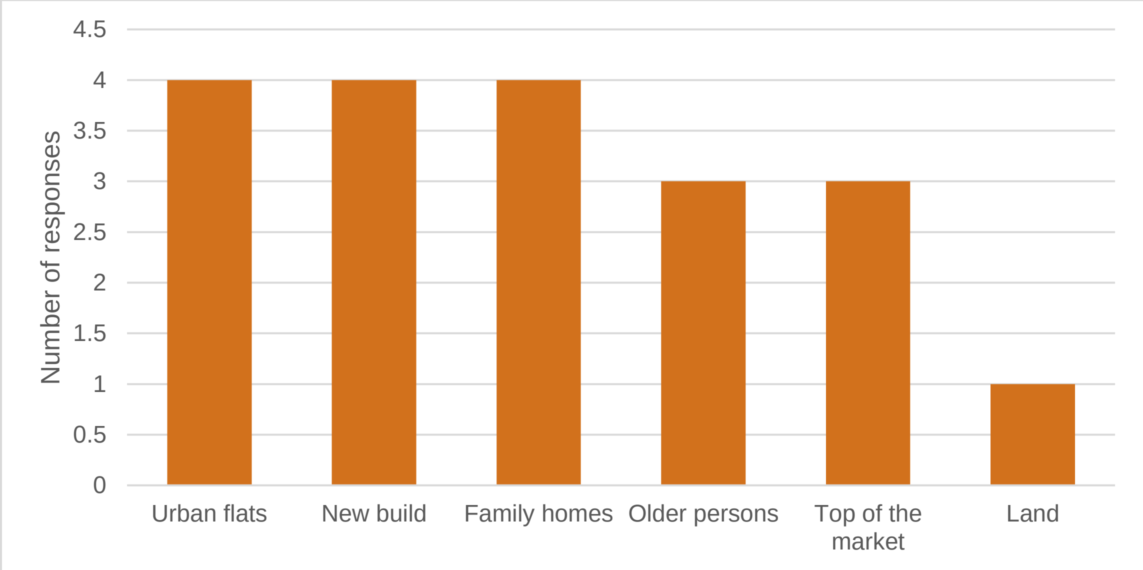
Figure 20: Sales estate agents – geographical spread



Source: Market Survey

8.112 Also, the market positioning of the agents was recorded. This market was broken down to six categories, urban flats, new build, family homes, older persons' housing, top of the market and land. This was done firstly to check for bias in the responses in favour of one area of the market or another, but also to ensure that no one part of the market was neglected in the survey. With the exception of agents who specialise in selling plots of land, all parts of the market were covered by at least three agents.

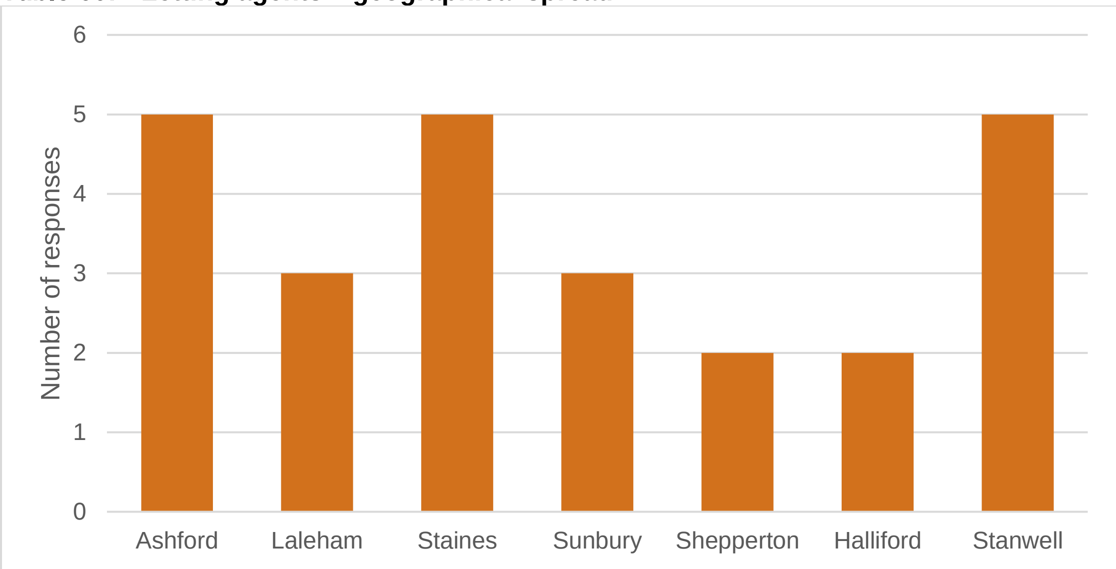
Table 59: Sales estate agents – market positioning



Source: Market survey

8.113 As regards letting agents all neighbourhoods in the borough were addressed by at least 2 agents.

Table 60: Letting agents – geographical spread



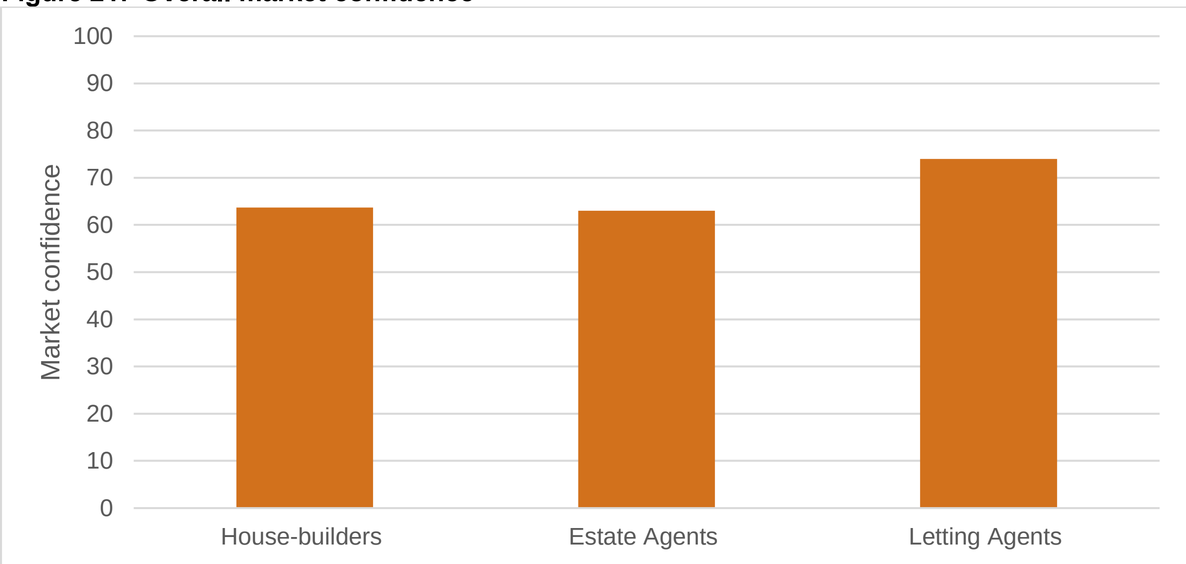
Source: Market survey

Market conditions

8.114 Respondents were asked to state their view of the strength of the market for residential property in the Borough. They were asked to look beyond the extra-ordinary conditions of the pandemic to address fundamental drivers of the market that will determine conditions over the long term. The question expressed market conditions as a sliding scale from 0 to 100, where 0 is very week, and 100 is very strong.

8.115 The figure below indicates the degree of confidence the three groups of respondents exhibited. Housebuilders expressed some confidence in the market at around 64. Letting agents were however more up-beat at 74.

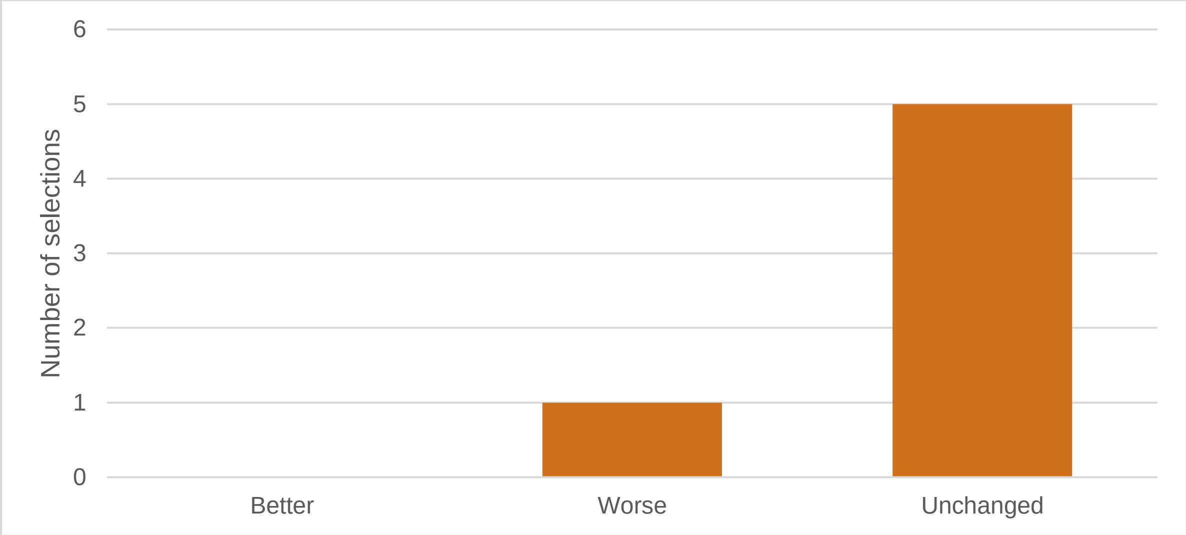
Figure 21: Overall market confidence



Source: Market Survey

8.116 The chart below records responses from letting agents about whether current market conditions are worse or better compared with a year ago. The picture presented is of a stable market in the PRS.

Figure 22: Market conditions in the PRS



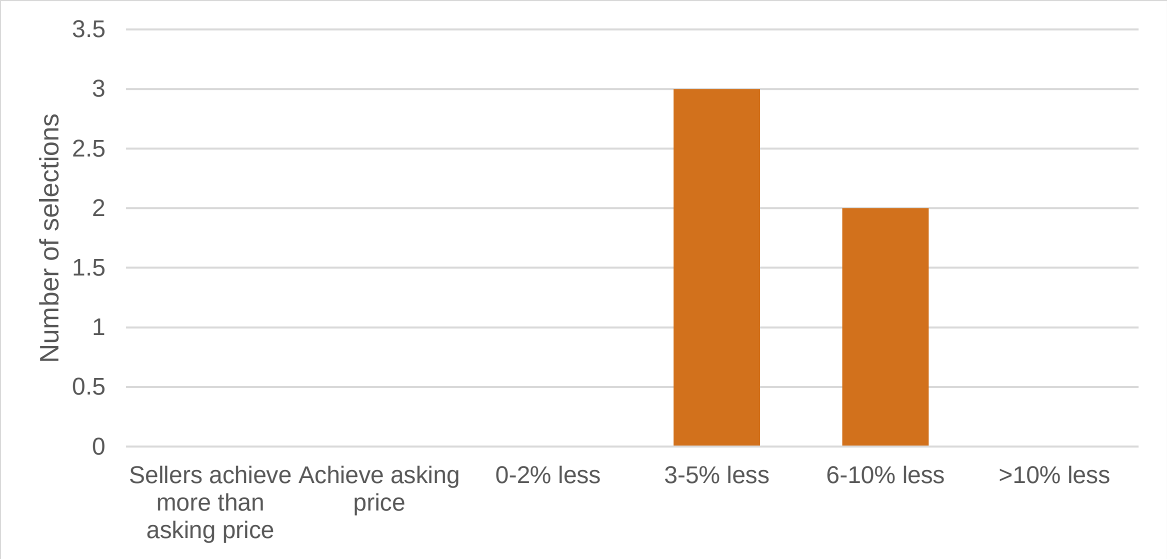
Source: Market Survey

Prices

8.117 The data from the Market Survey discussed over the next group of figures examines the views of estate and letting agents as regards house prices and rents in the Borough.

8.118 The view of estate agents is that vendors are having to accept offers substantially below asking price. In the experience of most agents, this does not exceed 5%, but two agents suggested falls can be as much as 10%. This suggests some vendors have unrealistic expectations of their property's value in the current market, possibly derived from a recent history of rising prices.

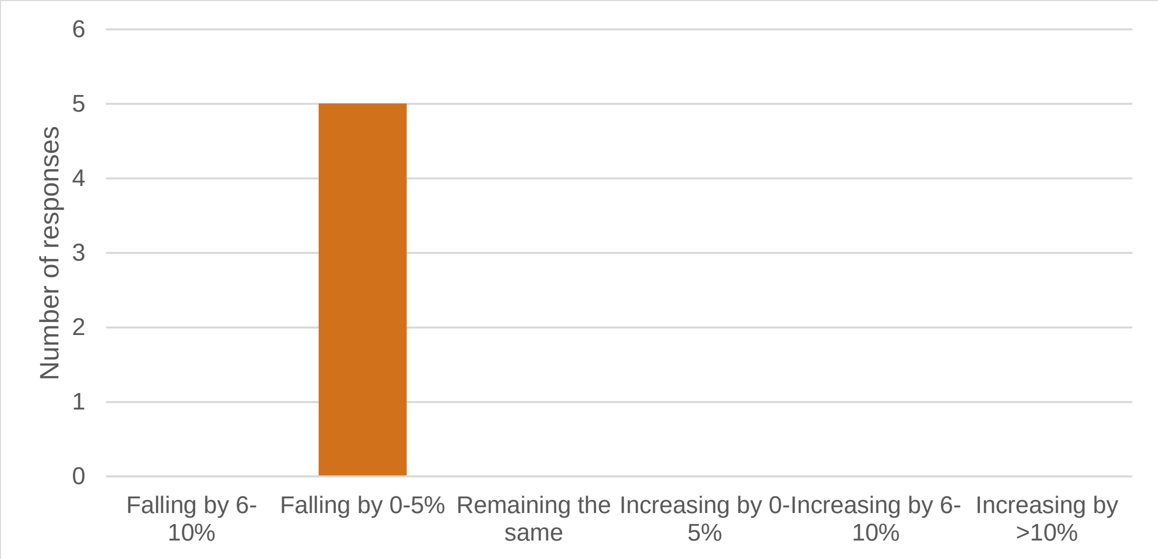
Figure 23: Sales prices in comparison to asking prices



Source: Market Survey

8.119 Also, estate agents were unanimous that house prices will fall over the next twelve months, as indicated in the figure below. From the perspective of affordability, declining house prices are positive in Spelthorne although this is more likely to be to do with market uncertainty and lack of confidence on the part of prospective buyers than any increase in the supply of dwellings. As a result, stable house prices in future years are unlikely unless supply is substantially increased.

