West Surrey Strategic Housing Market Assessment: Guildford Addendum Report 2017

Guildford Borough Council

Final Report – March 2017

Prepared by

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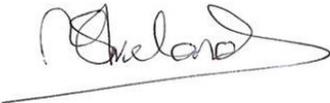London WC1V 7EE

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DATE	ORIGINATORS	APPROVED
March 2017	Nick Ireland, Planning Director	Nick Ireland
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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1   INTRODUCTION

1.1   This report provides an Addendum to the West Surrey Strategic Housing Market Assessment ('the SHMA Report'), dated September 2015. It seeks to provide an updated assessment of the objectively assessed housing need (OAN) in Guildford Borough, taking account particularly of:

- ONS 2015 Mid-Year Population Estimates;
- Official 2014-based Population and Household Projections; and
- Updated econometric forecasts for employment growth.

1.2   The report has been prepared by GL Hearn and Justin Gardner Consulting (JGC). It is prepared as an addendum to the SHMA Report in a context whereby Guildford Borough Council has committed to reviewing its OAN to take account of the above; and roll forward its plan period to cover the 2015-34 period to ensure that it covers a 15 year period from the point of adoption. It provides an updated assessment of OAN for the Borough.

1.3   It adopts a consistent approach to assessing housing need as the 2015 SHMA. It is prepared in the context where the three authorities within the Housing Market Area (HMA) are at different stages in the plan-making process. The commissioning of this update has been discussed between the HMA authorities.

1.4   The assessment of the full objectively assessed housing need in the Borough follows the approach and methodology set out by Government in Planning Practice Guidance on *Housing and Economic Development Needs Assessments.*[1] This outlines that trend-based demographic projections should be considered, with upward adjustments made from this where appropriate to support economic growth, or improve affordability taking account of evidence of market signals and of the need for affordable housing. Further details of the Guidance were set out in the 2015 West Surrey SHMA report.

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

2   THE 2015 SHMA FINDINGS FOR GUILDFORD BOROUGH

2.1   The 2015 SHMA assessed housing need across the three HMA authorities. It defined an Objectively Assessed Housing Need for Guildford Borough of 693 dwellings per annum over the 2013-33 period (totalling 13,860 homes) and 1729 dwellings per annum across the Housing Market Area (HMA). The HMA included the local authorities of Guildford, Waverley and Woking.

2.2   The OAN for Guildford was based on a demographic need for 517 dwellings per annum (dpa), based on the 2012-based Household Projections, rebased to take account of ONS 2013 Mid-Year Population Estimates.

2.3   AECOM identified expected employment growth of 17,700 in the Borough between 2013-33, based on their estimate of 89,600 jobs in Guildford at the base date in 2015, based on official data sources, and applying to this the average growth rates for the Borough of three econometric forecasts from Experian, Oxford Economics and Cambridge Econometrics. The SHMA then modelled the level of housing need which would be needed to support this, concluding that economic growth would support above-trend in-migration (all other things being equal) and require 637 dpa.

2.4   The SHMA identified that 455 households per year in Guildford Borough would require support to meet their housing needs, and thus be eligible for affordable housing. It assessed market signals, concluding that affordability pressures in the HMA were significant, with prices substantially above the HMA average and lower quartile prices 10.9 times typical earnings of younger households. It provided evidence that housing costs had increased historically relative to earnings, contributing to falling household formation and home ownership. To respond to these issues, the SHMA identified that an adjustment was warranted to improve affordability. It showed that the impact of affordability pressures was particularly on younger households, and modelled an adjustment based on returning household formation rates to 2001 levels. Applying this to the economic-led scenario, this resulted in a need for 668 dpa.

2.5   The SHMA then identified, based on discussions with Surrey University, that the student population was expected to grow more strongly than assumed in the demographic analysis, and taking account of the planning assumptions on the proportion of students expected to live in halls or university-managed accommodation, a further upward adjustment of 25 dpa was warranted to accommodate student growth within the household population.

2.6   The SHMA's conclusions on an objectively assessed need for 13,860 dwellings (693 dpa) in Guildford Borough was based on drawing together these elements. They took the demographic need as a baseline, took account of the higher migration needed to support the economy, an uplift to improve affordability (responding to the market signals and affordable housing needs evidence),

and an adjustment to take account of the expected growth in students who would live in households (as opposed to halls of residence).

3 TREND-BASED DEMOGRAPHIC PROJECTIONS

3.1 Planning Practice Guidance outlines that the latest official household projections published by the Department for Communities and Local Government should provide the starting point estimate of housing need.[2] It sets out that these are statistically robust and based on nationally consistent assumptions, however plan makers may consider sensitivity testing based on alternative assumptions in relation to underlying demographic projections (which are particularly sensitive to trend in migration) and household formation rates; and should take account of the latest ONS population estimates.[3] It is clear that:

> "The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."[4]

3.2 Demographic projections are particularly sensitive to assumptions on migration and to age-specific household formation rates which are applied to population projections to estimate household growth. A degree of professional judgement is necessary in considering what might represent a reasonable and realistic projection for housing need, as highlighted in a 2015 High Court case[5] where it is noted that *'this is a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgment about trends and the interpretation and application of the empirical material available'*.

3.3 The core projections in this report look at housing needs in the Borough over the period from 2015 to 2034. The starting point is the base date for which up-to-date data is available on the Borough's population and employment base. The end point is consistent with the end of the plan period for the Local Plan.

Past Population Trends

3.4 Our analysis starts out by considering historical population trends in the Borough since 2001, the longest period for which reasonable quality data is available. This is based on published data from the Office for National Statistics (ONS).

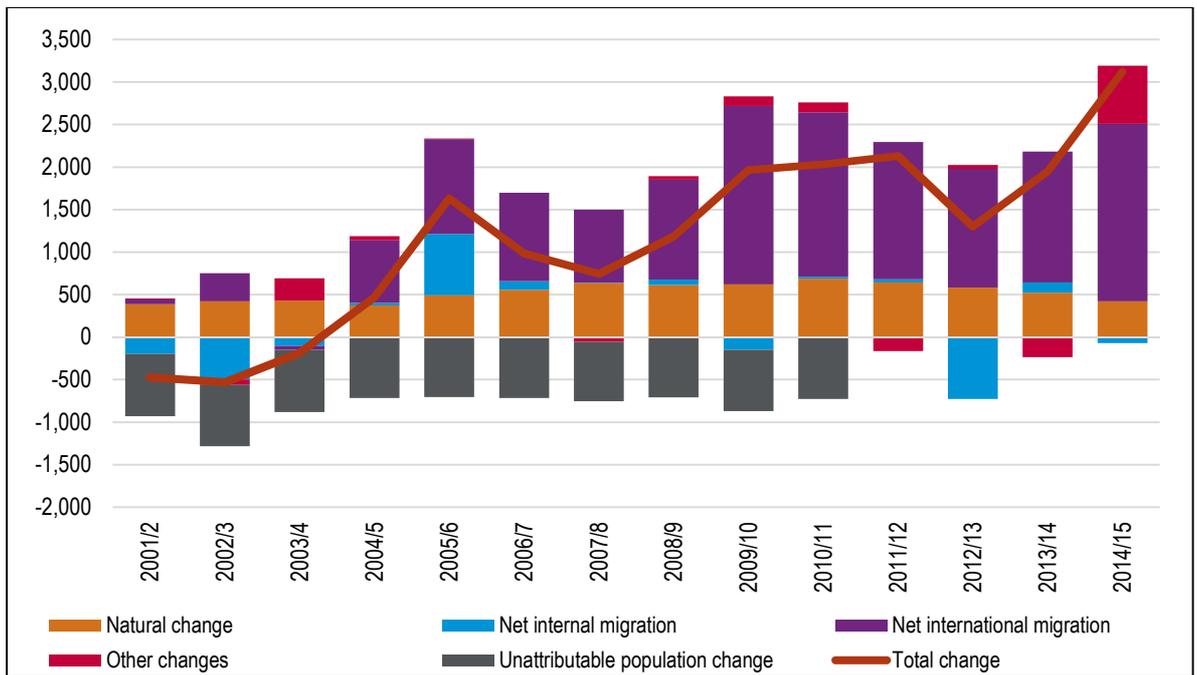[2] ID 2a-015-20140306

[3] ID 2a-017-20140306

[4] ID 2a-015-20140306

[5] *Kings Lynn & West Norfolk Council v. Elm Park Holdings [2015] EWHC 2464 (Admin)*

3.5   Over the 2001-15 period (14 years), the Borough's population has increased by an estimated 16,300 persons. This has been driven particularly by both positive natural change (more births than deaths) and net migration (more people moving in than out). The evidence points to net international in-migration, and a modest net movement out of the Borough to other locations within the UK. It should be borne in mind that if someone moves to the Borough from abroad but then moves to somewhere else within the UK, the latter move is counted as internal migration.

Figure 1:   Components of population change, mid-2001 to mid-2015 – Guildford

Source: ONS

3.6   A similar pattern, of positive natural change (more births than deaths), net international in-migration and net internal out-migration to other parts of the country is shown looking at a number of other time periods, including the input periods to the ONS 2012- and 2014-based Sub-National Population Projections (SNPP). The SNPP are based on trends over the five years prior to the base date, with the exception of international migration which is based on trends over six years constrained to the assumptions made by ONS within its national population projections. If a ten year period is considered, a small level of net internal migration to Guildford Borough (13 persons pa) is shown.

3.7   The components of change data also shows the rate of population growth (shown by the red line in the chart above) has increased over the 14 year period. Over the first half of this period (2001-8) net migration averaged 590 persons per annum; whilst between 2008-15, net migration averaged 1,590 persons per annum.