Figure 24: House price movements over the next twelve months (estate agents' view)



Source: Market Survey

8.120 The table below sets out estimated rents for dwellings of different sizes in Spelthorne. Where letting agents have provided a range, this range has been adjusted to the mid-point. For 5-bedroom homes, properties can be much higher than those set out in the table below. The data below therefore reflects an entry-level rent for dwellings of this size.

Table 61: Market rents (letting agents' view)

Responses	One bed	Two bed	Three bed	Four bed	Five bed	Borough average
1	£1,000	£1,300	£1,500	£1,750	£2,000	£1,510
2	£950	£1,225	£1,500	£1,650	£1,800	£1,425
3	£900	£1,050	£1,175	£1,400	£1,700	£1,245
4	£925	£1,175	£1,550	£1,750	£2,650	£1,610
5	£950	£1,200	£1,500	£1,700	£1,900	£1,450
6	£900	£1,200	£1,500	£1,700	£2,000	£1,460
Average	£938	£1,192	£1,454	£1,658	£2,008	£1,450

Source: Market Survey

8.121 It is also worth recalling the web-derived estimate of rents within each of the CIL Zones presented earlier in this report. For ease, this data is set out in the table below. This indicates letting agents' appreciation of market rents is supported by evidence drawn from properties currently being advertised for rent.

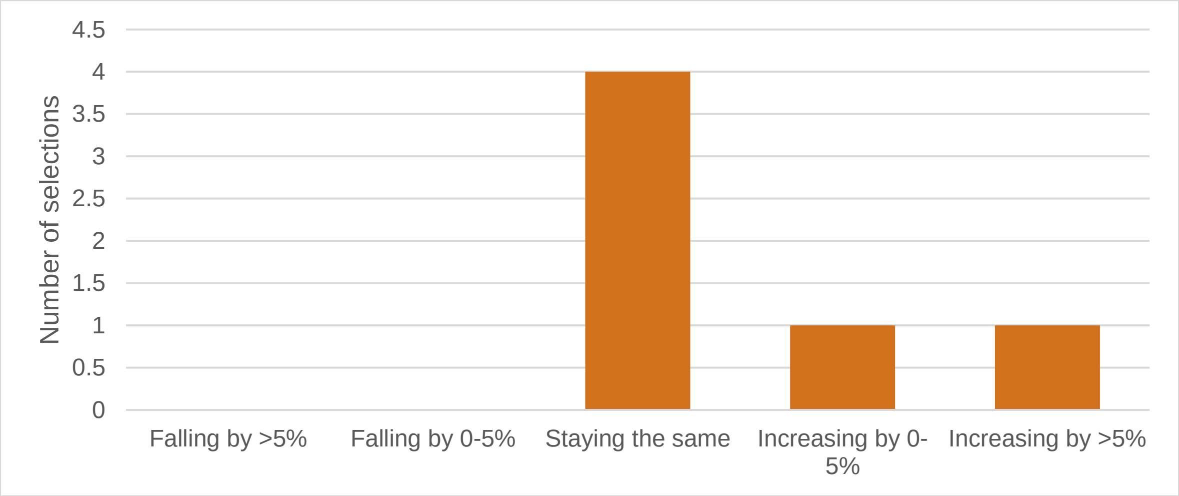
Table 62: Average market rents (web research)

CIL Zone	Average rents
1	£1,450
2	£1,353
3	£1,518

Source: Home.co.uk

8.122 The view expressed by letting agents as regards future price movements shows some contrast to sales agents. Their view is that rents are likely to remain unchanged, and 2 agents indicated rents would increase. In the context of the view from estate agents that prices will fall, this indicates the counter-cyclical nature of the PRS market. Indeed, one agent commented “I can see the demand for lettings increasing due to finance on mortgages and income due to Covid”.

Figure 25: Change in market rents over the next twelve months (letting agents view)



Source: Market Survey

Demand

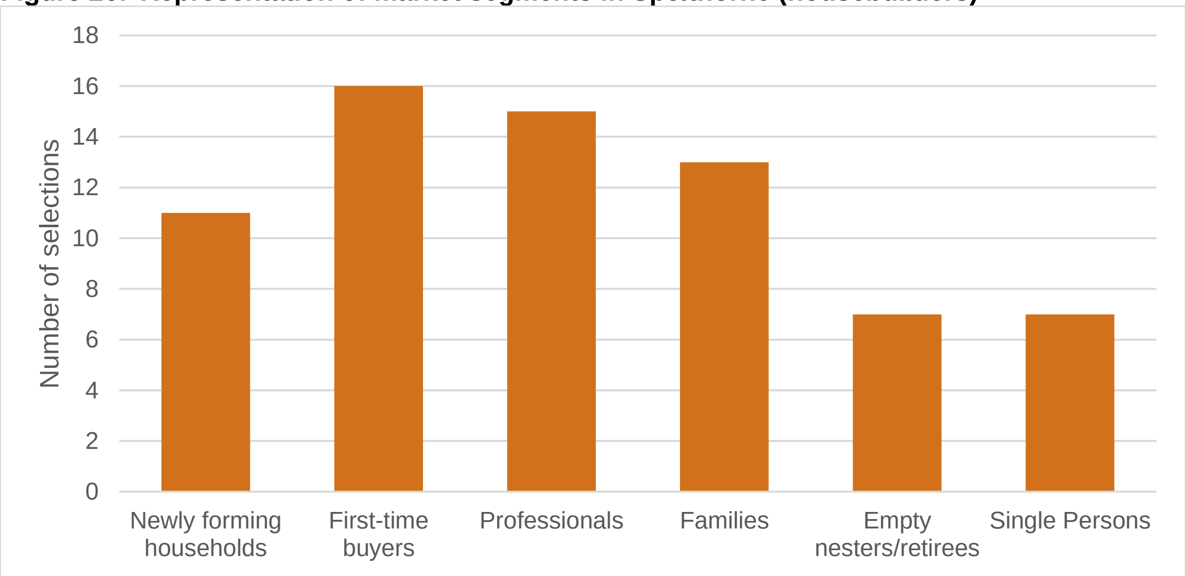
8.123 The two figures below records responses from housebuilders and estate agents to the question, "which market segments are showing most demand in Spelthorne?" The concept of market segments is key to this study, and are defined as groups of households that, by virtue of shared tastes and needs (resulting from similar age, household composition and income structures) that drive demand for particular types, sizes, and tenures of home. They comprise newly forming households, first-time buyers, professionals, families, empty nesters/retirees, and single persons. Clearly, there are overlaps between these groups. They are, nevertheless, helpful arriving at a profile of demand in given area. Respondents were permitted to indicate more than one category if necessary.

8.124 The charts indicate the number of selections each market segment attracted. It is of course important to note that the house-builders survey, with 69 selections across 24 respondents, represents a large sample size, and is, therefore, arguably a better guide to the diversity and character of market segmentation in the Borough than that of feedback from estate agents. The agents, however, selling property from day to day, are well placed to say which of the segments is driving demand, and provide a more definitive view.

8.125 The house-builders, representing a wide range of developers collectively addressing all aspects of the market, show that Spelthorne attracts people of all life stages, and household types. First time buyers, professionals (with whom of course first-time buyers will strongly overlap) and family households are, however, the largest segments active in the market.

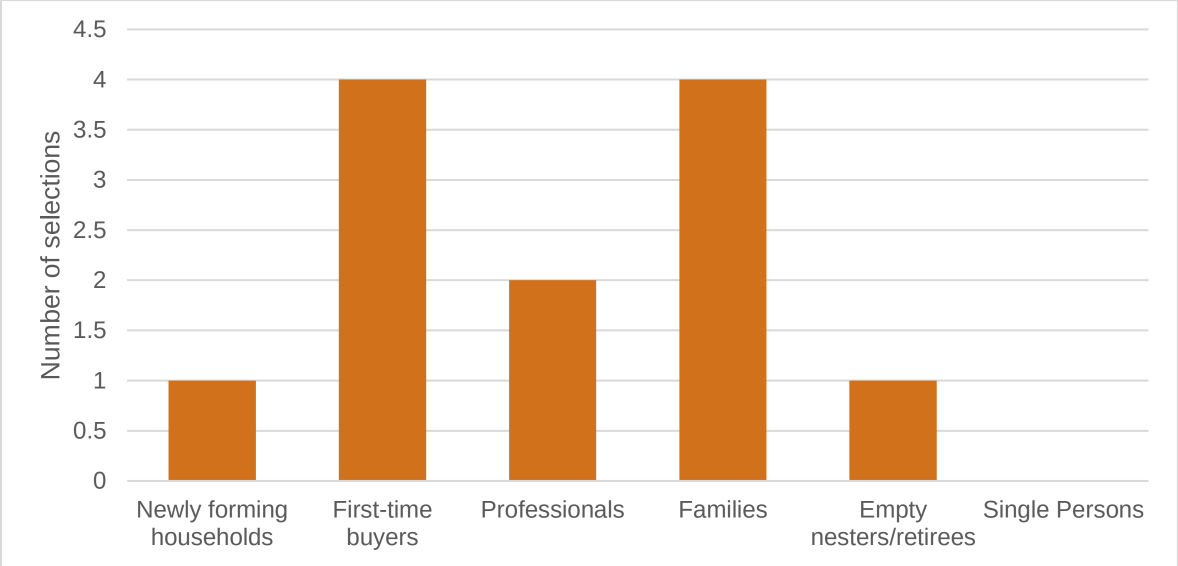
8.126 The picture offered by the estate agents is similar, but more clear-cut. It is notable that single persons and newly forming households are only weakly represented. For the former, this suggests the outer London location of Spelthorne may not appeal to people living alone. As regards the latter, this indicates market dwellings may be unaffordable for this group.

Figure 26: Representation of market segments in Spelthorne (housebuilders)



Source: Market Survey

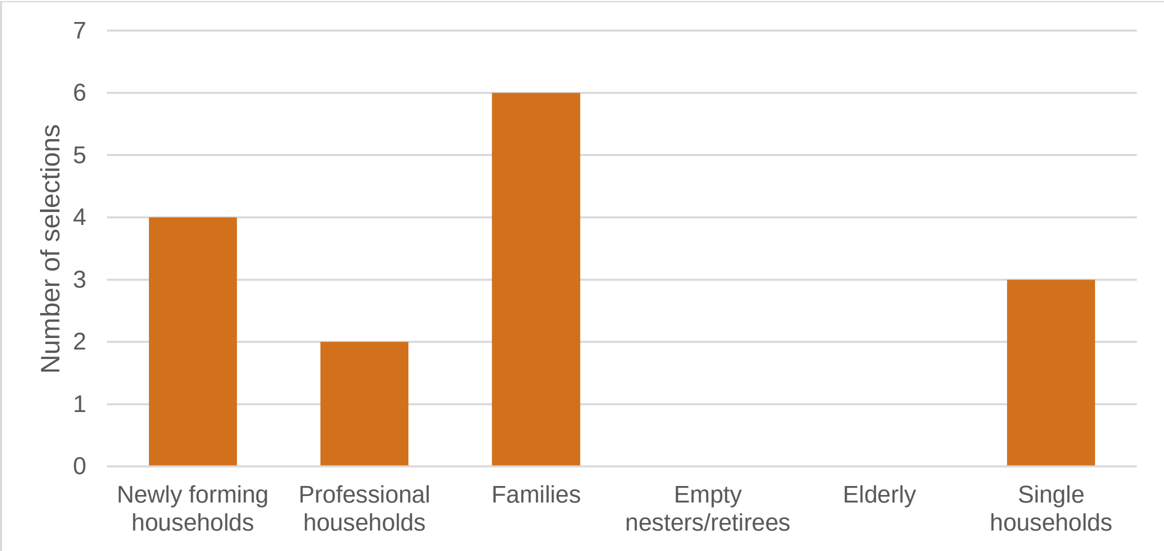
Figure 27: Representation of market segments in Spelthorne (estate agents)



Source: Market Survey

8.127 The figure below reflects the view of letting agents as regards the market segments that are driving demand in the PRS. The segments that traditionally gravitate towards the PRS are those household types that are more likely to be relatively young: newly forming, professional and single households (while single households are not necessarily young, the data specifically identifies older households; it is therefore reasonable to assume, in this dataset, that single households are below the age of 65). In Spelthorne it is, therefore, revealing about the nature of the property market that families (that traditionally gravitate toward home ownership) and single households generally are identified as drivers of demand in the PRS. This indicates challenges with the affordability of for sale homes in the Borough.

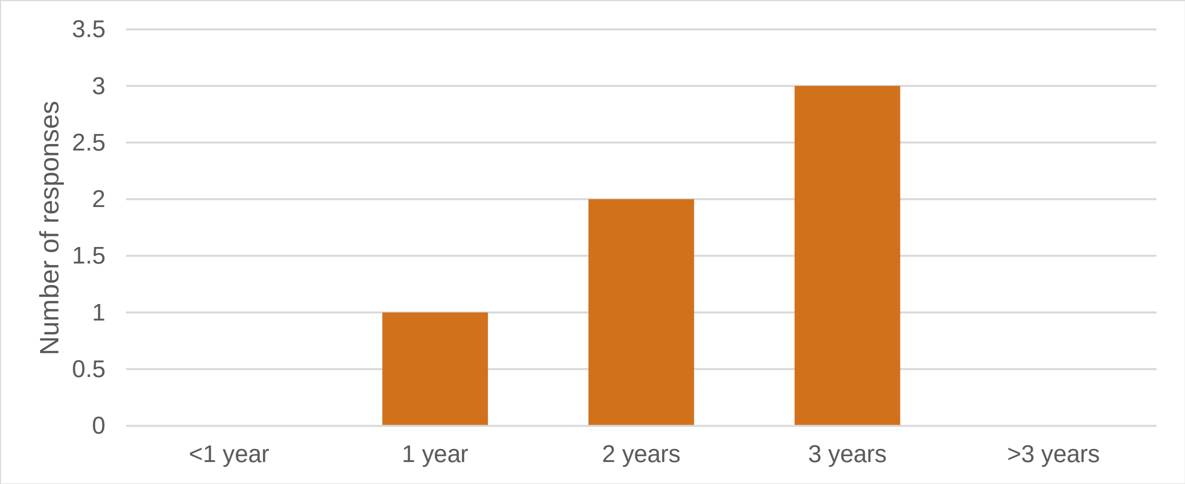
Figure 28: Market segmentation in the PRS, Spelthorne



Source: Market Survey

8.128 The figure below records the length of tenancies in Spelthorne. The most common tenancy is 3 years in length; this suggests the type of households moving into the PRS are likely to be those that have entered into a more settled period of life and those seeking security of tenure. Further feedback from letting agents indicated that over 80% of tenants renew their tenancy (i.e., stay for longer than their original tenancy).