Table 1:   Components of Population Change, mid-2001 to mid-2015 – Guildford

Year	Natural change	Net internal migration	Net internat-ional migration	Other changes	Other (un-attributable)	Total change
2001/2	386	-199	57	11	-732	-477
2002/3	422	-498	329	-65	-722	-534
2003/4	429	-105	-44	263	-731	-188
2004/5	374	27	739	46	-718	468
2005/6	492	720	1,118	6	-706	1,630
2006/7	558	101	1,039	-8	-707	983
2007/8	634	5	859	-54	-699	745
2008/9	613	65	1,173	42	-710	1,183
2009/10	622	-150	2,097	114	-720	1,963
2010/11	689	22	1,934	116	-728	2,033
2011/12	641	40	1,615	-166	0	2,130
2012/13	584	-727	1,396	46	0	1,299
2013/14	521	123	1,540	-235	0	1,949
2014/15	422	-71	2,085	686	0	3,122
Total Change	7,387	-647	15,937	802	-7,173	16,306
14 Year Average (pa)	528	-46	1,138	57	-512	1,165
Input Period to 2012 SNPP (pa)	640	-4	1,453	10	-571	1,528
Input Period to 2014 SNPP	611	-138	1,626	-25	-290	1,784
10 Year Average	578	13	1,486	55	-427	1,704

3.8   Looking at the input period to the 2012 and 2014 SNPP, net migration (summing net internal and net international migration above) was marginally (3%) higher in the period feeding into the more recent (2014-based) projections. Both sets of projections are however influenced by ONS' assumptions at a national level on international migration to the UK, which differ between them, and to which the report returns later in this section.

3.9   The data also shows some 'other changes' and a notable level of Unattributable Population Change (UPC). Other changes mainly relate to changes in school, armed force and prison populations.

Unattributable Population Change

3.10   UPC is an adjustment made by ONS to reflect differences essentially between its 'components of change data' (births, deaths and migration estimates) and what Census data in 2001 and 2011 showed regarding population growth. It thus relates to the 2001-11 period. In Guildford UPC is positive over the 2001-11 period and totals 7,173 persons, a not insignificant amount.

3.11   Whilst the UPC relates to the 2001-11 decade, ONS has apportioned it to individual years using a cohort method that takes into account that people age over the decade. ONS' extensive research

on UPC concluded that it was likely to be due to a combination of sampling variability or other issues in the following:

- International migration estimates;
- Census estimates in both 2001 and 2011; and/or
- Internal migration estimates.

3.12   ONS has considered (and consulted on) whether it would be appropriate to make adjustments for UPC in its own Sub-National population projections. It concluded it was not likely to be seen in continuing sub-national trends as: it could not be attributed specifically to the above components (being by its nature 'unattributable'); if it was related to a Census sampling, the components of population change (and thus forward projections based on these) would be unaffected; and if it was related to international migration, it is likely that the biggest impacts will have been seen earlier in the 2001-11 decade and will have had less of an impact on the latter years when improvements were introduced to migration estimates.[6]

3.13   Planning Practice Guidance outlines that sensitivity testing of demographic projections specific to local circumstances may be undertaken in drawing conclusions on the demographic need for housing, but that any local changes must be clearly explained and justified based on established sources of robust evidence.[7] There is no such evidence from which to justify alternative conclusions to ONS in respect of the 2012- and 2014-based Sub-National Population Projections; however when considering longer-term migration trends it is appropriate to consider the data with and without adjustments for UPC. Our approach in this respect takes account of the conclusions drawn in the Planning Advisory Service's *Objectively Assessed Housing Needs Technical Advice Note.*

Critically Appraising the Latest Official Projections

3.14   Planning Practice Guidance is clear that the *'household projections published by the Department for Communities and Local* Government *should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.[8]*

3.15   The Government's most up-to-date household projections are the 2014-based CLG Household Projections published in July 2016. These projections were underpinned by the ONS 2014-based Sub-National Population Projections (SNPP), published in May 2016. This assessment therefore

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[6] As set out in ONS 2014 SNPP Quality and Methodology Paper (ONS, May 2016)
[7] ID 2a-017-20140306
[8] ID 2a-015-20140306

2014-based Household Projections

3.16   The 2014-based Household Projections show household growth of 10,350 in Guildford Borough between 2015-34, an increase of 18.2%. This compares to an increase of 9,600 (17.0%) in the previous 2012-based Household Projections. This difference reflects differences in the population growth (overall and by age) between the projections, and in particular by their migration assumptions..

Table 2:   Household Growth in CLG 2012- and 2014-based Household Projections

	Households 2015	Households 2034	Change in households	% change
2014-based	56,843	67,196	10,353	18.2%
2012-based	56,199	65,771	9,572	17.0%

Source: CLG 2012- and 2014-based Household Projections (as published)

3.17   We consider further below the basis of these differences, interrogating the assumptions on population growth; and on age/sex-specific household formation rates, which are used in developing the household populations. We also consider the implications of the subsequent ONS 2015 Mid-Year Population Estimates.

Population Growth Assumptions

3.18   The 2014-based Household Projections are based on the equivalent SNPP, which were published by ONS on the 25th May 2016. They replaced the 2012-based SNPP. Subnational population projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made by ONS in national population projections. The new SNPP are largely based on trends in the 2009-14 period (2008-14 for international migration trends).

3.19   The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. The primary purpose of the SNPP is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way. In considering housing growth they (and the household projections based on them) provide a starting point for the demographic analysis on this basis.

3.20   The 2014-based SNPP expect population growth in Guildford Borough of 21,650 persons (2015-34), equivalent to 14.9%. This is above that shown in the 2012-based SNPP, which expected 13.4% growth over this period. In both cases this equates to an average growth rate of 0.7% per annum.[9]

Table 3:   Projected population growth in 2014- and 2012-based SNPP

Area	Population 2015	Population 2034	Change in population	% change
2014-based	145,473	167,126	21,652	14.9%
2012-based	144,243	163,624	19,381	13.4%

Source: ONS SNPP

3.21   The difference between the population growth in the 2012 and 2014-based SNPP is influenced in part by the starting population and its structure, and also trends over the input period. ONS looks at trend data from the past five years for internal migration and the past six years when looking at international migration. Over the period feeding into the 2012-based SNPP, the average level of net migration was around 1,450 people per annum, and this had increased to 1,490 in the 2014-based figures.[10] This difference (of just 40 people per annum on average) cannot therefore fully explain why the 2014-based SNPP projects population growth which is 2,300 greater over the 2015-34 period.

3.22   This difference can however be explained by looking at the methodology used by ONS. To ensure consistency between local and national projections, SNPP for local authorities must sum to the total in ONS 2014-based National Projections. In these ONS are projecting a higher level of international migration. This then influences the projections for local authorities. As international migration is a significant component of population growth in Guildford (as Figure 1 and Table 1 showed), changes to assumptions on international migration nationally between the 2012- and 2014-based ONS projections impact on the projections at a local level for Guildford Borough.
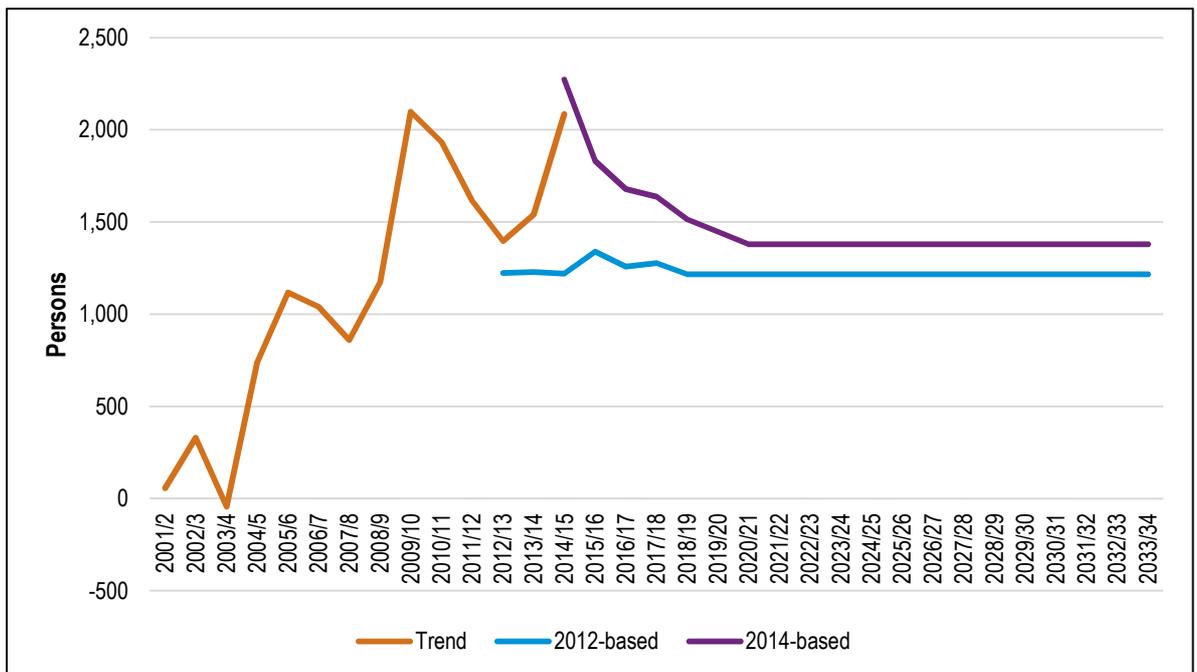
3.23   Figure 2 below charts trends in net international migration to Guildford Borough, and compares this with the future ONS projections. It shows that ONS are projecting a higher level of international migration in the 2014-based (relative to 2012-based) projections; and within this notably higher migration in the short-term. This is consistent (and to a significant degree driven by) what ONS are projecting at a national level. As we return to later, nationally ONS (in their 2014-based Population Projections) are projecting net international migration to the UK of 329,000 in 2014/15 but expect this to fall to 185,000 by 2020/21 and maintain at this level thereafter. In contrast in their 2012-based Population Projections, ONS was assuming long-term average net international migration of 165,000 persons per year. This was lower than ONS assumed in its previous 2010-based SNPP (200,000 persons pa).

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[9] To one decimal place
[10] Rounded to nearest 10 persons

3.24   Understanding the assumptions within the national population projections, the difference between the international migration assumptions in the 2012- and 2014-based SNPP does not appear unreasonable set against them.

Figure 2:   ONS Assumptions on Net International Migration to Guildford Borough

Source: ONS Components of Change data, 2012- and 2014-based SNPP

Interrogating further the Migration Estimates in the ONS Projections

3.25   The table below provides an analysis of the average net migration levels in the past, based on ONS estimates, and as shown moving forwards in the ONS 2014-based SNPP. ONS project future migration to be at a level some way below past trends, regardless of the period studied. The difference is particularly notable in terms of internal migration flows.