Figure 29: Length of tenancy agreements, Spelthorne



Source: Market Survey

8.129 The table below sets out feedback from letting agents as regards the numbers of days a property available for rent remains on the market. The length indicates the strength of demand for a given size of unit.

8.130 The data indicate a strong correlation between the size of a dwelling and the time it takes to let, with 1-bedroom flat, on average, renting the fastest at 18 days, and 5 bed homes the longest, at an average of 36 days.

8.131 It however worth noting that this may also reflect the letting strategies of different agents, given the trade-off between price and length of time to rent. Indeed, these differences in approach are suggested by the differing length of time it takes different agents to rent the same size of dwelling. This may also point to locational variations in demand strength. The size/time to rent correlation is, however, strong enough to cut across these disparities and indicates that demand is most strong for smaller dwellings of 1-3 bedrooms.

Table 63: Length of time in days to rent

Respondents	One bed	Two bed	Three bed	Four bed	Five bed
1	7	14	14	30	30
2	35	35	35	55	60
3	30	30	45	60	60
4	7	14	7	14	20
5	14	14	21	21	28
6	15	15	15	20	20
Average	**18**	**20**	**23**	**33**	**36**

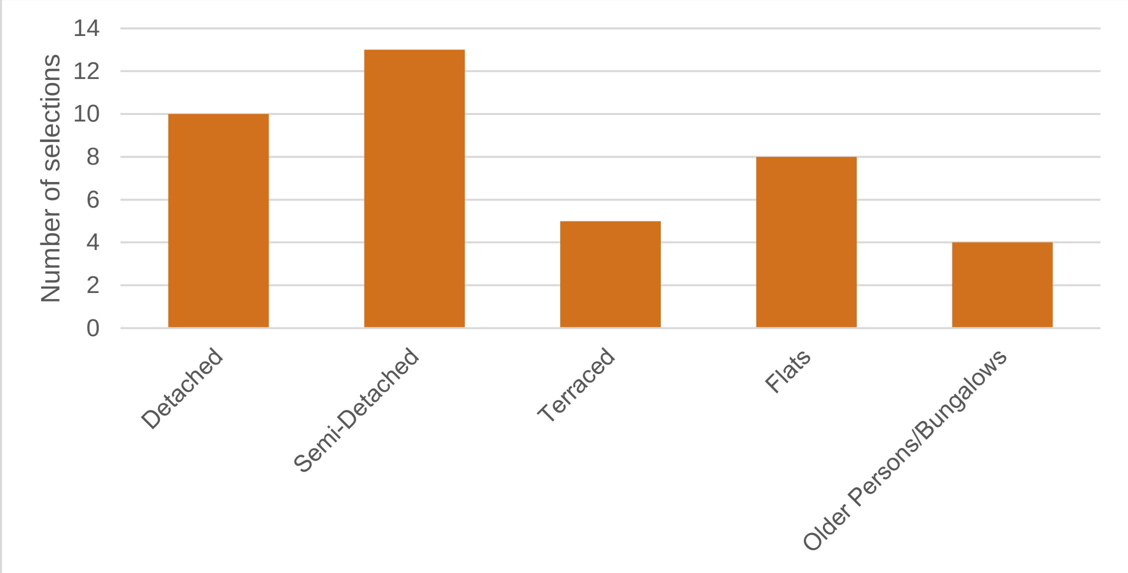
Source: Market Survey

8.132 In the two charts to follow, housebuilders and estate agents express their view about what types of property are in the highest demand in Spelthorne. Again, the bigger sample size for housebuilders provides a more nuanced picture.

8.133 The most popular types according to housebuilders are semi-detached homes, followed by detached, and then flats. There is, however, demand for all types of property in the Borough. These findings are reinforced by the feedback from Estate Agents, identifying semi-detached homes as being in particularly high demand, as well as demand across a wide selection of property types.

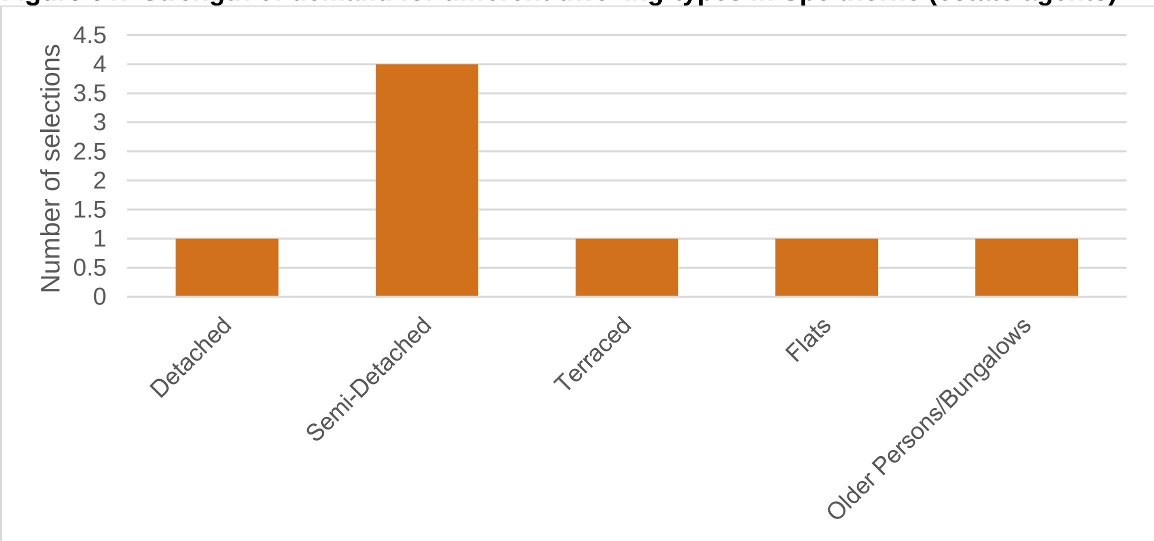
8.134 Bearing in mind the market segmentation analysis presented previously, the popularity of detached, semi-detached and flats can be explained by the popularity of these dwelling types to families and professional households.

Figure 30: Strength of demand for different dwelling-types in Spelthorne (housebuilders)



Source: Market Survey

Figure 31: Strength of demand for different dwelling-types in Spelthorne (estate agents)



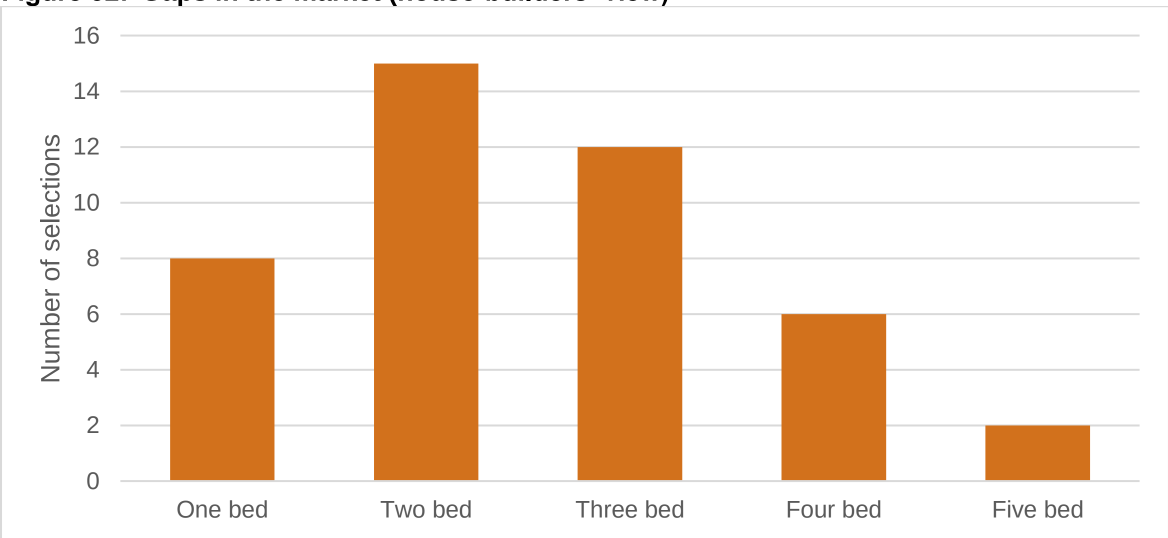
Source: Market Survey

8.135 The two figures to follow show housebuilders' and estate agents' views about gaps in the market (where supply does not meet demand).

8.136 Comparing the two sets of responses, the clear contradiction is in the area of 1-bedroom dwellings. A substantial number of housebuilders see an under-supply of 1-bedroom homes, whereas for estate agents hold the opposite view. This issue will be addressed through comparison with other data to assess whether there is demand in the area for 1-bedroom properties.

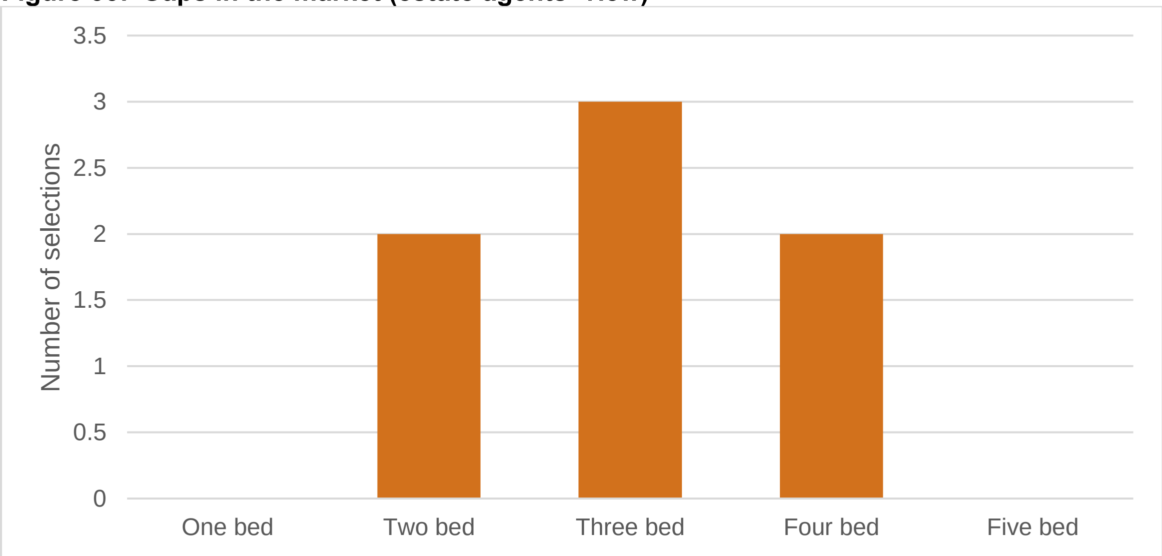
8.137 There is, however, broad agreement that supply has not been able to meet demand for 2, 3 and 4-bedroom properties. Finally, the data clearly indicates that supply meets demand for homes of 5 bedrooms.

Figure 32: Gaps in the market (house-builders' view)



Source: Market Survey

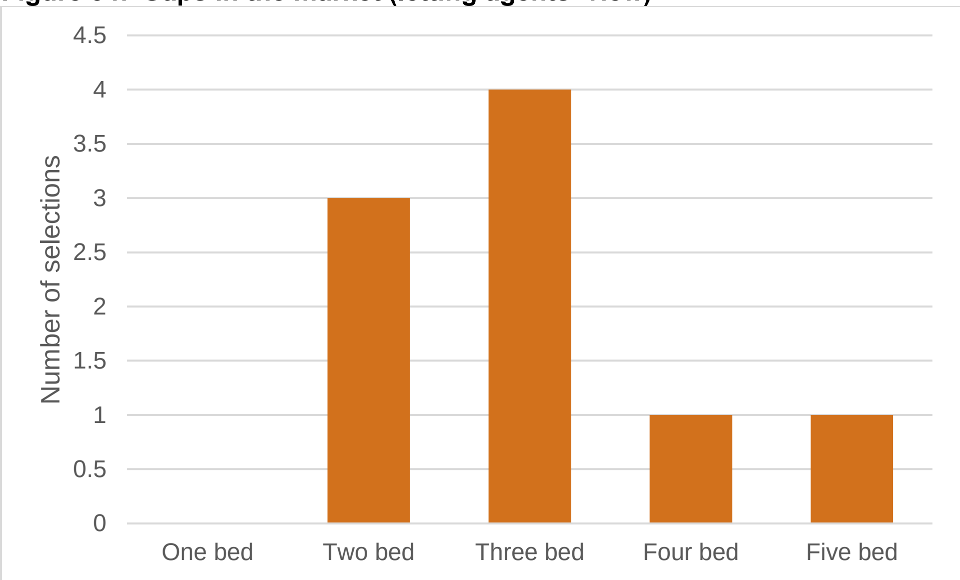
Figure 33: Gaps in the market (estate agents' view)



Source: Market Survey

8.138 It is also worth considering at this point the demand for rental dwellings. The figure below reflects the view of letting agents as to where demand exceeds supply. While there is adequate supply of 1, 4 and 5-bedroom homes, the supply of dwellings of 2 and 3-bedrooms is not enough to meet demand.