Table 4:   Assessing Migration in 2014-based SNPP against Past Trends

Guildford Borough	Internal net migration	International net migration	Average net migration
Past 14-years (2001-15)	-46	1,138	1,092
Past 10-years (2005-15)	13	1,486	1,498
Past 5-years (2010-15)	-123	1,714	1,591
Next 5-years (2015-20)	-770	1,622	852
Next 10-years (2015-25)	-895	1,500	606
Next 14-years (2015-29)	-925	1,466	540

Source: ONS Components of Change; and 2014-based SNPP

3.26   It is not appropriate to draw from this a conclusion that ONS is projecting internal migration which is too low; as ONS' methodology uses rates of movement (by age and sex) between all local authorities in the country to project future trends; and migration is expected to vary over time on this basis, taking account of changes in the size and structure of the Borough's population and areas from which people have historically migrated to Guildford. There are likely to be two key reasons why future internal migration is below past trends. The first is that age groups which typically migrant to the Borough (younger people) are not projected to see as much growth nationally as other age groups, influencing in migration. Secondly, with a relatively high level of international in-migration, there is a notable increase in the population who might become out-migrants, both domestically and internationally, and hence out-migration can be projected to increase at a greater rate than in-migration. In net terms this means that net internal out-migration could be expected to increase over time, and this is indeed what the data is showing. It is clear that some areas within the country will see internal migration below past trends, as indeed there will be others (often areas with an older age structure) where net migration would be expected to be above past trends and increasing over time.

3.27   On the basis of the above analysis, which has considered internal and internationally flows, we conclude that the 2014-based SNPP for Guildford Borough are technically sound.

Population Growth 2014-15

3.28   Planning Practice Guidance sets out that the latest ONS Mid-Year Population Estimates (MYEs) should be taken into account in assessing housing need.[11] The 2015 MYE shows that the 2014-based SNPP under-estimated population growth in Guildford between 2014-15. The SNPP projected that the population would grow by 2,515 people, whereas the MYE shows a population growth of 3,122; this is a difference of 607 people. It should however be noted that the MYE included 686 people in a 'special change' category (likely to be linked to armed forces personnel). On that basis it is reasonable to conclude that the SNPP and MYE are fairly closely matched.

Table 5:   Projected and Estimated Population Growth 2014-15

	2015 MYE	2014-based SNPP	Difference
Guildford Borough	3,122	2,515	+607

Source: ONS

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[11] ID 2a-017-20140306

Sensitivity Testing: Alternative Migration Assumptions

3.29   The conclusion drawn that the 2014 SNPP is a technically robust demographic projection does not necessarily imply that it should be used uncritically or is the most appropriate to use in drawing conclusions on the demographic need for housing. The 2014-based SNPP is based on short term migration trends (2009-14 for internal migration and 2008-14 for international migration) with international migration being constrained to the assumptions in ONS national population projections, as described above. It is however evident from the data that levels of migration and population growth have been variable over time. On this basis it would be appropriate to undertake a sensitivity analysis considering migration over a longer period, and the potential impact of UPC.

3.30   Planning Practice Guidance supports sensitivity testing specific to local circumstances, based on alternative demographic assumptions, but cautions that "*any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.*"[12]

3.31   We have developed three alternative demographic projections, as follows:

- Rebased SNPP – rebasing the 2014-based SNPP to take account of the ONS 2015 Mid-Year Population Estimates, as it is not necessary to project population change 2014-15 and we have a clear 2015 baseline.
- 10 Year Migration Trends – adjusting the demographic projections to take account of longer-term migration trends between 2005-15, and how these differ from those over the input period to the 2014-based SNPP. This scenario is based on ONS' published migration estimates.
- 10 Year Migration Trends, adjusted for UPC – this scenario seeks to interrogate the potential impact of UPC on longer-term migration trends. It adjusts the above scenario on the basis of the extreme position of attributing UPC entirely to an over-estimation of migration.

3.32   The two ten year migration trend scenarios are designed to be considered together as a range, recognising that there is no established evidence that UPC could be attributed in full to an over-estimation of migration over the ten year period. The methodology and results of each projection is considered below.

Rebased SNPP Scenario

3.33   This projection takes assumptions from the 2014-based SNPP, but rebased the projections to take account of the size and structure (by age and sex) of the population in 2015 as shown by the ONS 2015-based Mid-Year Population Estimates. Moving forward from 2015, the Scenario applies the birth and death rates from the 2014-based SNPP and the actual projected migration figures (by age and sex).

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[12] ID 2a-017-20140306

3.34   Due to age structure differences in the 2015 MYE compared to the projection, this does mean that population growth from 2015 onwards does not exactly match that in the actual projections as published. It is however very similar.

3.35   This scenario results in population growth of 22,000 persons over the 2015-34 plan period (15.1%), which is modestly above the 21,650 growth (14.9%) shown in the 2014-based SNPP as published.

10-year Migration Scenario

3.36   This projection uses information about migration levels over the last 10 years (2005-15) based on published ONS migration estimates. The projection does not just look at average net migration figures and roll these forward, but recognises that migration can be variable over time as the age structure changes. The projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term. It assesses the difference between migration in the period feeding into the 2014-based SNPP (which is 2009-14 for internal migration and 2008-14 for international migration) and that over the 10-year period (2005-15). Where migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa. Migration adjustments are made separately for each of in- and out-migration as well as by internal/international and age/sex.

3.37   This scenario results in population growth of 22,400 persons over the 2015-34 plan period (15.3%). It shows population growth of on average 0.8% pa, marginally greater than the 0.7% pa growth rate in the Rebased SNPP Scenario. Population growth in this scenario is 380 persons stronger over the 19 year period.
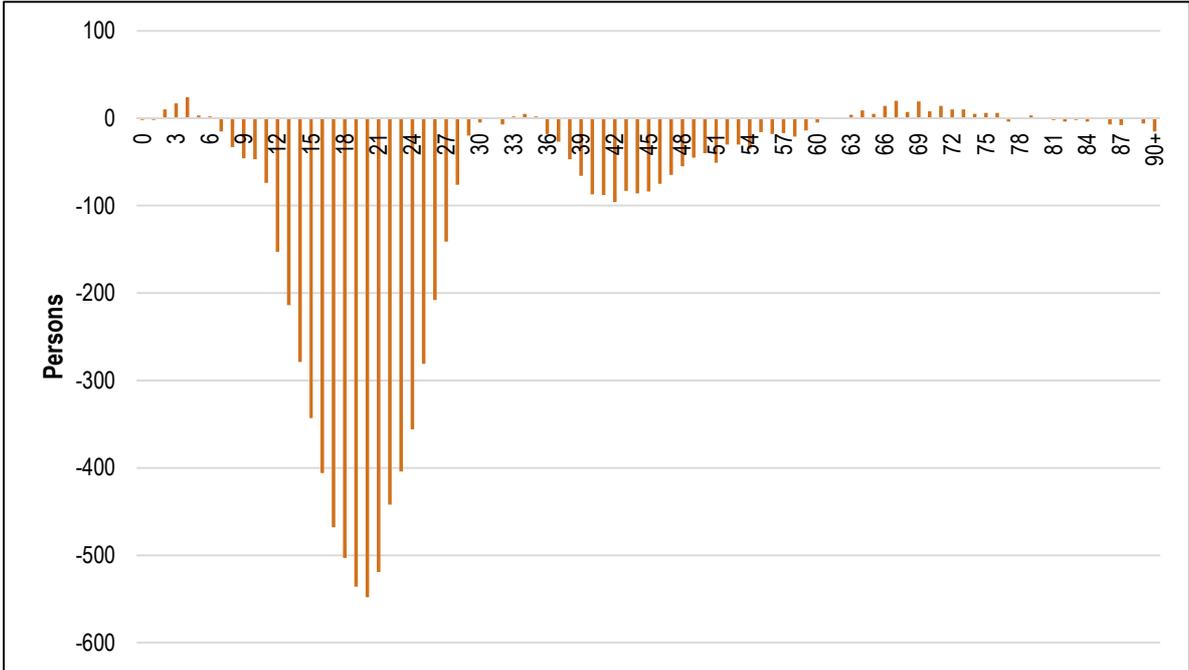
10-year Migration adjusted for UPC

3.38   As discussed earlier there is a notable level of Unattributable Population Change (UPC) in the ONS data for Guildford for the 2001-11 period. In this instance UPC is negative, this suggests that the components of change feeding into the SNPP could over-estimate migration and population growth or an error in the Census population estimates.

3.39   As outlined, it is not possible to fully attribute UPC to different factors (such as an over-estimate of migration) or to individual years within the 2001-11 period (although ONS has sought to estimate this). ONS' analysis indicates that given improvements implemented to measure migration and attribute it to different local authorities, it is more likely that errors are focused on the earlier part of the decade (notable 2001-6). On this basis, this scenario needs to treated with a degree of caution: it is based on population trends from 2005 onwards and is modelling what is potentially an extreme position where UPC is attributed in full to migration.

3.40   Whilst making an adjustment for UPC could be an alternative scenario, it is not considered, on its own, to be a robust alternative to the SNPP. The main reasons for this are that it is unclear if UPC is related to migration and more importantly, due to changes in the methods used by ONS to measure migration, and if there is any impact on migration, the biggest impacts are likely to be focused on the early part of the decade (notably 2001-6) and therefore a UPC adjustment for more recent data would not be appropriate. ONS has for instance amended its approach to attributing international migration to local authorities to take account of a range of official statistics; and to incorporate data supplied by Universities through the Higher Education Statistics Agency in modelling student migration flows. On this basis, whilst it is not considered that UPC should be included on its own as a projection to take forward into the modelling of objectively assessed need, it is considered that there is merit in looking at UPC when also considering longer-term trends.

3.41   This sensitivity projection therefore takes the outputs from the long-term (10-year) migration scenario and makes a further additional adjustment for UPC. For the purposes of analysis, it has been assumed that UPC is a one-off adjustment and takes account of the age/sex structure of UPC as shown by ONS (and replicated below). The analysis shows that UPC is heavily concentrated in younger age groups. This means that UPC might have a fairly modest impact on household growth as household representative rates in these age groups (as discussed later in this section) are lower than for older age cohorts. The negative level of UPC will however have some a downward impact on household growth when modelled.