Figure 34: Gaps in the market (letting agents' view)

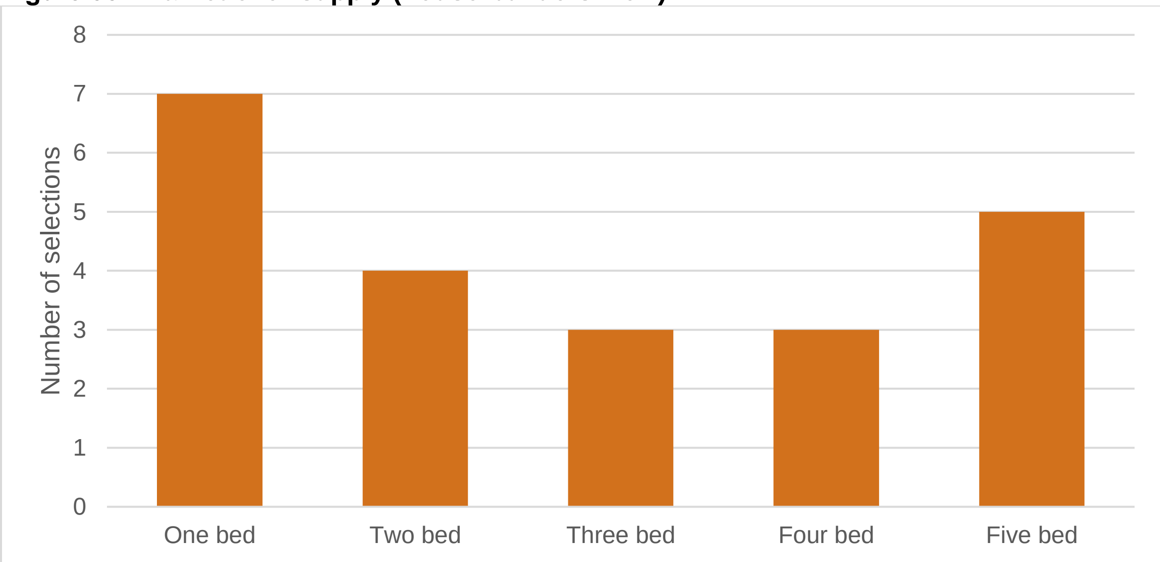


Source: Market Survey

8.139 The figure below shows housebuilders' views about over-supply (where supply exceeds demand). While the picture that emerges is not entirely clear cut, the responses suggest there is an over-supply of 1 and 5-bedroom properties in Spelthorne. This seems to resolve the contradiction in the earlier data, finding a substantial number of housebuilders that concur with estate agents that the market is over-supplied with 1-bedroom homes.

8.140 It is however notable that 12 respondents did not give their answers. This suggests they may feel the concept of over-supply in a market like Spelthorne misunderstands the strength of demand for homes in a location close to London's strong labour market (i.e., demand for property is for practical purposes insatiable).

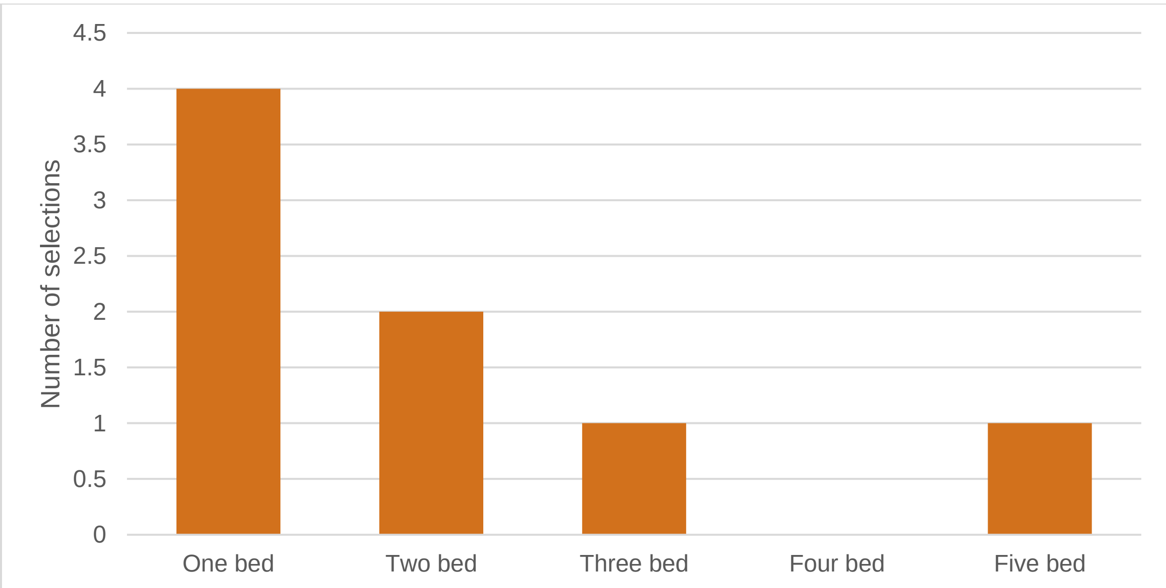
Figure 35: Market over-supply (house-builders view)



Source: Market Survey

8.141 Estate agents are consistent in their view that there is an over-supply of 1-bedroom homes. There is, however, a dearth of 4-bedroom homes and the supply of 3-bedroom homes is not sufficient to meet demand.

Figure 36: Gaps in the market (estate agents' view)



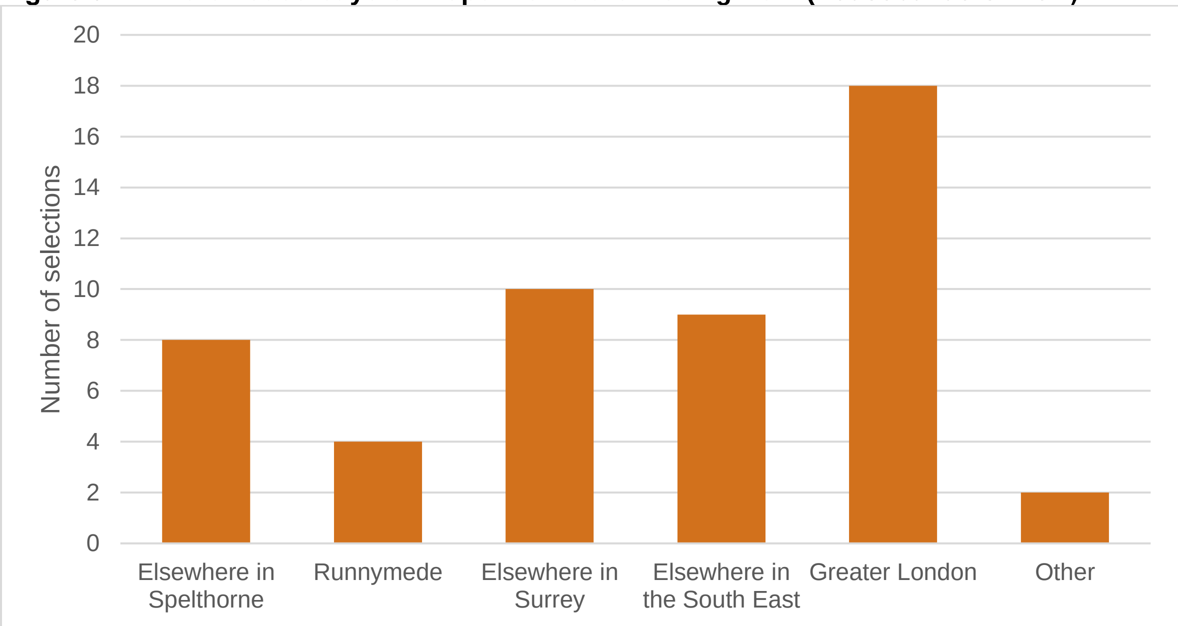
Source: Market Survey

8.142 The two figures to follow set out housebuilders' and estate agents' views about where households buying property in Spelthorne are moving from. The former reflects the very strong relationship with

Greater London, with 35% of selections for this geography. Also, it shows the weakness of a housing market area that excludes London, with only 43% of house moves being apportioned to Spelthorne, Runneymede or elsewhere in Surrey.

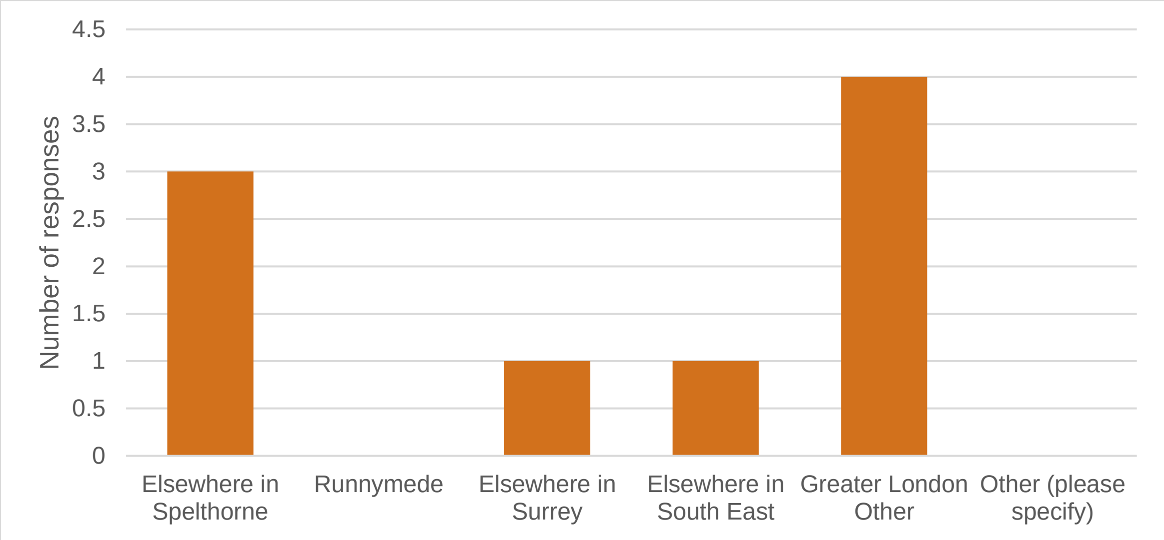
8.143 The feedback from estate agents however suggests that demand from people already living in Spelthorne is a strong source of supply. Both groups however find that vendors moving from Greater London account for a large portion of demand for dwellings in the Borough.

Figure 37: Where house-buyers in Spelthorne are moving from (housebuilders' view)



Source: Market Survey

Figure 38: Where house-buyers in Spelthorne are moving from (estate agents' view)



Source: Market Survey

Build out rate

8.144 Of the housebuilder respondents, 8 out of 23 (35%) have been involved in the marketing and selling of new build homes in the last year. Of the estate agents who took part, 3 out of the 5 (60%) did so.

8.145 The two tables that follow explore the achievable build out rates (BORs) in Spelthorne.

8.146 The first table sets out the estimated number of units respondents expect to sell each month per site. The average number is 5.2. However, this includes the outlier of 15 units per month provided by one respondent. While it is not outside the bounds of possibility that a large scheme will generate this number of homes each year, it is likely this is related to a large scheme and is therefore unhelpful in provide a guide to BORs on smaller sites. If the outlier is excluded (OE), the average BOR is 4.

8.147 Considering the data presented in the second table drawn from Spelthorne monitoring data (this is reviewed more fully in the next section of this study), this suggests that the majority of developers who responded to the survey are bringing forward sites with a capacity of 11-50 units.

Table 64: Number of units housebuilders expect to sell per site each month

Respondents	Number provided	Assumed	BOR/year
1	3 to 4	3.5	42
2	4	4	48
3	1	1	12
4	5-10	7.5	90
5	15	15	180
6	4	4	48
7	2	2	24
8	4.5	4.5	54
Average		5.2	62.25
Average (EO)		4	45

Source: Market Survey

8.148 In the analysis of Spelthorne monitoring data in the nest section, sites are split by size (defined by capacity) into five groups, and a BOR for each size of site is derived from the data on the number of units build each year. For ease, this is re-produced below. As noted, medium sized schemes of 11-50 units appear to dominate the pipeline of those that responded to the survey. These sites are likely to be constrained to a maximum achievable BOR of 45 units per year. The respondent who provided an estimate of 180 dwellings per year is likely to be involved with larger schemes in excess of 200 units.

Table 65: Average build out rate by site capacity, Spelthorne Monitoring Data

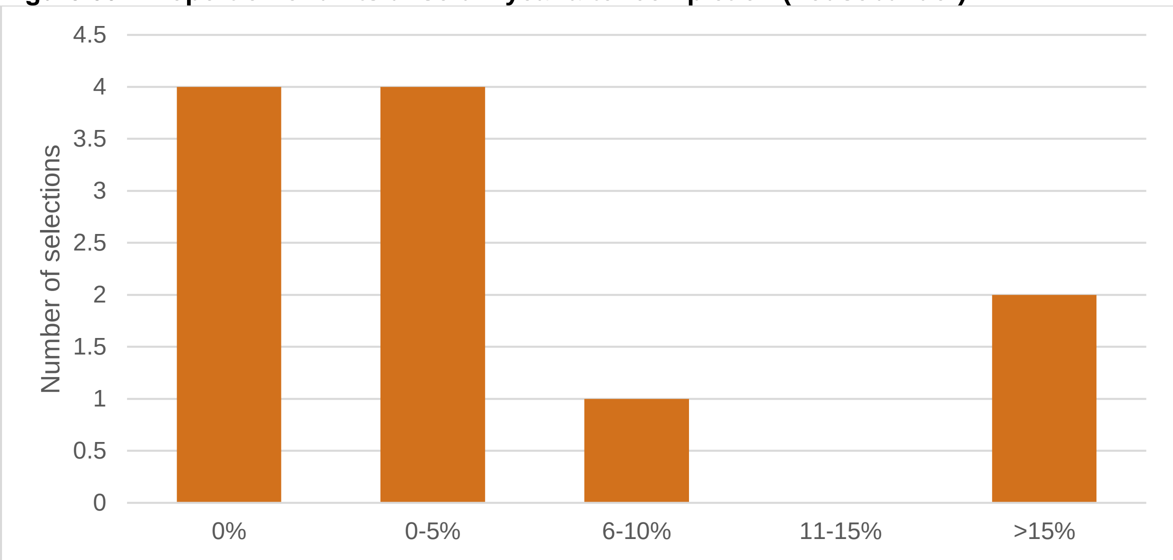
Site Capacity	Units delivered /year
1 Unit	4
2-10 Units	10
11-50 Units	45
51-101 Units	0
101-400 Units	231

Source: Spelthorne Borough Council

Vacant homes

8.149 The group of tables that follow examine the theme of vacant units. The majority of developers that responded to the survey (64%) indicated they had some unsold units 1 year after completion of a given scheme. Two respondents (18%) indicated that more than 15% of the units were unsold after this time.