Figure 3: Total Unattributable Population Change (2001-11) by Age – Guildford

Source: ONS

3.42   If UPC is attributed fully to an over-estimation of migration, as modelled in this scenario, population growth would be lower. The population would grow by 15,200 over the 2015-34 plan period (10.4%), equivalent to 0.5% per annum.
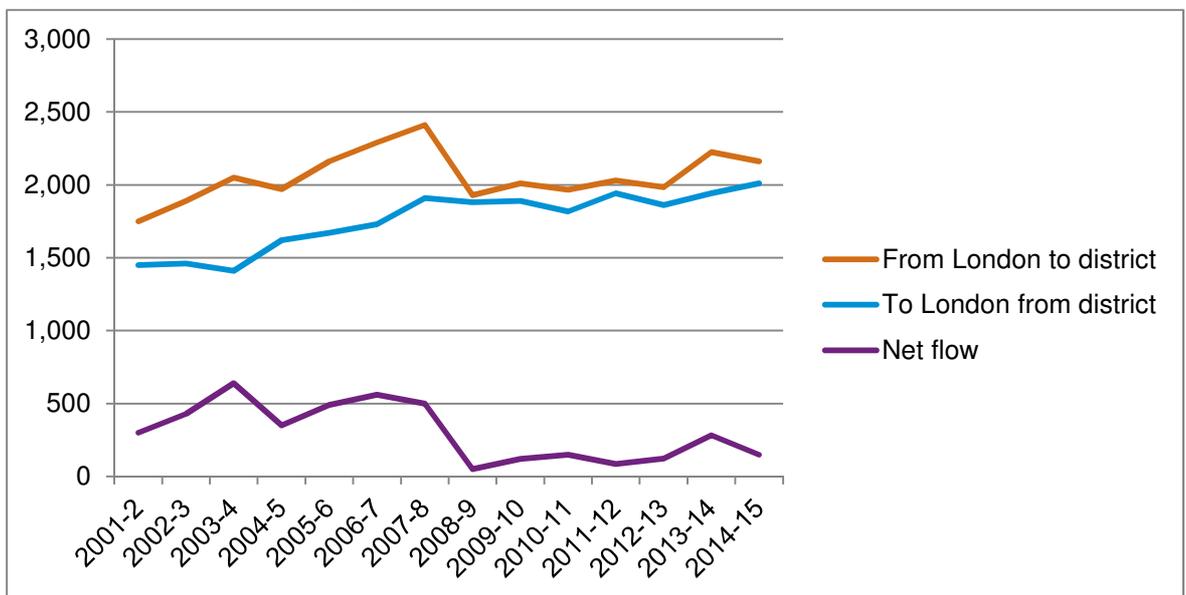
Migration Flows to/ from London

3.43   The 2015 SHMA Report included a sensitivity analysis considering the potential for higher out-migration from London, taking account of the GLA's 2014-based demographic projections which have fed into the current published London Plan.

3.44   The figure and table below shows migration flows to and from London and Guildford. The analysis shows that migration flows from London to Guildford increased in the period to 2007/8 but then saw a notable fall in 2008/9. In the period since, they have been relatively stable at around 2,100 persons per annum. Data for 2014-15 points to a similar flow of 2,010 persons. In respect of migration from Guildford to London, this increased between 2003-2008, but has since remained at a fairly stable level, around 1,900 persons per annum.

3.45   The relative stability in recent flows is notable and does not point to a basis for adjustments to the SNPP.

Figure 4:   Interrogating Migration flows between London and Guildford

Source: GLA/ONS

Table 6:   Migration to- and from- London and Guildford

	From London to district	To London from district	Net flow
2001-2	1,750	1,450	300
2002-3	1,890	1,460	430
2003-4	2,050	1,410	640
2004-5	1,970	1,620	350
2005-6	2,160	1,670	490
2006-7	2,290	1,730	560
2007-8	2,410	1,910	500
2008-9	1,930	1,880	50
2009-10	2,010	1,890	120
2010-11	1,967	1,818	149
2011-12	2,029	1,943	86
2012-13	1,984	1,862	122
2013-14	2,225	1,942	283
Pre-2008 average	2,074	1,607	467
SNPP average	2,043	1,891	152
Difference	-31	284	-315

Source: GLA/ONS

3.46   The evidence does not point to a particular 'recessionary influence' on migration flows or show an increase in net flows from London as the economy has recovered since 2012.

3.47   Since the preparation of the 2015 SHMA, the GLA has published new 2015-based demographic projections (the latest set published February 2017). Its central demographic scenario, which it recommends for strategic planning purposes, is based on 10 year migration trends. The 10 year trend scenario (adjusted for UPC) would be the equivalent demographic scenario to the GLA's population projections for London.

Comparison of Scenario Outputs for Population Growth

3.48   The population projections considered are summarised in Table 5 below. There is a broad similarity between the results for three of the projections – the 2014-based SNPP, rebased SNPP and 10 Year Trend Scenarios – which see population growth of between 21,650 – 22,400, a difference equivalent to 40 persons pa.

3.49   The scenario adjusted for UPC shows lower population growth. However for the reasons described above, the long-term scenarios should be considered together as a range. These show population growth of 15,200 – 22,400 persons (10.4 – 15.3%). The midpoint of these would see growth of 18,800 (12.9%).

3.50   For the reasons described, taking the extreme position that UPC could be fully attributed to an over-estimation of migration cannot be clearly explained and justified on the basis of established sources of robust evidence.

3.51

Table 7:   Projected population growth (2015-2034) – alternative scenarios – Guildford

	Population 2015	Population 2034	Change in population	% change
2014-based SNPP	145,473	167,126	21,652	14.9%
2014-based SNPP (+MYE)	146,080	168,091	22,011	15.1%
10-year migration	146,080	168,468	22,388	15.3%
10-year migration (+UPC)	146,080	161,295	15,215	10.4%

Source: Demographic projections

Appropriateness of Alternative Scenarios

3.52   Having developed a range of scenarios, it is worth briefly considering which are the most appropriate to use when taking the data forward into estimates of housing need. The 2014-based SNPP is the only projection that is directly linked to official projections and should therefore be given some credence. It is also the projection which is identified in the PPG as the starting point for the analysis of housing need. Adjusting this to take account of the 2015 Mid-Year Estimates is appropriate as it is not necessary to project population growth between 2014-15 as we have actual data; and the PPG outlines that consideration should be given to the latest population estimates information.[13]

3.53   Consideration of 10 year migration trends scenarios (with/ without UPC adjustments) is a reasonable alternative projection, supported by PAS Technical Advice. GL Hearn considers that these projections should be considered as a range, with a midpoint figure taken if necessary. Adjusting projections fully for UPC has been criticised by Planning Inspectors, and is an approach which has been rejected by ONS, and there is a lack of clear evidence that it can be fully attributed to an over-estimation of migration and to migration estimates over the period post 2005.

3.54   Overall, the modelling to follow continues to look at the four scenarios developed for the purposes of considering the demographic need for housing. The 2014 SNPP adjusted for the latest MYEs would however represent an equivalent projection to that from which the demographic conclusions in the 2015 West Surrey SHMA were derived.
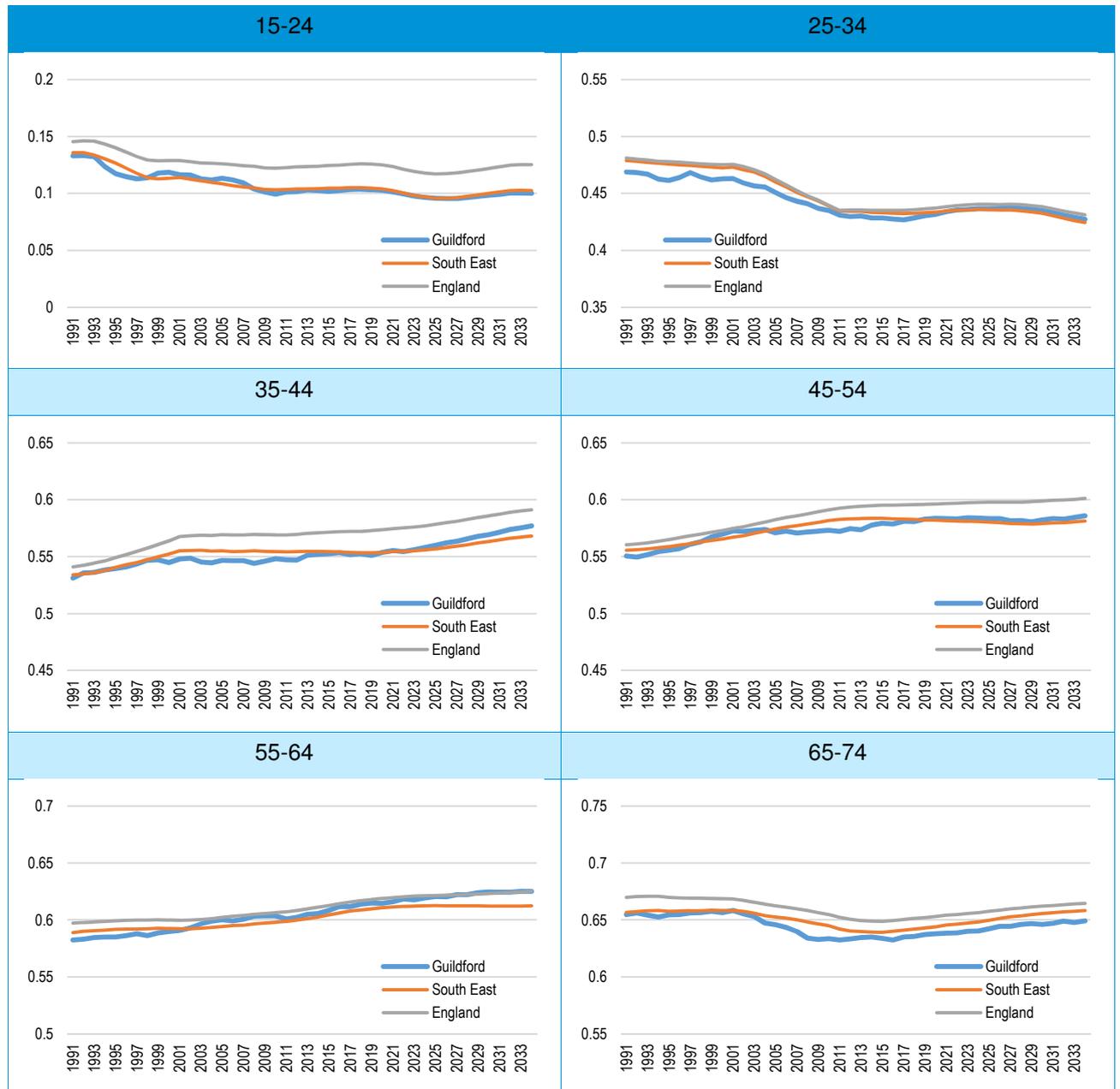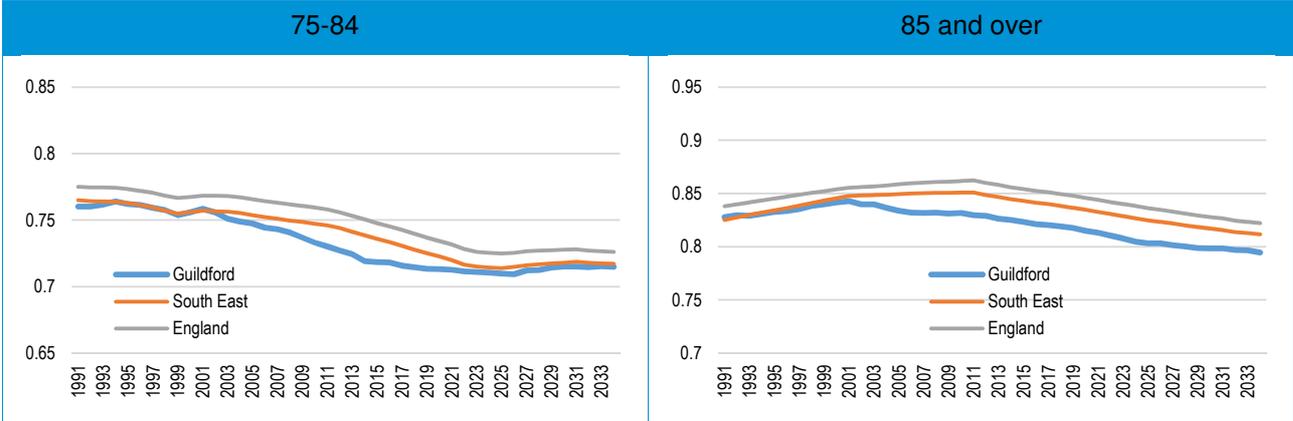
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[13] ID 2a-017-20140306