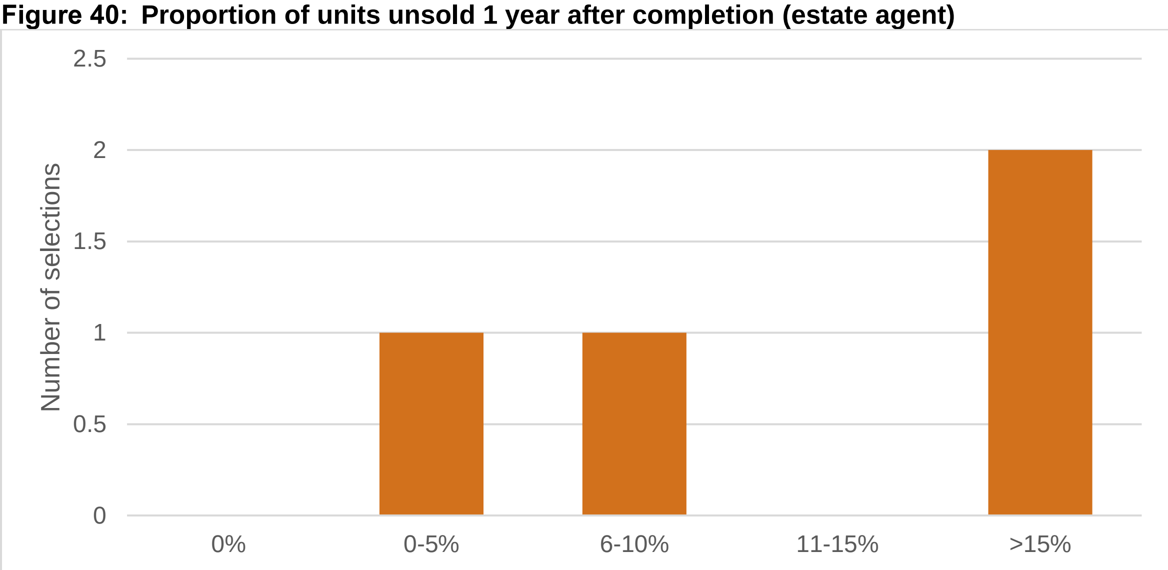
Figure 39: Proportion of units unsold 1 year after completion (housebuilder)



Source: Market Survey

8.150 Those estate agents that have been involved in selling new build homes also point to a trend in unsold homes. All respondents indicated some units remained unsold after a year. Two of the four estate agents who responded indicated that, for schemes they are involved with, this portion exceeds 15%.

Figure 40: Proportion of units unsold 1 year after completion (estate agent)



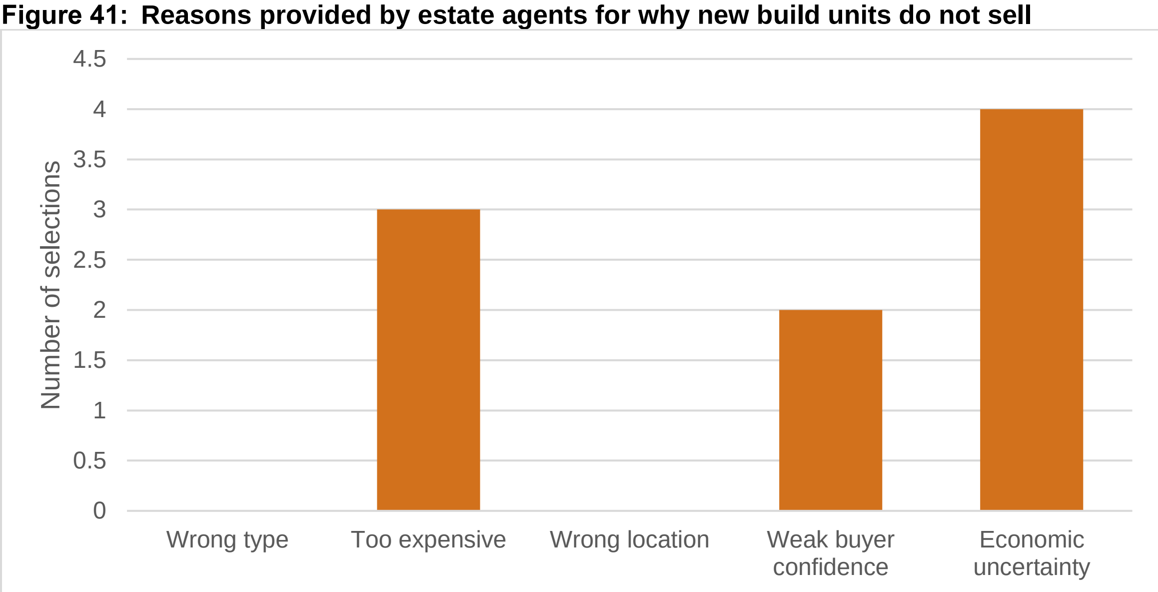
Source: Market Survey

8.151 The reasons provided by estate agents are provided below. This suggests affordability and a lack of confidence on the part of buyers together with the current climate of economic uncertainty is weakening the market.

8.152 It is also worth noting that the majority of both house-builders and estate agents did not think the proportion of vacant units in Spelthorne was too high. This suggests, firstly, that they regard having a proportion of dwellings vacant is not unusual and that, secondly, they are accustomed to a fluid market-place where housebuilders sometimes misjudge the strength of demand for a particular type of home.

8.153 Also, it is worth noting a vacant dwelling is not necessarily an unsold dwelling. One house builder noted that a reason some units are vacant is because "people are buying and holding as asset/investment". They are therefore sanguine. The role of investors in the property market in Spelthorne is discussed in more detail later in the analysis of the survey.

Figure 41: Reasons provided by estate agents for why new build units do not sell

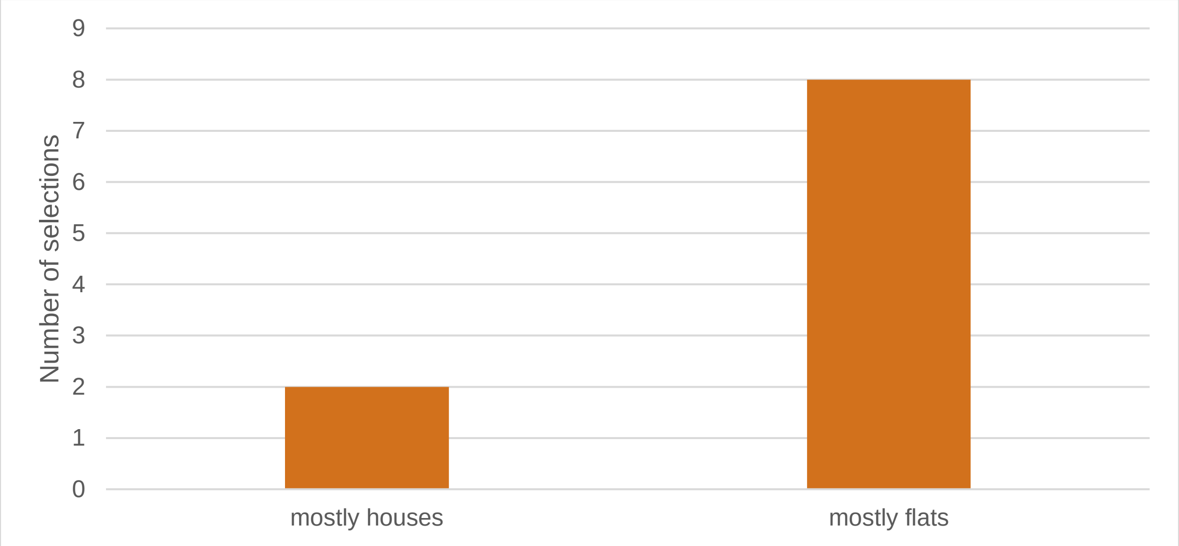


Source: Market Survey

8.154 In addition, it is worth considering the susceptibility of different types of dwelling to vacancy. While only 10 housebuilders responded to this question (out of 24) those that did indicated flats formed the majority of unsold units from their schemes. It is reasonable however to infer from the number of respondents that skipped the question that vacant dwellings are not seen as a major issue for them.

8.155 Given 1-bedroom properties tend to be flats, it is worth noting the view of estate agents that there is an over-supply of 1-bedroom units in the Borough.

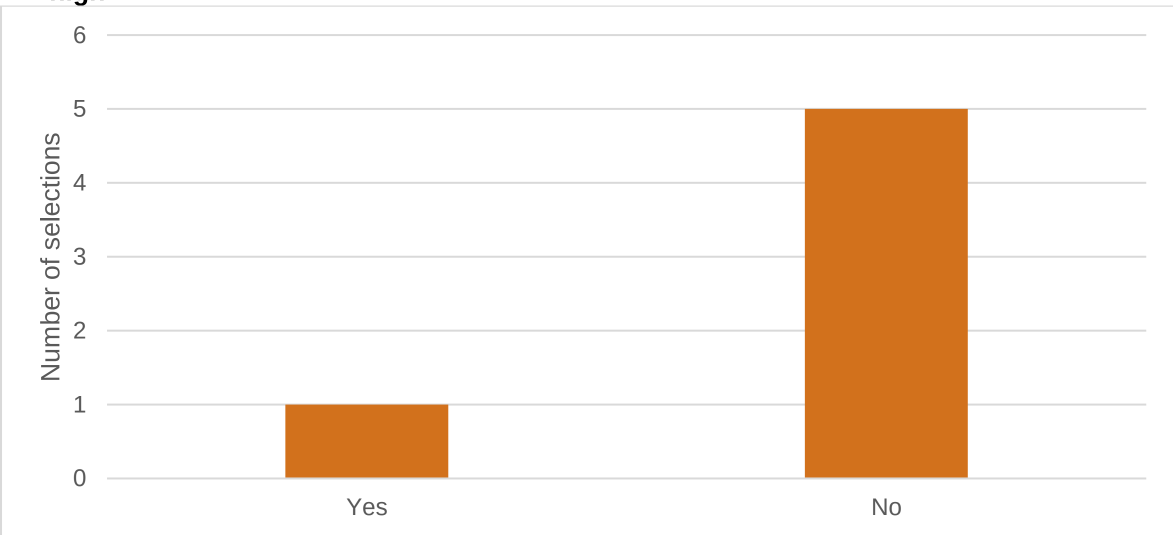
Figure 42: Unsold units, split between flats and houses (housebuilders)



Source: Market Survey

8.156 It is worth considering this in the context of vacancy in the PRS. Of the six letting agents who responded, 5 indicated that they did not think the number of vacant dwellings in the Borough was too high. Where is does occur one agent commented that it was caused by "a mixture of overpricing by landlords expecting higher rents, some agents over-pricing to win business and (more currently) social distancing". This suggests that, rather than the PRS being affected by the current economic uncertainty undermining consumer confidence, it is only as a result of “over-pricing” that units fail to rent. This reinforces the impression of the counter-cyclical nature of demand for renting and buying.

Figure 43: View of letting agents whether the number of vacant properties for rent is too high



Source: Market Survey

8.157 The table below presents data showing the breakdown of buyers of new homes in Spelthorne according to whether they are intending to occupy the dwelling full-time, are buying as a second home or as an investment.

8.158 Once outliers have been excluded (EO), the data suggests those seeking a property as a second home are negligible (around 1%), those intending to occupy the dwelling they buy form the overwhelming majority (91%). Investors do however have a presence in the market. The data suggest they account for between 8% and 12% of all transactions.

8.159 The proximity to London makes these findings unsurprising as second homeowners typically seek properties that are more remote from the capital. Investors however will be attracted to an area that has traditionally seen strong house price growth. The buoyancy of the PRS will also be a draw to investors seeking to build a portfolio of rental properties. This presence of investors will have fuelled the growth of house prices in recent times, both promoting development but also exacerbating poor affordability.

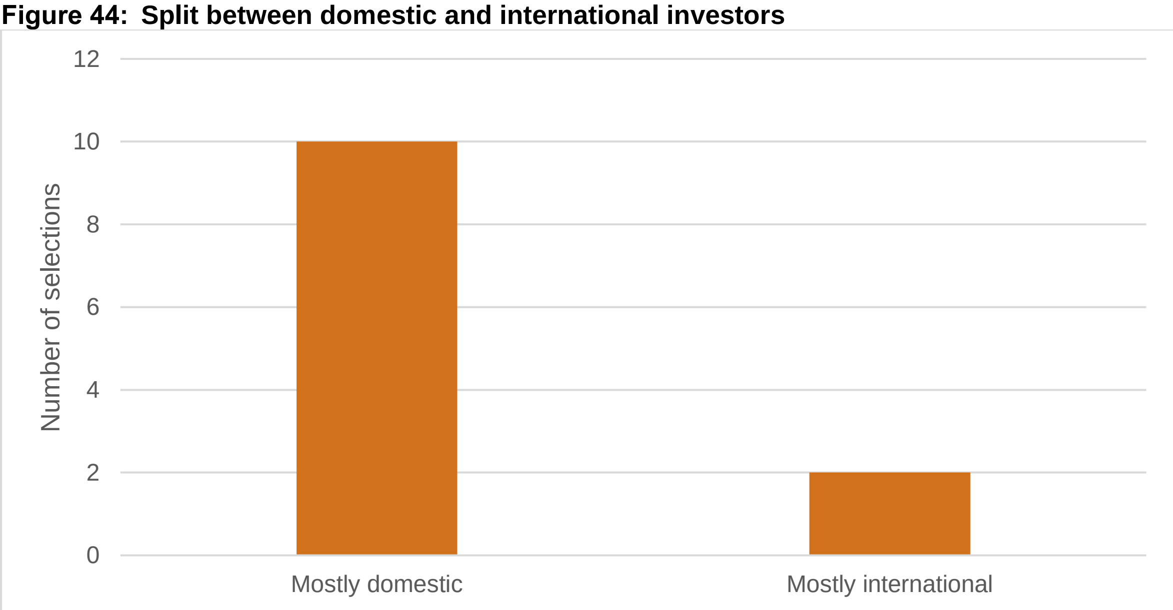
Table 66: Type of buyers

Respondents	Occupied full-time	Second-home	Investor
1	98%	2%	0%
2	70%	5%	25%
3	100%	0%	0%
4	80%	0%	20%
5	50%	20%	30%
6	100%	0%	0%
7	0%	0%	40%
8	75%	5%	20%
9	100%	0%	0%
10	100%	0%	0%
11	90%	0%	10%
12	100%	0%	0%
Average	80%	3%	12%
Average (OE)	**91%**	**1%**	**8%**

Source: Market Survey

8.160 Looking at investors more closely, the table below provides an account of how, according to housebuilders and estate agents, investors break down to domestic or international. The data indicate that only a small minority of investors are from overseas.