Household Formation Rates

3.55   To project growth in households, household representative rates (HRRs) are used. These describe the propensity of people by age/ sex to be a household reference person (a head of a household). The household projections are thus sensitive to how the population structure by age changes over time.

3.56   On the 12th June 2016, CLG published 2014-based Household Projections. These contain two sets of analyses. The Stage 1 household projections project HRRs based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups greater weight was given in the CLG projections methodology to the dampened logistical trend than the simple logistics trend; the effect of which is to give greater weight to the shorter-term trends.

3.57   The Stage 2 Household Projections consider household types. The methodology report accompanying the projections is clear that these projections are based on just two data points – from the 2001 and 2011 Census. Overall outputs on total household growth in the Stage 2 Projections are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 HRRs when modelled against different population projections (due to differences in the age structure).

3.58   The Stage 1 HRRs are taken forward in the analysis in this report. This is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and are thus influenced particularly by affordability trends in this period and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG Household Projections themselves. The analysis to follow therefore focuses on Stage 1 figures. This is the common practice amongst a range of practitioners in this field.

3.59   Figure 4 shows how household formation rates are expected to vary for different age groups and over time. It is evident that HRRs amongst households in their late 20s and early 30s fell slightly over the 2001-11 decade in Guildford Borough, as noted in the 2015 SHMA. The projections are however suggesting that this trend will level off, and there is no evidential basis for making a demographic adjustment to the household formation rates.

3.60   Household formation amongst those aged 15-24 fell between 1991-2011 and is likely to be influenced by a range of factors including increased participation in education and changes to the availability of housing benefit. The evidence does not point to any suppression of household formation which could be expected to be redressed over time.

3.61   In the 35-44 age group, there is a general increase in HRRs (even between 2001 and 2011); this indicates no suppression. Given the increase in the rate in this age group from 2011 to 2034, there is no realistic way that a suppression or constraint could be suggested.

3.62   The 2014-based household projections also expect HRRs amongst older age groups to fall over time. Given improving life expectancy this 'trend' looks to be reasonable, as it would be expected that more people would remain living as couples.

3.63   Figure 4 also shows a comparison between Guildford Borough, the South East region and England. Generally household formation rates in Guildford are at similar levels and with similar changes to equivalent data in other areas, although there are modest differences for some age groups.

Figure 5:   **Household Representative Rates by Age of Head of Household – Guildford**

75-84	85 and over

Source: Derived from CLG 2014-based Household Projections

3.64   The HRRs in the 2014-based CLG Household Projections should not be used uncritically. Planning Practice Guidance is clear that:

> "the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."[14]

3.65   Affordability issues have the potential to particularly influence household formation amongst younger households. Critically reviewing the trends in Figure 4 it is clear that the household formation rate amongst those aged 15-24 and 25-34 fell between 2001-11. The HRR for those 15-24 fell from 11.3% to 10.3% between 2001-11. For those aged 25-34 the HRR fell from 46.3% to 43.4% over the decade.

3.66   The 2015 SHMA concluded that this had been influenced at least in part by affordability issues affecting the ability of younger households to form. This is considered further alongside the analysis of market signals and affordable housing need in Section 5; however an increase in housing supply which resulted in an improvement in affordability could be expected to be manifest in an increased ability of younger households to form.

Housing Need

3.67   The analysis below brings together outputs in terms of household growth and housing need.

3.68   To convert households into dwellings, an uplift to take account of vacant and second homes is necessary; recognising that some vacancy is to be expected to allow movement within the housing

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[14] ID 2a-015-20140306

stock, such as when properties are repaired. This has been based on 2016 Council Tax data. This shows that the total number of dwellings is some 2.3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by around 2.3% to provide an estimate of housing need.

Table 8:   Allowance for Vacant and Second Homes – Guildford

	Guildford
Dwellings	57,640
Second Homes	331
Other vacant homes	983
Total vacant	1,314
Total occupied	56,326
Vacancy allowance	2.3%

Source: CLG (Council Tax data)

3.69   The analysis shows an overall housing need for 557 dwellings per annum across Guildford Borough when using the 2014-based SNPP as the underlying population projection. This figure increases slightly to 577 dpa when the assumptions are rebased to take account of the 2015 MYEs.

3.70   The 10 year migration projections show a need for between 521 – 584 dpa. The midpoint of this range would be a need for 552 dpa.

Table 9:   Projected housing need with 2014-based HRRs – Guildford Borough

	House-holds 2015	House-holds 2034	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	56,846	67,196	10,350	545	557
Rebased SNPP	57,138	67,844	10,706	563	577
10-year migration	57,138	67,987	10,849	571	584
10-year migration (+UPC)	57,138	66,817	9,679	509	521

Source: Demographic projections

Potential Brexit Impacts

3.70   One key question for this assessment is whether or not the United Kingdom leaving the European Union ('Brexit') will have any impact on future migration and population growth, and hence housing need, over the period to 2034. It should be stressed that the precise impact of Brexit on both migration and economic growth is clearly unknown and will be influenced by future Government policy (including immigration controls, trade deals/ relationships, tariff barriers etc.). The analysis which follows is therefore discursive, highlighting a series of issues.

3.71   One of the key parts of the Brexit 'pledge' is to reduce levels of immigration to the UK. Given that Brexit will impact on EU migration, an initial analysis considers trends in migration from EU

countries. The table below shows net migration to the UK from 2010 to 2015 (figures are all for the year to December). This shows an average net migration of about 250,000 people over the 2010-15 period; however this figure has been rising since 2012. The data also shows that an average of 40% of net migrants are from EU countries, and the remaining 60% from the rest of the World – the proportion of migrants from the EU has however been steadily rising over time.

3.72   This analysis would suggest that any reductions to EU migration will only impact on about two-fifths of the migrants seen to the UK in a typical year.

Table 10:   Net migration to the United Kingdom by Broad Location (2010-2015)

	British	EU (not-British)	All other	Total *	% EU (excluding British)
2010	-43,000	77,000	217,000	256,000	26%
2011	-70,000	82,000	204,000	205,000	29%
2012	-63,000	82,000	157,000	177,000	34%
2013	-57,000	123,000	142,000	209,000	46%
2014	-55,000	174,000	194,000	313,000	47%
2015	-40,000	184,000	189,000	334,000	49%
Average	-55,000	120,000	184,000	249,000	40%

Source: ONS (* totals do not exactly match the sum of the figures due to adjustments made by ONS as a result of 2011 Census data)

3.73   Data at a local authority level is difficult to obtain. Data in the table below shows that in 2010/11, Census data indicated that Guildford sees a lower proportion of EU in-migrants than was the case at a regional/ national level. This would suggest that the migration impact of Brexit might be less in the Borough than other locations (although it should be remembered that this data is only based on one year of information). It should be noted that these figures only cover in-migration and not net flows (as in the table above).

Table 11:   International in-migration (2011) – Census data

		EU in-migration	Non-EU in-migration	Total in-migration
Guildford	Population	1,040	1,739	2,779
	% of population	37%	63%	100%
South East	% of population	42%	58%	100%
England	% of population	42%	58%	100%

Source: Census 2011

3.74   The final issue to consider are the assumptions relating to international migration underpinning the latest (2014-based) ONS projections. This is important as this source drives assessments of need at a local level.

3.75   The table below shows that ONS were projecting net international migration to be around 329,000 in 2014/15 (a figure close to the actual estimated level in MYE). Moving forward they assume that net in-migration will reduce to 185,000 by 2020/21 (this figure is projected to remain constant

moving forward from that date). The 185,000 represents a 45% reduction on the 2015 net level and is 26% down on the 2010-15 average shown above. The projections thus already build in a significant reduction in net international migration to the UK in the short-term.

Table 12: Projected net migration – United Kingdom

Period	Projected net migration
2014/15	329,000
2015/16	256,000
2016/17	232,000
2017/18	226,000
2018/19	206,000
2019/20	196,000
2020/21	185,000

Source: 2014-based ONS national population projections

3.76 On the basis of this analysis that much of the international migration is not EU related and the fact that ONS are already projecting a reduction in international migration, there is no clear basis using established sources of robust evidence from which to state that ONS is over-estimating international migration. As the PPG outlines, the ONS / CLG official projections are based on statistically robust and nationally consistent assumptions.

3.77 At the present time, GL Hearn consider that using the latest official projections (including with adjustments such as 10-year migration trends) will provide the best estimates of future need. However, the figures should be kept under review, should there be any notable changes as a result of the UK leaving the EU. The next set of ONS projections to be produced (2016-based) will need to reflect a view about the impact of Brexit, and the Council should consider reviewing this evidence when it is released in line with a plan, monitor and manage approach. This can then feed in as appropriate to the next review of the Local Plan.