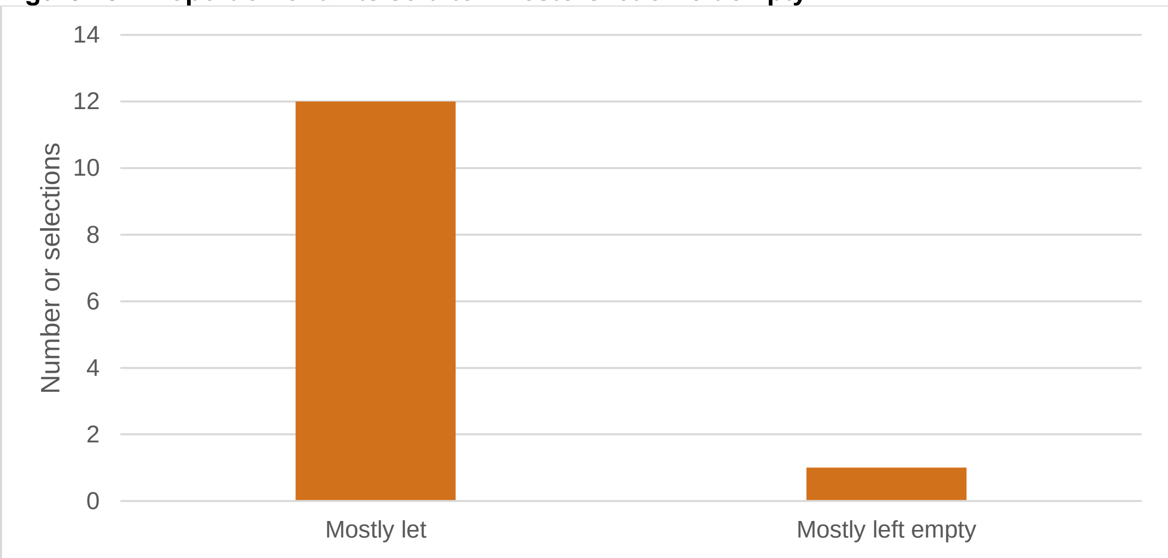
Figure 44: Split between domestic and international investors



Source: Market Survey

8.161 In areas of high investor interest in the property market, particularly in a climate of rapidly increasing property prices, investors have used property as a relatively secure place to "park" funds without the intention of deriving a rent from it. This has been termed "buy to leave". The figure below records whether, as far as housebuilders are aware, the units sold to investors are either let or left empty. Of the 13 responses received, 12 (92%) indicted properties were let.

Figure 45: Proportion of units sold to investors let or left empty



Source: Market Survey

Geography of demand

8.162 The two following tables consider which neighbourhoods in the Borough tend to appeal to which market segment. This is helpful in providing an indication as to whether the distribution of development across the Borough reflected in site allocations is likely to meet demand.

8.163 The first table reflects feedback from housebuilders as to the level of attraction of the seven neighbourhoods in Spelthorne to the seven key market segments: newly forming households and first-time buyers (NFH/FTB); families; professionals; empty nesters/retirees; elderly; single persons.

8.164 The second reflects the degree of appeal exhibited by the seven household types for each of the neighbourhoods: Ashford; Laleham; Staines; Sunbury; Shepperton; Halliford and Stanwell. The following picture emerges:

- First-time buyers and newly forming households concentrate in Ashford, Staines, and Stanwell and to a lesser degree Shepperton and Halliford;
- Families are well represented across the Borough, particularly in Ashford, Laleham, Shepperton and Halliford, though to a lesser degree in Staines;
- Professional households tend to concentrate in Laleham, Staines and Sunbury, but less so in Stanwell or Ashford;
- the second of the two tables suggest Laleham and Shepperton are particularly attractive to older households; and
- Overall, single persons have not established a strong presence in any neighbourhood, although of all the neighbourhoods the feedback suggests Staines is the most common area for this group.

8.165 In terms of the CIL Zones, Zone 1 (North) (consisting of only Stanwell) is most suitable for NFH and FTBs. Housebuilders report that Zone 2 (Mid) (consisting of Ashford, Laleham and Staines) is suitable for NFH, FTBs and families. Zone 3 (South) (consisting of Halliford, Shepperton and Sunbury) is cited as being suitable for these groups, as well as also being re most attractive part of the Borough for empty nesters and retirees and the elderly.

Table 67: Concentrations of market segments, Spelthorne (housebuilders)

CIL Zone/Area	NFH/FTB	Families	Professionals	Empty nesters/retirees	Elderly	Single persons
Zone 1 (North)	**4**	**3**	**2**	**0**	**0**	**1**
Stanwell	4	3	2	0	0	1
Zone 2 (Mid)	**18**	**17**	**9**	**3**	**3**	**4**
Ashford	8	8	3	1	1	0
Laleham	3	7	3	2	2	1
Staines	7	2	3	0	0	3
Zone 3 (South)	**11**	**21**	**10**	**4**	**5**	**1**
Halliford	4	8	3	1	1	0
Shepperton	4	9	2	2	2	0
Sunbury	3	4	5	1	2	1

Source: Market Survey

Table 68: Neighbourhood appeal for market segments

CIL Zone/Area	NFH/FTB	Families	Professionals	Empty nesters/ retirees	Elderly	Single persons
Zone 1 (North)	**7**	**1**	**0**	**0**	**0**	**1**
Stanwell	7	1	0	0	0	1
Zone 2 (Mid)	**17**	**10**	**9**	**7**	**6**	**9**
Ashford	7	2	1	0	0	2
Laleham	3	4	4	4	3	2
Staines	7	4	4	3	3	5
Zone 3 (South)	**11**	**14**	**9**	**10**	**8**	**1**
Halliford	4	6	2	3	3	1
Shepperton	6	6	3	5	3	0
Sunbury	1	2	4	2	2	0

Source: Market Survey

Supply

8.166 Of the housebuilders that took part in the survey, all but 3 (87%) are planning to build homes in the Borough. The table below shows the intended split of these homes between houses and flats in the pipeline of development being brought forward by these housebuilders. The average across the whole cohort is 57% houses and 43% flats.

Table 69: Split between houses and flats in the development pipeline

Respondent	House	Flats
1	70%	30%
2	80%	20%
3	100%	0%
4	80%	20%
5	20%	80%
6	20%	80%
7	80%	20%
8	85%	15%
9	35%	65%
10	65%	35%
11	1%	99%
12	90%	10%
13	95%	5%
14	0%	100%
15	65%	35%
16	0%	100%
17	90%	10%
18	50%	50%
Average	57%	43%

Source: Market Survey

8.167 The table below sets out the intended tenure split across the development. It is important this departs from the data presented in Spelthorne's monitoring data and is likely to reflect developers' aspiration toward tenure split. The majority are for sale (60%). There is however a small component of build to rent (8%). This is likely to reflect the relative buoyancy of the rental market compared with the build for sale. The total proportion of Affordable Housing is 32%, although the Social Rent component is 2%.

Table 70: Tenure split in the development pipeline

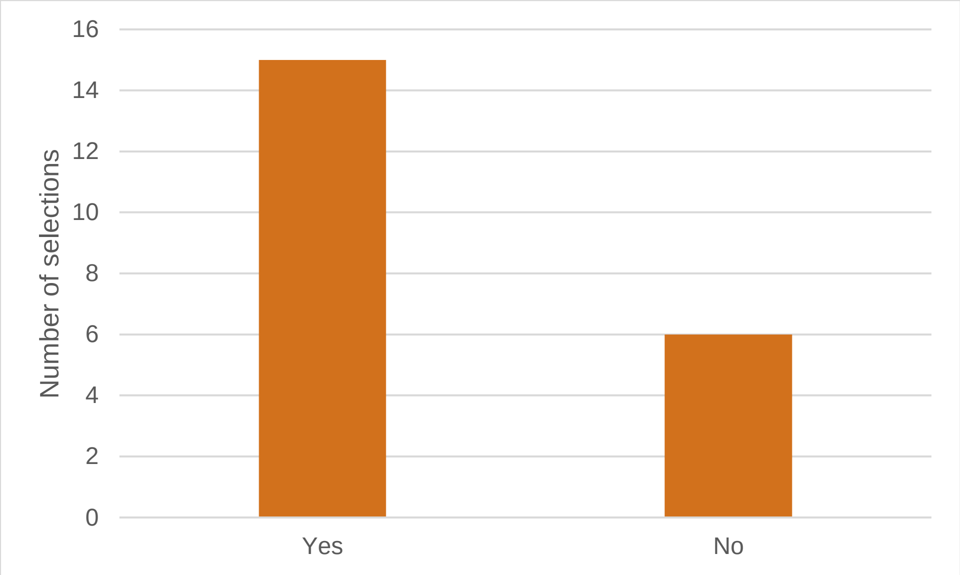
Respondents	Build for sale	Build for rent	Shared ownership	Affordable rent	Social rent
1	60%	0%	20%	20%	0%
2	100%	0%	0%	0%	0%
3	70%	0%	10%	15%	5%
4	50%	0%	20%	20%	10%
5	75%	25%	0%	0%	0%
6	100%	0%	0%	0%	0%
7	60%	0%	0%	40%	0%
8	20%	0%	40%	30%	10%
9	25%	35%	10%	20%	10%
10	0%	60%	0%	40%	0%
11	75%	10%	0%	15%	0%
12	60%	0%	35%	5%	0%
13	55%	0%	15%	30%	0%
14	50%	0%	25%	25%	0%
15	60%	0%	20%	20%	0%
16	60%	0%	28%	12%	0%
17	100%	0%	0%	0%	0%
Average	**60%**	**8%**	**13%**	**17%**	**2%**

Source: Market Survey

Brownfield

8.168 The figure below presents feedback from housebuilders as to whether they regard brownfield sites in Spelthorne as attractive development opportunities. The majority do (71%); there is however a large minority (29%) who do not.

Table 71: Is brownfield development attractive? (Housebuilders)



Source: Market Survey

8.169 The reasons provided by housebuilders as to why brownfield is attractive is:

- "very high demand for homes and the constant migration from SW London. Houses are very much in demand";
- "easier to obtain planning";
- "easier to demonstrate drainage / flooding betterment";
- "Generally, well located with existing infrastructure in place";
- "Due to Green Belt in most of the Borough";
- "Positive regeneration in planning terms and should be prioritised ahead of greenfield development"; and
- "You need to build on them to get housing supply levels up. Better than green belt option".

8.170 The reasons are therefore a mix of pragmatism in the face of development hurdles, such as negotiating the planning system, and taking advantage of the genuine benefits commonly associated with brownfield development – that it is located in areas of strong demand resulting from the relatively good infrastructure that facilitate good connections with the London labour market.

8.171 It is also worth noting that the urban parts of the Borough are attractive to households living in London on account of a compelling combination of relatively low house prices compared with areas of South West London such as Wandsworth, and the transport links into central London that make commuting within acceptable journey times possible.

8.172 The reasons cited for brownfield being difficult are:

- "the development of market and Affordable Housing on brownfield sites is challenging and expensive because of acquisition costs of an existing use, remediation and/or higher than normal construction costs". and
- "land supply is tight, so values are not sufficiently high to justify the costs of conversion".

8.173 In addition, one respondent commented that,

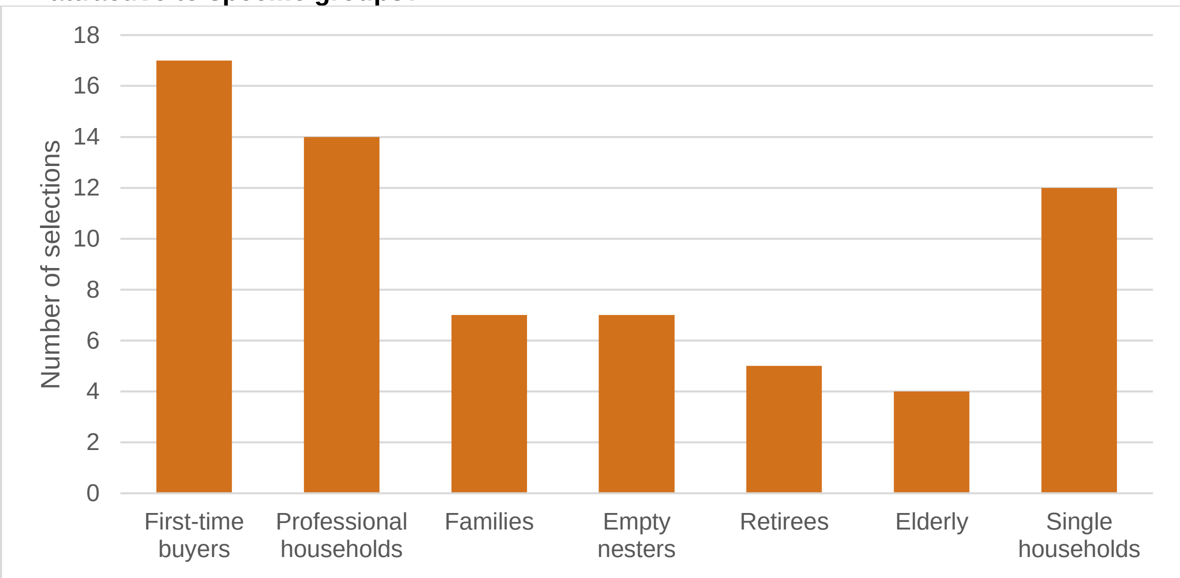
8.174 *“Given the market housing is required to subsidise the construction of the Affordable Housing, the inevitable consequence is that councils’ targets for the delivery of affordable is seldom met. It is important therefore the Council adopts a sound and credible spatial development strategy that will provide a realistic prospect of achieving the preferred housing target of 40% of schemes of 10+ units are met. The need for Affordable Housing in Spelthorne cannot be clearer given only 4.7% was granted planning permission (2018-2019). This is particularly acute when considering the need for family housing (3-4 bed dwellings) because brownfield developments typically comprise apartments (building up at higher densities) rather than houses (building out which requires the release of greenfield / Green Belt land).”*

8.175 This raises the issue of the policy risk the Council faces in not delivering the Affordable Housing required as a result of constraints on development land, focussing on brownfield development that may produce the numbers of dwellings required, but not of the right size or tenure to meet demand, leading to growing misalignments between the housing supply and demand. This is likely to lead to mounting affordability issues and vacancies.

8.176 The figure below examines whether, in the view of housebuilders, brownfield development tends to produce housing that is attractive to any of the core market segments. The feedback suggests that while these sites are suited to development that will be attractive to first-time buyers, professional households and people living on their own, it is much less likely to be suitable to older people and families.

8.177 This is likely to be to do with the tendency for these sites to be more dense, urban contexts close to transport nodes favoured by younger households rather than the additional space and proximity to nature that is likely to appeal to families and those for whom convenient links with the labour market are less of a priority.

Figure 46: Does development on brownfield land tend to produce housing likely to be attractive to specific groups?