4   RELATING EMPLOYMENT GROWTH AND HOUSING NEED

4.1   Planning Practice Guidance requires local planning authorities to assess the likely change in job numbers based on past trends and/or economic forecasts, and have regard to the growth in the working-age population. It outlines that where workforce growth is less than projected jobs growth, this could lead to unsustainable commuting patterns and affect the resilience of local businesses, and plan-makers should therefore consider how the location of housing and/or infrastructure development can help to address these problems.

4.2   The interaction between economic growth and housing need is complex, and will be influenced by improvements to productivity; the proportion of people who hold down more than one job, changes in economic participation, including through reductions in unemployment and trends towards increased women and older people in the workforce; together with changes to commuting flows. For the purposes of establishing housing need, Planning Practice Guidance however requires consideration of how economic growth may influence housing need.

Scale of Employment Growth Expected

4.3   The Council has commissioned AECOM to update its assessment of the scale of employment growth which can be expected, to inform this SHMA Addendum and the Council's employment land evidence base. This update has considered the latest econometric forecasts available at the time of preparation, and covers the updated time period 2015-34.

4.4   AECOM has taken forecasts from the three main companies which produce local authority level economic forecasts. The versions of these used are as follows:

- Oxford Economics – November 2016
- Cambridge Econometrics – December 2016
- Experian – December 2016

4.5   The three data providers' projections indicate that Guildford's workplace employment is anticipated to grow within the range of 0.5% to 0.9% per annum between 2015 and 2034, with an average rate of 0.7% per annum. Assuming each projection is valid, the average rate of change in employment is deemed to be the most suitable rate of growth to apply to determine the net additional workplace employment arising.

4.6   The change in workplace employment between 2015-2034 in the Borough was calculated by AECOM using two steps:

- First, an estimate of workplace employment in Guildford Borough for the year 2015 is required. Aggregating ONS' Business Register Employment Survey (BRES) data at a four-digit standard industrial classification (SIC) level provides an estimate of employment across all sectors in Guildford of 78,177. BRES is a survey and typically underestimates employment. This underestimate can be resolved by applying an adjustment factor calculated using the regional Workforce Jobs series. Applying an adjustment to each SIC division to align with the regional seasonally adjusted Workforce Jobs series for September 2015[15] provides an estimate of 91,528 jobs.
- Second, the average compound annual growth rate (CAGR) of the three workplace projections to estimate the additional workplace employment across each of the three scenarios.

4.7   From this approach AECOM calculate that workplace employment in Guildford between 2015 and 2034 is anticipated to grow by 12,893. This represents a reduction of 4,845 net additional jobs from the previous version of this calculation (17,738) issued in August 2015, although over a shorter timeframe. Rounded, expected jobs growth is of 12,900 jobs over the 2015-34 plan period.

Growth in the Resident Labour Force

4.8   The report next moves on to consider how the resident labour force in the Borough might change. Past trends indicate a growing number of older people and women in work. Moving forward, people are living longer and Government has also legislated to incrementally increase State Pension Age. Nonetheless predicting how economic participation amongst different groups within the population might change is not an exact science.

4.9   GL Hearn's approach has been to interrogate and triangulate projections for changes in economic participation from a number of sources. We have considered assumptions by the main forecasting houses, together with the Office for Budget Responsibility (OBR) in its Fiscal Sustainability Report.[16] Within this, our analysis shows that Experian's assumptions regarding participation rates typically sit within the middle of the range of outcomes, Oxford Economics showing some of the highest; with the lowest improvements shown by the OBR. This in particular reflects an assumption in their modelling that economic participation for males aged under 59, as well as for women under 39, will fall moving forwards. This reflects age cohort effects which are assumed in the OBR modelling but is in clear contrast to past trends, and does not seem particularly realistic.

4.10   To reflect the uncertainties associated with how economic participation might change, we have run three scenarios.

4.11   The first scenario takes the OBR assumptions on changes in age and sex-specific economic activity rates nationally, and adjusts these where a group is projected to see a decline by holding constant the rate on a year-by-year basis. The rates are then adjusted to be consistent with local data for

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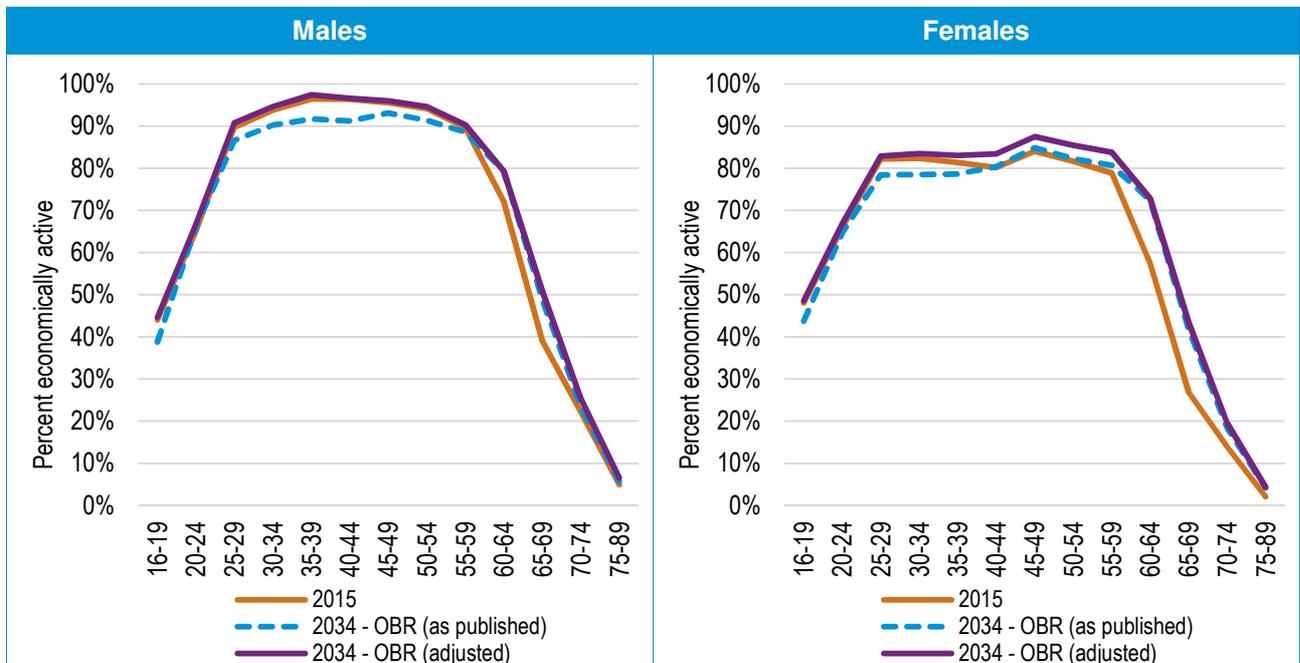[15] Taken to be the seasonally adjusted value for September 2015, the same month as the BRES estimates.
[16] OBR July 2015 Fiscal Sustainability Report

economic activity from the 2011 Census. The age/ sex specific improvements implied by the OBR are then applied to the local 2011 Census baseline.

4.12   The analysis builds in reductions in employment seen between 2011-15. The unemployment rate in Guildford stood at 3.4% in Guildford in 2015 (2,500 persons), compared to 5.3% nationally. The modelling assumes that this represents close to full employment, and therefore does not build in any further reduction to unemployment.

4.13   Within this scenario, the greatest improvements in economic participation are expected to be those in their 60s (60-69), taking account of changes in the demographic structure and increasing pensionable age. The age and sex-specific changes are shown in Figure 5 below.

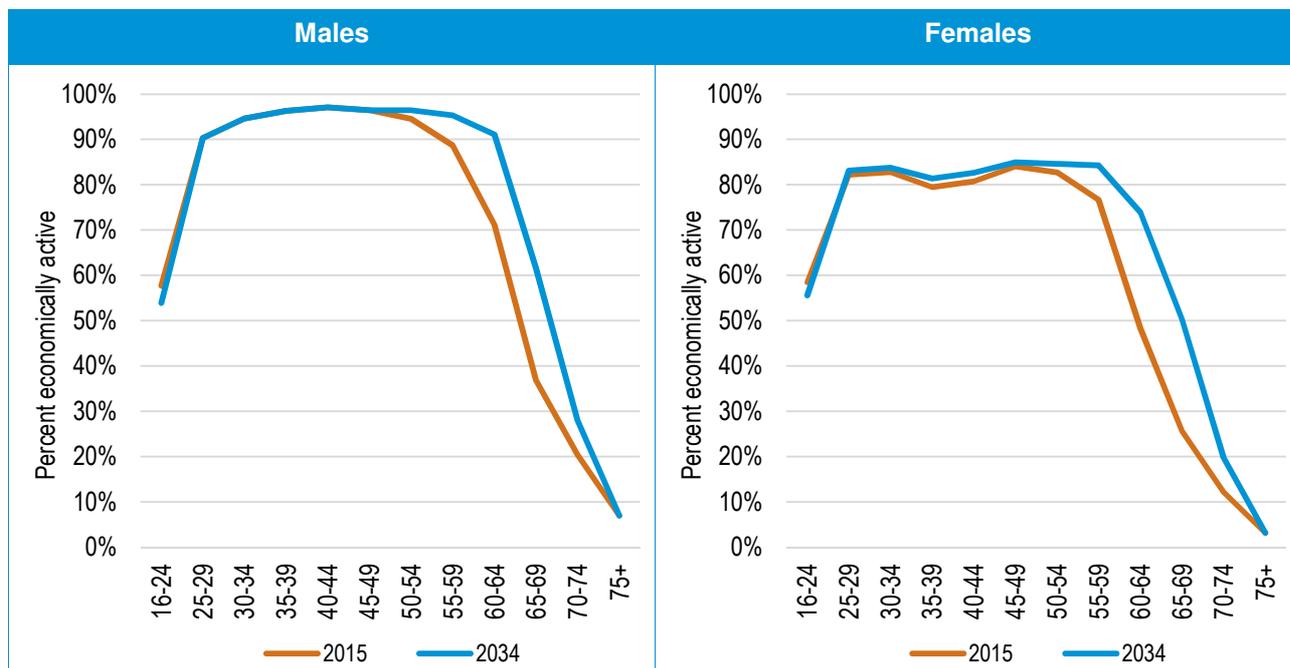**Figure 6:   Modelled Changes to Economic Activity Rates in Guildford – OBR Method**

Source: Based on OBR and Census (2011) data

4.14   The second scenario takes Experian's assumptions on changes in economic activity rates by age and sex.[17] The figure below shows how participation rates are forecast to change by age and sex; as with previous analysis, the key changes are increases in rates for older age groups. Again, in line with previous analysis the data has been rebased for actual data in Guildford. This makes more positive assumptions on improvements in economic participation in Guildford amongst older residents.