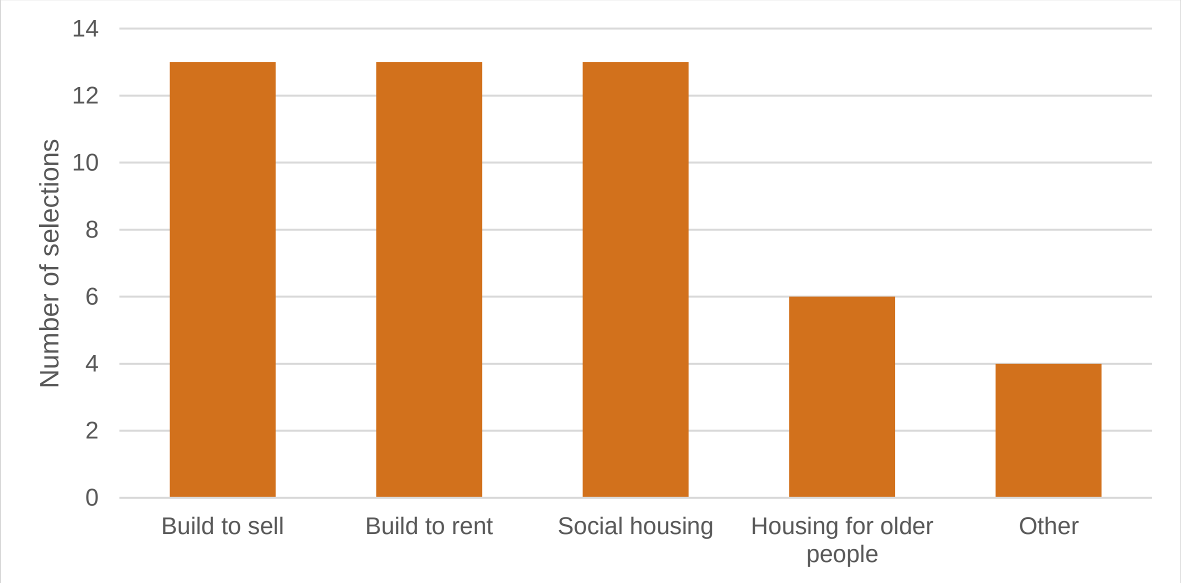


Source: Market Survey

8.178 The figure below reflects the views of housebuilders as to what tenures of housing brownfield development is suited to. The feedback suggests that brownfield is versatile; indeed, comments made assert that brownfield and greenfield are only a weak guide as to what product will come forward on a given site. Land costs and location are stronger factors. Therefore, to arrive at a suitable tenure mix within given site, a wider range of factors should be considered.

8.179 It is, however, notable that housing for older people of any kind is not typically seen as suitable on brownfield land. This is likely to be to do with resident preferences for less frenetic environments with which brownfield sites are associated and the higher build costs associated with this type of development. It is however worth noting that, given older people need to be located close to services the provision of housing for the elderly in urban contexts should not be discounted.

Figure 47: Does development on brownfield land tend to suit any particular tenures of housing?



Source: Market Survey

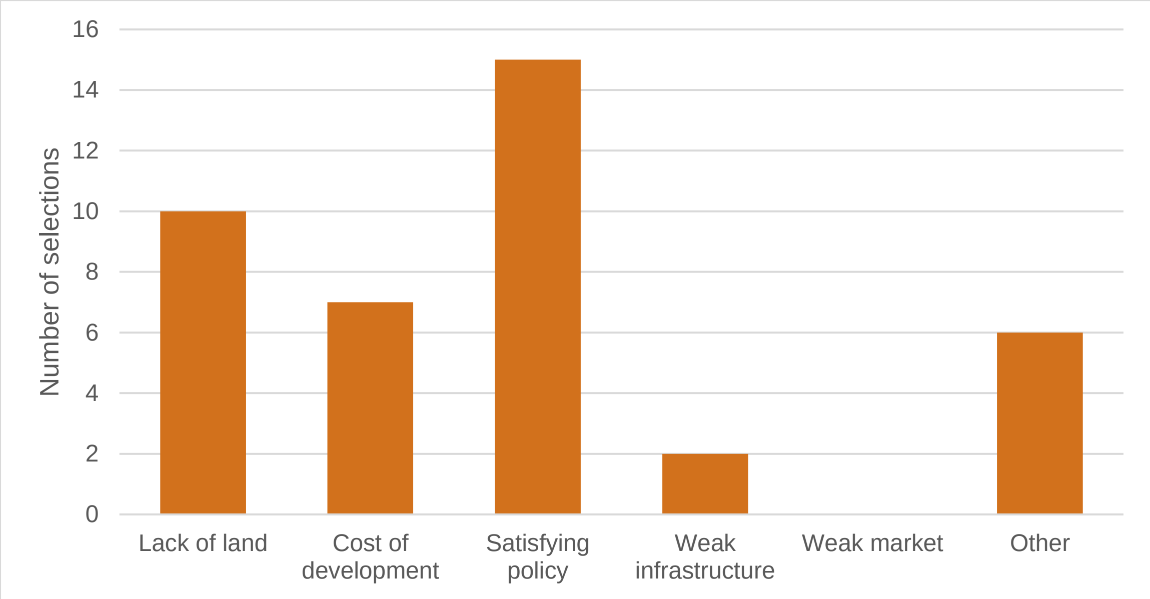
Development constraints

8.180 Housebuilders were also asked to identify the main constraints they face to bringing forward development in Spelthorne. The results are presented below. The leading factor is the need to satisfy policy, followed by a shortage of development land and the cost of development.

8.181 These factors are of course interrelated. Policy, for example Green Belt and other restrictions on the land supply, inflates the price of development land, increasing the cost of development. Satisfying the suite of policies relating to residential development, for example, building heights and the requirement for Affordable Housing, while in theory absorbed by planning gain over and above developer profit, in reality increases the risk attached to development by constraining viability. This is likely to reduce the pace at which development comes forward, increasing "delivery risk" for the Council.

8.182 It is however important to note that neither weak infrastructure nor poor market conditions are cited by housebuilders as constraints on development. To a degree, therefore, development in Spelthorne is in a position to shoulder a heavy policy burden.

Figure 48: Constraints on development identified by housebuilders



Source: Market Survey

Market Survey - summary

Market conditions

- Letting agents report a stronger market for PRS than estate agents and housebuilders do for the build for sale (BFS) market.
- The view expressed by letting agents as regards future price movements shows some contrast to sales agents, the former suggest rents will either remain flat or increase. The latter forecast a 0-5% fall in prices. This illustrates the counter-cyclical nature of the PRS.
- The anticipated fall in house prices is driven by economic uncertainty rather than increased supply. For this reason, it is likely to follow the economic cycle, returning to growth when the broader economy improves.

Demand

- Market segmentation analysis suggests first time buyers, professionals and family households are the largest segments active in the market. In contrast, single persons and newly forming households are relatively under-represented.
- The survey points to an over-supply of 1-bedroom units in the Borough. There is, however, broad agreement that supply has not been able to meet demand for 2, 3 and 4-bedroom properties. Finally, the survey clearly indicates that supply meets demand for homes of 5+ bedrooms.
- Around 35% of house moves are from Greater London, illustrating the strong links between Spelthorne and the capital.
- Those seeking a property as a second home are negligible (around 1%), those intending to occupy the dwelling they buy form the overwhelming majority (91%). Investors do, however, have a presence in the market. The data suggest they account for between 8% and 12% of all transactions.
- This presence of investors will have fuelled the growth of house prices in recent times. While this is true, they also promote the viability of development. Investment is only pernicious where "buy to leave" is practiced given that this withdraws dwellings from the property market that could be occupied by a household. It is conceivable this is taking place in Spelthorne given the significant level of investor activity and the small presence of international investors.

PRS

- Segments driving demand for PRS in the Borough are families, newly forming households and singles. Given their usual preference for owner-occupation, this suggest families are unable to afford suitable for sale homes.
- Within the PRS, the most common tenancy is 3 years in length. This suggests the type of households moving into the PRS are likely to be those that have entered a more settled period of life and those seeking security of tenure.
- The length of time it takes to rent a dwelling in the PRS suggests that demand is most strong for smaller dwellings of 1-3 bedrooms. Indeed, the survey suggests there are insufficient homes of 2 and 3-beds.
- The most popular rental typologies according to housebuilders are semi-detached homes, followed by detached, and then flats.

Vacant units

- The majority of housebuilders (64%) indicate they had some unsold units 1 year after completion of a given scheme. Two respondents indicate that more than 15% of the units were unsold after this time.
- Those estate agents that have been involved in selling new build indicated some units remained unsold after a year. Two of the four estate agents who responded indicated that, for schemes they are involved with, this portion exceeds 15%.
- The reasons cited by estate agents for vacancy are a lack of confidence on the part of buyers together with the current climate of economic uncertainty.
- Housebuilders indicate that the majority of units that are vacant are flats.

Geography of demand

- Housebuilders indicate that Zone 1 (North) (Stanwell) tends to attract newly forming households and first-time buyers.
- Zone 2 (Mid) (consisting of Ashford, Laleham and Staines) is popular with newly forming households, first time buyers and family households.
- Zone 3 (South) (consisting of Halliford, Shepperton and Sunbury) has witnessed a concentration of newly forming households, first time buyers family households, as well as also being the most attractive part of the Borough for older groups: empty nesters and retirees and the elderly.

Supply

- Most developers are bringing forward sites likely to have a capacity of between 11-50 units and will deliver at a rate of around 4 units a month or 45 per year.
- The pipeline of homes being brought forward, this is split 57% houses and 43% flats.
- The majority of homes in the pipeline are for sale (60%). There is however a small component of build to rent (8%). This is likely to reflect the relative buoyancy of the rental market compared with the BFS. The total proportion of Affordable Housing is 32%, of which the Social Rent component is 2%. This is likely to reflect an aspirational level of Affordable Housing, rather than a rate that is likely to be delivered in practice.
- A majority of housebuilders (71%) see brownfield sites in Spelthorne as attractive development opportunities. There is however a large minority (29%) who do not.
- The rationale for brownfield being attractive is a mix of pragmatism in the face of negotiating the planning system, and the relatively good infrastructure associated with these sites.
- Those that do not typically find brownfield land attractive cite acquisition costs of an existing use, remediation and/or higher than normal construction costs.
- Given the property types commonly associated with brownfield development, it is most likely to be attractive to first-time buyers, professional households and people living on their own, and less so older people and families on account of a preference for space and proximity to nature on the part of these latter groups
- The key constraints on development cited by developers includes is the need to satisfy policy, shortages of development land and the cost of development.

APPENDIX E: List of sites included the analysis of pipeline supply

Site type	Site name / address	Address 2	CIL Zone	Net Cap units)	Ward	Greenfield, PDL or Mix	Site size	BOP (yr)	BOR (units/mth)	Guide BOR (Units /mth)	Variance
Strategic	Brooklands College	Church Road	2	107	Ashford Town	Urban PDL	101-400 units	1	9	6.62	2.3
Strategic	17-51	London Road	2	467	Staines	Urban PDL	401-1000 units	2	19	6.62	12.8
Strategic	Ashford Hospital (East Yard)	Town Lane	1	127	Ashford North & Stanwell South	Urban PDL	101-400 units	1	11	6.76	3.8
Strategic	Masonic Hall and Old Telephone Exchange site	Elmsleigh Road	2	206	Staines	Urban PDL	101-400 units	2	9	6.62	2.0
Strategic	Viewpoint, 240	London Road	2	87	Staines	Urban PDL	51-100 units	1	7	3.12	4.1
Strategic	Renshaw Trading Estate	Mill Mead	2	275	Staines	Urban PDL	101-400 units	3	8	6.62	1.0
Strategic	Ashford Multi-storey car park	Church Road	2	55	Ashford Town	Urban PDL	51-100 units	1	5	3.12	1.5
Strategic	23-31 (not 11-19)	Woodthorpe Road	2	120	Ashford Town	Urban PDL	101-400 units	1	10	6.62	3.4
Strategic	Sunbury Cross Ex Services Association Club	Crossways	2	50	Sunbury Common	Urban PDL	11-50 units	1	4	1.05	3.1
Strategic	Annandale House, 1	Hanworth Road	3	295	Sunbury East	Urban PDL	101-400 units	1	25	4.00	20.6
Strategic	Thameside House	South Street	2	140	Staines	Urban PDL	101-400 units	1	12	6.62	5.0
Strategic	34-36 (OAST House) /Car park	Kingston Road	2	180	Staines	Urban PDL	101-400 units	1	15	6.62	8.4
Strategic	Phase 1C Charter Square	High Street	2	65	Staines	Urban PDL	51-100 units	1	5	3.12	2.3
Strategic	158-166	Feltham Road	2	75	Ashford East	Urban PDL	51-100 units	2	3	3.12	0.0
Strategic	Tesco Extra	Town Lane	1	350	Ashford North & Stanwell South	Urban PDL	101-400 units	2	15	6.76	7.8
Strategic	Staines Fire Station	Town Lane	1	50	Ashford North & Stanwell South	Urban PDL	11-50 units	1	4	1.07	3.1
Strategic	Tesco Extra	Escot Road	2	225	Sunbury Common	Urban PDL	101-400 units	2	9	6.62	2.8
Strategic	Elmbrook House, 18-19	Station Road	3	50	Sunbury East	Urban PDL	11-50 units	1	4	1.80	2.4
Strategic	Birch House/London Road,	Fairfield Avenue	2	400	Staines	Urban PDL	101-400 units	2	17	6.62	10.0
Strategic	Car Park, Hanover House & Sea Cadet Building	Bridge Street	2	158	Staines	Urban PDL	101-400 units	1	13	6.62	6.5