Figure 7:   Projected changes to economic activity rates (2015 and 2034) – Guildford (Experian-based)

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[17] Neither Oxford Economics nor Cambridge Econometrics provide an equivalent detailed set of assumptions on changes to economic participation

Source: Based on OBR and Census (2011) data

4.15   The third scenario remodels changes in employment rates based on the assumptions in the 2015 West Surrey SHMA. The assumptions made within this Study are replicated below. The SHMA assumed more gradual changes to unemployment, and as a result say more positive improvements in economic participation post 2015 than the scenario above.

4.16   It should be noted that Table 12 considers 'employment rates' whereas the chart above considers 'economic activity rates.' The latter will typically be higher because there are some unemployed persons who are economically active.

Table 13:   Modelled Changes to Employment Rates in Guildford – SHMA Method

	Male		Female	
	2015	2034	2015	2034
16-24	48.1%	48.1%	50.9%	50.9%
25-34	86.8%	87.0%	79.9%	86.1%
35-49	92.5%	93.5%	79.4%	85.3%
50-64	82.2%	87.0%	70.3%	80.6%
65+	21.6%	23.7%	12.5%	15.1%

Source: SHMA

4.17   Applying the age/ sex specific assumptions on economic activity rates to the population projections, it is possible to estimate the overall change in the number of economically active people in the Borough. Applying the adjusted OBR economic activity rates, the 2014-based SNPP would see an increase in the resident workforce of around 11,000 people (14%) between 2015-34. The ten year migration scenarios would see workforce growth of between 7,600 – 11,600 persons.

Table 14: **Estimated Resident Workforce Growth for Demographic-led Scenarios with Adjusted OBR Economic Activity Rates – Guildford**

	Economically active (2015)	Economically active (2034)	Total change in economically active	% change
2014-based SNPP	79,444	90,423	10,979	13.8%
Rebased SNPP	80,022	91,053	11,031	13.8%
10-year migration	80,022	91,628	11,606	14.5%
10-year migration (+UPC)	80,022	87,588	7,566	9.5%

Source: Demographic Modelling

4.18 If the Experian based rates are used, the estimated changes to the employed population are slightly higher (700-800 higher depending on the scenario); as shown in the table below.

Table 15: **Estimated change to the economically active population (2015-34) – Guildford – Experian based economic activity rates**

	Economically active (2015)	Economically active (2034)	Total change in economically active	% change
2014-based SNPP	79,081	90,807	11,726	14.8%
Rebased SNPP	79,633	91,421	11,788	14.8%
10-year migration	79,633	91,922	12,290	15.4%
10-year migration (+UPC)	79,633	88,022	8,389	10.5%

Source: Demographic Modelling

4.19 If the SHMA employment rates are used, the estimated changes to the employed population are higher still (1,400-1,600 higher than OBR and 600-800 higher than Experian, depending on the scenario). However these figures do include assumptions about further changes to unemployment; from 2013 to 2015 (2013 being the base date of the previous SHMA analysis), the number of people unemployed in Guildford reduced by around 900-1,000 people. If this is considered then there is arguably little difference between the OBR (adjusted) or Experian and SHMA assumptions when looking at labour supply growth.

Table 16: **Estimated Resident Workforce Growth for Demographic-led Scenarios with SHMA Employment Rates – Guildford**

	Employed (2015)	Employed (2034)	Total change in employed	% change
2014-based SNPP	75,251	87,612	12,361	16.4%
Rebased SNPP	75,743	88,241	12,498	16.5%
10-year migration	75,743	88,759	13,016	17.2%
10-year migration (+UPC)	75,743	84,913	9,169	12.1%

Source: Demographic Modelling

Commuting Patterns and Double Jobbing

4.20   To consider what level of housing provision might be needed to support the expected employment growth over the 2015-34 plan period it is necessary to take account of double jobbing – as some people may have more than one job – and commuting patterns.

4.21   The 2011 Census, which provides the most comprehensive data on commuting patterns, indicated that there was a net level of in-commuting to Guildford to work, with the number of people resident in the area who are working being about 10% lower than the total number who work in the Borough. Net in-commuting is common for larger employment centres.
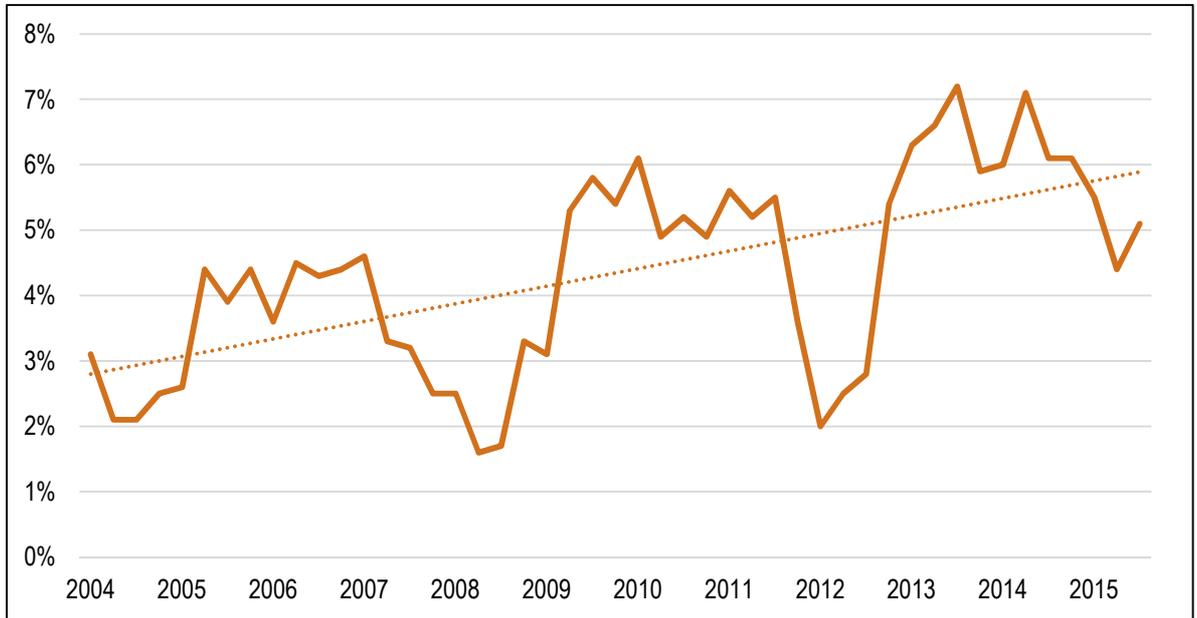
Table 17:   Commuting Patterns in Guildford (2011)

	Guildford
Live and work in LA	24,820
Home workers	9,325
No fixed workplace	5,677
In-commute	38,489
Out-commute	30,678
Total working in LA	78,311
Total living in LA (and working)	70,500
Commuting ratio	0.90

Source: 2011 Census

4.22   The economic-led scenarios assume that the commuting ratio of 0.9 is held constant. This is a standard assumption for assessments of housing need such as this. This means that 10% of additional jobs are supported by in-commuters to the Borough.

4.23   The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (APS) indicates that across the Borough typically between about 3% and 6% of workers have a second job. Reflecting the variability of the survey data on double jobbing from the APS, as shown in Figure 6 below, an average figure is taken looking back to 2004.

Figure 8: Percentage of all people in employment who have a second job (2004-2016) – Guildford

Source: Annual Population Survey (from NOMIS)

4.24   The 4.3% assumption is potentially conservative given that there is some upward trend shown in the historical data.

4.25   A double jobbing figure of 4.3% gives rise to a ratio of 0.957 (i.e. the number of jobs supported by the workforce will be 4.3% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Jobs supported by Demographic-led Scenarios

4.26   Table 17 shows how many additional jobs might be supported by population growth under each of the core demographic-led scenarios. The 2014-based SNPP scenarios would support between 12,700 – 12,800 jobs (rounded to the nearest 100); whilst the 10 year trend scenarios would support between 8,800 – 13,500 jobs.

4.27   With employment growth of 12,900 expected over the 2015-34 plan period, it is clear that the economy could be expected to support higher in-migration than is modelled in the 10 year scenario adjusted for UPC; and modestly above the level shown in the SNPP-based scenarios.

Table 18:   Estimated change to the economically active population (2015-34) – Guildford

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2014-based SNPP	10,979	12,195	12,749
Rebased SNPP	11,031	12,253	12,809
10-year migration	11,606	12,892	13,477
10-year migration (+UPC)	7,566	8,404	8,786

Source: Demographic modelling

Economic-led Scenarios for Housing Need

4.28   Our team has also modelled what level of housing provision would be needed, based on the above modelling assumptions, to support the expected level of economic growth. In doing so we adjust migration to match the increase in the economically active population to the increase in the resident workforce required.

4.29   The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). Once the level of economically active population matches the job growth forecast, the age and sex specific headship rate scenarios together with an allowance for vacant/second homes is used to calculate the associated household growth and housing need.

4.30   The first step is to calculate the growth in labour supply needed to support the expected employment growth. This calculation is shown in Table 18 below.

Table 19:   Resident Workforce Growth required to support Forecast Employment Growth in Guildford, 2015-34

	Guildford
Number of jobs (2015-34)	12,893
Commuting ratio	0.90
Number of jobs filled by local residents	11,607
Double jobbing allowance	0.96
Change in resident workforce (2015-36)	11,103

4.31   Applying these assumptions, the modelling identifies that between 555 - 584 homes per annum over the 2015-34 period would be required to support expected employment growth (12,900 jobs). This is based on headship rates in the 2014-based Household Projections.