Strategic	96-104	Church Street	2	100	Staines	Urban PDL	51-100 units	2	4	3.12	1.0
Strategic	Former Debenhams site, 35-45	High Street	2	150	Staines	Urban PDL	101-400 units	1	13	6.62	5.9
Strategic	Two Rivers Retail Park Terrace	Mustard Mill Road	2	750	Staines	Urban PDL	401-1000 units	3	21	6.62	14.2
Strategic	Frankie & Benny's/Travel odge, Two Rivers	Hale Street	2	55	Staines	Urban PDL	51-100 units	1	5	3.12	1.5
Strategic	Communication s House	South Street	2	120	Staines	Urban PDL	101-400 units	1	10	6.62	3.4
Strategic	524-538	London Road	1	55	Ashford North & Stanwell South	Urban PDL	51-100 units	1	5	1.70	2.9
Strategic	Land at Spelthorne Grove	Spelthorne Grove	2	250	Sunbury Commo n	Urban PDL	101-400 units	2	10	6.62	3.8
Strategic	77	Staines Road East	3	75	Sunbury East	Urban PDL	51-100 units	1	6	3.12	3.1
Strategic	Units 3 and 4, The Summit Business Park	Hanworth Road	3	100	Sunbury East	Urban PDL	51-100 units	2	4	3.12	1.0
Strategic	Stanwell Bedsits	De Havilland Way	1	175	Stanwell North	Urban PDL	101-400 units	2	7	6.76	0.5
Strategic	Builders Yard	Gresham Road	2	343	Staines	Urban PDL	101-400 units	1	29	6.62	22.0
Strategic	Staines Telephone Exchange	Fairfield Avenue	2	180	Staines	Urban PDL	101-400 units	1	15	6.62	8.4
Strategic	The Elmsleigh Centre and adjoining land	South Street	2	850	Staines	Urban PDL	401-1000 units	4	18	6.62	11.1
Small	Sunlink One, 1-3	Station Road	3	33	Sunbury East	Urban PDL	11-50 units	1	3	1.80	1.0
Small	5 - 7	Clarence Street	2	5	Staines	Urban PDL	2-10 units	1	0	0.33	0.1
Small	West Wing, Council Offices	Knowle Green	2	25	Staines	Urban PDL	11-50 units	1	2	1.05	1.0
Small	Ashford Depot	Poplar Road	2	37	Ashford Commo n	Urban PDL	11-50 units	1	3	1.05	2.0
Small	HM Revenue & Customs, Forum House, 14	Thames Street	2	9	Staines	Urban PDL	2-10 units	1	1	0.33	0.4
Small	103	London Road	2	9	Staines	Urban PDL	2-10 units	1	1	0.33	0.4
Small	Two Rivers Pub and Restaurant, 43	Church Street	2	11	Staines	Urban PDL	11-50 units	1	1	1.05	-0.1
Small	196	Laleham Road	2	5	Riversid e & Laleha m	Urban PDL	2-10 units	1	0	0.33	0.1
Small	Drake House	Drake Avenue	2	14	Staines	Urban PDL	11-50 units	1	1	1.05	0.1

Small	Forum House, 14	Thames Street	2	40	Staines	Urban PDL	11-50 units	1	3	1.05	2.3
Small	3	Station Approach	2	8	Ashford Town	Urban PDL	2-10 units	1	1	0.33	0.3
Small	15	London Road	2	22	Staines	Urban PDL	11-50 units	1	2	1.05	0.8
Small	Land To The Rear Of 109	Ashgrove Road	2	6	Ashford Commo n	Urban PDL	2-10 units	1	1	0.33	0.2
Small	381-385	Staines Road West	2	10	Ashford Commo n	Urban PDL	2-10 units	1	1	0.33	0.5
Small	487 - 491	Staines Road West	2	11	Ashford East	Urban PDL	11-50 units	1	1	1.05	-0.1
Small	51-53	Church Road	2	8	Ashford Town	Urban PDL	2-10 units	1	1	0.33	0.3
Small	Atrium, 31 - 37	Church Road	2	20	Ashford Town	Urban PDL	11-50 units	1	2	1.05	0.6
Small	Staines Ex Servicemen Club, 6	Laleham Road	2	14	Riversid e & Laleha m	Urban PDL	11-50 units	1	1	1.05	0.1
Small	59	Staines Road West	2	8	Sunbury Commo n	Urban PDL	2-10 units	1	1	0.33	0.3
Small	Crownage Court, 99	Staines Road West	2	14	Sunbury Commo n	Urban PDL	11-50 units	1	1	1.05	0.1
Small	Former Police Station, 69	Staines Road East	3	9	Sunbury East	Urban PDL	2-10 units	1	1	0.24	0.5
Small	Inglewood Hall	Green Street	3	7	Sunbury East	Urban PDL	2-10 units	1	1	0.24	0.3
Small	96-98	High Street	3	5	Shepper ton Town	Urban PDL	2-10 units	1	0	0.24	0.2
Small	Shepperton House, 2-4	Green lane	3	13	Shepper ton Town	Urban PDL	11-50 units	1	1	1.80	-0.7
Small	26/26A	Charles Road	2	5	Staines South	Urban PDL	2-10 units	1	0	0.33	0.1
Small	61-63	High Street	2	5	Staines	Urban PDL	2-10 units	1	0	0.33	0.1
Small	Glenthorne, 33	Rookery Road	2	19	Staines	Urban PDL	11-50 units	1	2	1.05	0.5
Small	Staines Tinware	Langley Road	2	22	Staines	Urban PDL	11-50 units	1	2	1.05	0.8
Small	Acacia Lodge	Rookery Road	2	14	Staines	Urban PDL	11-50 units	1	1	1.05	0.1
Small	Claydon Court	Kingston Road	2	8	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
Small	Elizabeth House, 56-60	London Road	2	20	Staines	Urban PDL	11-50 units	1	2	1.05	0.6
Small	Magna House, 18 - 32	London Road	2	26	Staines	Urban PDL	11-50 units	1	2	1.05	1.1
Small	95-99	High Street	2	9	Staines	Urban PDL	2-10 units	1	1	0.33	0.4
Small	66-68	High Street	2	6	Staines	Urban PDL	2-10 units	1	1	0.33	0.2
Small	Vivienne House	Budebury Road	2	7	Staines	Urban PDL	2-10 units	1	1	0.33	0.3

Small	484	London Road	1	7	Ashford North & Stanwell South	Urban PDL	2-10 units	1	1	0.37	0.2
Small	Benwell House	Green Street	3	39	Sunbury East	Urban PDL	11-50 units	1	3	1.80	1.5
Small	Cadline House	Drake Avenue	2	14	Staines	Urban PDL	11-50 units	1	1	1.05	0.1
Small	Jewsons	Moor Lane	2	36	Staines	Urban PDL	11-50 units	1	3	1.05	2.0
Small	William Hill/Vodafone, 91	High Street	2	14	Staines	Urban PDL	11-50 units	1	1	1.05	0.1
Small	131	High Street	2	23	Staines	Urban PDL	11-50 units	1	2	1.05	0.9
Small	126	Feltham Hill Road	2	6	Ashford Common	Urban PDL	2-10 units	1	1	0.33	0.2
Small	170/172	Feltham Hill Road	2	5	Ashford Common	Urban PDL	2-10 units	1	0	0.33	0.1
Small	145-149	Stanwell Road	2	5	Ashford Town	Urban PDL	2-10 units	1	0	0.33	0.1
Small	r/o 151-153	Charlton Road	2	6	Laleham & Shepperton Green	Urban PDL	2-10 units	1	1	0.33	0.2
Small	115	Staines Road West	2	25	Sunbury Common	Urban PDL	11-50 units	1	2	1.05	1.0
Small	147	Staines Road West	2	15	Sunbury Common	Urban PDL	11-50 units	1	1	1.05	0.2
Small	12	Park Road	3	6	Sunbury East	Urban PDL	2-10 units	1	1	0.24	0.3
Small	St Pauls Catholic College	Green Street	3	5	Sunbury East	Urban PDL	2-10 units	1	0	0.24	0.2
Small	Sunbury Adult Education Centre	The Avenue	3	24	Sunbury East	Urban PDL	11-50 units	1	2	1.80	0.2
Small	Shepperton Library	High Street	3	10	Shepperton Town	Urban PDL	2-10 units	1	1	0.24	0.6
Small	Walton Bridge Garage	Walton Bridge Road	3	20	Shepperton Town	Urban PDL	11-50 units	1	2	1.80	-0.1
Small	39	Gresham Road	2	6	Staines	Urban PDL	2-10 units	1	1	0.33	0.2
Small	Leacroft Centre	Leacroft	2	17	Staines	Urban PDL	11-50 units	1	1	1.05	0.4
Small	Surrey CC Buildings	Burges Way	2	30	Staines	Urban PDL	11-50 units	1	3	1.05	1.5
Small	Fairways Day Centre	Knowle Green	2	30	Staines	Urban PDL	11-50 units	1	3	1.05	1.5
Small	Universal Tyre Co Ltd	Laleham Road	2	12	Staines	Urban PDL	11-50 units	1	1	1.05	-0.1
Small	273-275	London Road	2	40	Staines	Urban PDL	11-50 units	1	3	1.05	2.3

Small	Manse and associated land to the rear of Staines Congregational Church	Stainash Crescent	2	24	Staines	Urban PDL	11-50 units	1	2	1.05	1.0
Small	85A	Laleham Road	2	9	Staines	Urban PDL	2-10 units	1	1	0.33	0.4
Small	Florida Court	Station Approach	2	9	Staines	Urban PDL	2-10 units	1	1	0.33	0.4
Small	153-155	High Street	2	7	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
Small	25-27	Clarence Street	2	6	Staines	Urban PDL	2-10 units	1	1	0.33	0.2
Small	Riverside Surface Carpark	Thames Street	2	35	Staines	Urban PDL	11-50 units	1	3	1.05	1.9
Small	Thames Lodge	Thames Street	2	40	Staines	Urban PDL	11-50 units	1	3	1.05	2.3
Small	Rowland Pine Centre, 373	Staines Road West	2	10	Ashford Commo n	Urban PDL	2-10 units	1	1	0.33	0.5
Small	Oakhall Court	Oakhall Drive	2	15	Sunbury Commo n	Urban PDL	11-50 units	1	1	1.05	0.2
Small	180/182	Feltham Hill Road	2	8	Ashford Commo n	Urban PDL	2-10 units	1	1	0.33	0.3
Small	Land at	School Road	2	5	Ashford Commo n	Urban PDL	2-10 units	1	0	0.33	0.1
Small	7	Manor Road	2	5	Ashford East	Urban PDL	2-10 units	1	0	0.33	0.1
Small	Land to west of 39	Feltham Road	2	5	Ashford East	Urban PDL	2-10 units	1	0	0.33	0.1
Small	71-75	Feltham Road	2	5	Ashford East	Urban PDL	2-10 units	1	0	0.33	0.1
Small	28-44	Feltham Road	2	26	Ashford East	Urban PDL	11-50 units	1	2	1.05	1.1
Small	Happy Landing PH	Clare Road	1	30	Ashford North & Stanwell South	Urban PDL	11-50 units	1	3	1.07	1.4
Small	540-544	London Road	1	17	Ashford North & Stanwell South	Urban PDL	11-50 units	1	1	1.07	0.3
Small	Ashford Youth Club	Kenilworth Road	1	5	Ashford North & Stanwell South	Urban PDL	2-10 units	1	0	0.37	0.0
Small	648	London Road	1	21	Ashford North & Stanwell South	Urban PDL	11-50 units	1	2	1.07	0.7
Small	Univeral Creations,134	Chesterfiel d Road	2	8	Ashford Town	Urban PDL	2-10 units	1	1	0.33	0.3
Small	Headline House	Stanwell Road	2	14	Ashford Town	Urban PDL	11-50 units	1	1	1.05	0.1
Small	55A	Woodthorp e Road	2	10	Ashford Town	Urban PDL	2-10 units	1	1	0.33	0.5
Small	The Old Post Office, 1	Knapp Road	2	14	Ashford Town	Urban PDL	11-50 units	1	1	1.05	0.1

Small	Ashford Telephone Exchange	Church Road	2	20	Ashford Town	Urban PDL	11-50 units	1	2	1.05	0.6
Small	R/O The Goat Public House, 47	Upper Halliford Road	3	5	HASW	URBAN GF	2-10 units	1	0	0.32	0.1
Small	Ashborne Hall	Littleton Road	2	5	Laleham & Shepperton Green	Urban PDL	2-10 units	1	0	0.33	0.1
Small	RMG Warehouse & Delivery Office, 47-79	Staines Road West	2	22	Sunbury Common	Urban PDL	11-50 units	1	2	1.05	0.8
Small	Sunbury Social Services Centre	108 Vicarage Road	2	11	Sunbury Common	Urban PDL	11-50 units	1	1	1.05	-0.1
Small	Telephone Exchange	Green Street	3	22	Sunbury East	Urban PDL	11-50 units	1	2	1.80	0.0
Small	Ritzbury House, Bridge Foot	Green Street	3	6	Sunbury East	Urban PDL	2-10 units	1	1	0.24	0.3
Small	75-77	Green Street	3	6	Sunbury East	Urban PDL	2-10 units	1	1	0.24	0.3
Small	41	Orchard Road	1	6	Ashford North & Stanwell South	Urban PDL	2-10 units	1	1	0.37	0.1
Small	Shepperton Youth Centre	Laleham Road	3	24	Shepperton Town	Urban PDL	11-50 units	1	2	1.80	0.2
Small	Shepperton Delivery Office, 47	High Street	3	20	Shepperton Town	Urban PDL	11-50 units	1	2	1.80	-0.1
Small	Garage Court to rear of 83-105	Park Road	1	8	Stanwell North	Urban PDL	2-10 units	1	1	0.37	0.3
Small	Minerva House	Minerva Close	1	20	Stanwell North	Urban PDL	11-50 units	1	2	1.07	0.6
Small	Hope Inn	Hithermoor Road	1	5	Stanwell North	Urban PDL	2-10 units	1	0	0.37	0.0
Small	Ashman Service Station, 286	Kingston Road	2	5	Staines South	Urban PDL	2-10 units	1	0	0.33	0.1
Small	Denby	Stanwell New Road	2	5	Staines	Urban PDL	2-10 units	1	0	0.33	0.1
Small	Thameside Arts Centre	Wyatt Road	2	19	Staines	Urban PDL	11-50 units	1	2	1.05	0.5
Small	44A	Gresham Road	2	8	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
Small	The Retreat	Pinewood Drive	2	8	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
Small	140-154	High Street	2	7	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
Small	20	Bridge Street	2	8	Staines	Urban PDL	2-10 units	1	1	0.33	0.3
				8,132							228

Sites that, following a comparison between the expected BOR in the Land Supply pipeline and the "guide" BOR, are likely to see a proportion of their overall capacity fall outside the 5YHLS.

Type	Site name / address	Address 2	CIL Zone	Net Capacity (housing units)	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Total
Strategic	23-31 (not 11-19)	Woodthorpe Road	2	120	41						41
Strategic	Sunbury Cross Ex Services Association Club	Crossways	2	50	13	12					25
Strategic	Annandale House, 1	Hanworth Road	3	295	48	48	48	48	48	7	247
Strategic	34-36 (OAST House) /Car park	Kingston Road	2	180	21						21
Strategic	Car Park, Hanover House & Sea Cadet Building	Bridge Street	2	158	79						79
Small	Forum House, 14	Thames Street	2	40	2						2
Small	381-385	Staines Road West	2	10	2						2
Small	Benwell House	Green Street	3	39	17						17
Small	Jewsons	Moor Lane	2	36	13	11					24
											458

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