Table 20:   Housing Need to support Forecast Jobs Growth in Guildford, 2015-34

Economic Participation Assumptions	Households 2015	Households 2034	Change in households	Per annum	Dwellings (per annum)
OBR Adjusted	57,138	67,887	10,749	566	579
Experian	57,138	67,435	10,296	542	555
SHMA	57,138	67,984	10,845	571	584

Source: Demographic Modelling

4.32   In drawing conclusions it is sensible to take the middle scenario from the range shown, in particular given the significant degree to which the Experian assumptions are reliant on increasing numbers of older persons in work. This results in an economic-led need for 579 dpa. This is close to the higher end of the range shown by the demographic-led projections and analysis of recent demographic trends.

5   AFFORDABLE HOUSING NEED AND MARKET SIGNALS

5.1   Planning Practice Guidance outlines that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals, as well as other indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national average may well indicate particular market undersupply relative to demand.[18] It indicates that a worsening trend in market signals will require an upward adjustment to planned housing numbers based solely on household projections (i.e. the demographic-based need for housing). It cautions against volatility in some indicators, and promotes comparative analysis of long-term trends (in terms of absolute and relative changes) against the housing market area, similar demographic/ economic areas, and national trends. It goes on to outline that:

> *"The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (eg the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be. Market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period."[19]*

5.2   The emphasis in national policy is on planning positively to improve affordability.

5.3   The Guidance also requires consideration of the need for affordable housing. It outlines that once the affordable housing need has been calculated,

> *"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."[20]*

5.4   Whilst some care is needed in interpreting the outputs of the affordable housing needs analysis, which uses a different methodology to the demographic projections and other elements of the calculation of housing need, it is clear that there is a need to consider whether the OAN provision should be adjusted upwards to improve affordability.

5.5   GL Hearn recognises that any upwards adjustments from the demographic need will deliver both additional market and affordable housing; and that the affordability of market housing is an input to the calculation of the affordable housing need. An improvement in the affordability of market

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[18] ID 2a-019-20140306
[19] ID 2a-020-20140306
[20] ID 2a-029-20140306

housing would thus reduce the scale of affordable housing need. Given these relationships it is sensible to consider the affordable housing need and market signals alongside one another.

Affordable Housing Need

5.6   An updated assessment of the need for affordable housing has been undertaken following the methodology set out in Planning Practice Guidance. The assessment considers the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (without financial support). The calculation involves adding together the current unmet housing need and projected future housing need and subtracting this from the current stock of affordable housing.[21]

5.7   The affordable housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet affordable housing need. Given the range of data available, a base date of 2016 is used. However, for the purposes of consistency the demographic projections, data is presented as per annum data for the period 2015-34.

5.8   A full assessment of affordable housing need was set out in the 2015 West Surrey SHMA. This Addendum has sought to selectively update key variables where new information is available, the main additional information considered being:

- Housing costs – drawing on VOA Private Rental Market Statistics for the 12-month period to September 2016. Lower quartile rents are considered;
- Incomes – taking account of new data in particular from the 2016 Annual Survey of Hours and Earnings to update modelling of household incomes;
- Newly-Forming Households – this is a direct output of the demographic modelling, and has therefore been updated to take account of the analysis in this report;
- Supply of Affordable Housing – supply through relets of existing properties has been recalculated using Continuous Recording of Lettings data (CoRe) up to 2016

5.9   Other more minor changes have been made; for example estimates of the current need for affordable housing have been updated but this does not substantially change the figures. The text below therefore discusses the main updating undertaken in the assessment.

5.10   The assessment draws on a number of sources of information including Census data, demographic projections, house prices/rents and income information. It uses a range of secondary data sources, consistent with advice in the PPG which outlines that '*plan makers should avoid expending significant resources on primary research ... as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data*

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[21] ID 2a-022-20140306

*(e.g. Census, national surveys) to inform their assessment which are identified within the guidance".[22]*The modelling herein should be read alongside the 2015 SHMA report which provides a detailed description of the methodology used.

Updated Inputs to the Affordable Housing Modelling

Entry-Level Housing Costs

5.11   Lower quartile private rental costs represent entry-level market housing costs, and are appraised in the modelling against household incomes to establish the proportion of households who require support to meet their housing need. Lower quartile rental costs over the year to September 2016 are shown below. The average rental cost of £900 per month is £40 (5%) higher based on the latest data than was shown in the 2015 SHMA. Increases are seen for all dwelling sizes apart from room only.

Table 21:   Lower Quartile Private Rental Costs – Guildford Borough

	Year to September 2016	Year to March 2015
Room only	£370	£400
Studio	£650	£625
1 bedroom	£825	£775
2 bedrooms	£1,027	£995
3 bedrooms	£1,250	£1,195
4+ bedrooms	£1,800	£1,500
All dwellings	£900	£860

Source: Valuation Office Agency (2016)

5.12   A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. Consistent to the 2015 SHMA, this report assumes households will pay up to 30% of gross income on housing costs.

Household Incomes

5.13   An updated income distribution has been modelled using ONS modelled income estimates at MSOA level, data from the English Housing Survey regarding the distribution of incomes, and from the Annual Survey of Hours and Earnings (ASHE) which has been used to track income growth since the ONS base date in 2011. On this basis the mean household income in the Borough is estimated as £52,995, which is 0.6% higher than the £52,681 figure for 2014 used in the 2015 SHMA.

5.14   The distribution of household incomes has been modelled for households with a current need, newly-forming households and existing households falling into need and compared to entry-level

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[22] D 2a-014-20140306

private sector housing costs in assessing affordability. This is undertaken on a consistent basis to the 2015 SHMA.

Gross Newly-forming Households

5.15   The number of gross newly-forming households aged under 45 has been modelled, considering the number of households in five year bands compared to the numbers in the age band below five years previously. This differs from numbers presented in the demographic projections which are for net household growth. Using the updated demographic projections (2014-based SNPP), the number of newly-forming households is expected to be 4% higher.

Table 22:   Newly-forming Households per Annum

	This Addendum	2015 SHMA
Guildford	1,202	1,151

Source: Demographic projections

Supply through Relets of Existing Stock

5.16   Updated data from CoRE over the 2013-16 period has been used to recalculate the supply of affordable housing, through turnover of existing stock. The supply figure in this assessment is slightly higher to that in previous analysis, reflecting a higher average number of lettings in the 2013-16 period compared with 2012-14.

Table 23:   Estimated Supply of Social/ Affordable Rent Relets (per annum)

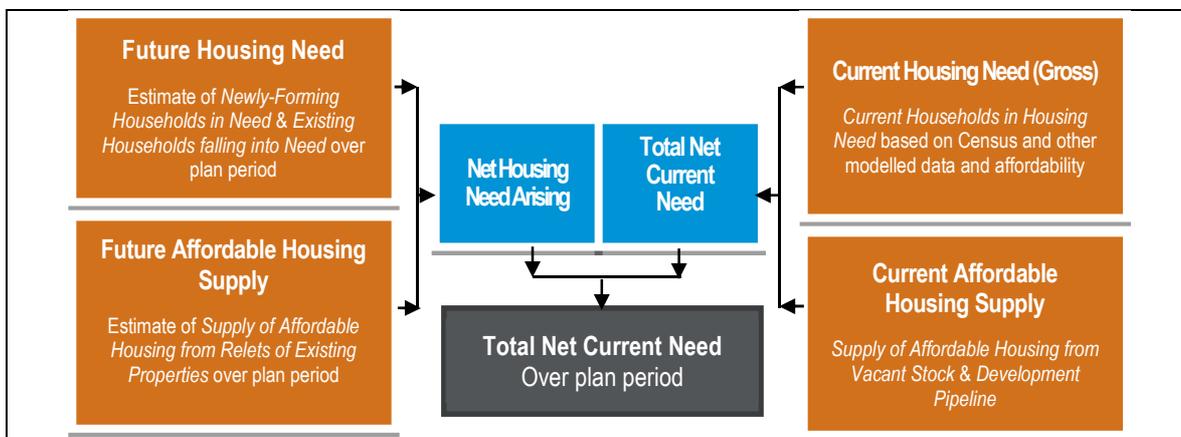|	This Addendum	2015 SHMA
Guildford	392	370

Source: CoRe

5.17   In addition to this, there is an annual supply of 15 dwellings through resales of intermediate housing (largely shared ownership) as set out in the 2015 SHMA.

Affordable Housing Needs Assessment

5.18   Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in the figure below.

Figure 9:   Overview of Affordable Housing Needs Assessment Model

5.19   Table 23 calculates the resultant affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting current affordable housing need over the 19-year period from 2015 to 2034 to provide annualised figures which can be compared to the demographic projections. Inevitably there will be flows on and off the housing register year-on-year.

5.20   The updated assessment indicates that 517 households per annum require support in meeting their housing need. This is higher than assessed in the 2015 SHMA, reflecting higher new household formation shown in the updated demographic analysis together with evidence that lower quartile rental growth has exceeded growth in incomes, meaning a higher proportion of households fall into affordable housing need.

Table 24:   Affordable Housing Need (per Annum)

	This Addendum	**2015 SHMA**
Current need	60	66
Newly forming households	639	589
Existing households falling into need	225	209
Total Need	924	863
Supply from existing stock	407	385
Net Need	517	478

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

Interpreting the Affordable Housing Needs Evidence

5.21   Planning Practice Guidance sets out that the affordable housing need should be expressed as annual figure. It goes on to outline that:

> "The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led

developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."

5.22   Policy H2 in the Proposed Submission Local Plan sought at least 40% affordable housing on sites over the defined size threshold. In addition affordable housing was expected to be delivered on development sites owned by Registered Providers and on public sector land, with the potential that these sites could deliver higher levels of affordable housing provision. Policy H3 made provision for rural exception site development, and it is relevant that there is a Surrey Rural Housing Enabler and over half of the parishes in the Borough have a local housing needs survey. Whilst some sites may not deliver policy-compliant levels of affordable housing (as a function of scheme viability), it is reasonable to consider that 40% of housing could be delivered as affordable for the purposes of following the advice set out in the PPG as above.

5.23   With 40% affordable housing delivery, notionally 1,293 homes would be required to deliver the affordable housing need in full. This is almost double the level of housing provision arising from the demographic projections. Consistent with the findings of the 2015 SHMA, this is an unrealistic level of housing provision.

5.24   Whilst the affordable housing need calculations provide part of the evidence base on the need for housing in the Borough, as the 2015 SHMA set out, the figures need to be treated with caution. The affordable housing needs calculation includes supply-side factors, and considers needs arising from not just newly arising but existing households, who if they moved would release a property for another households. Within the calculation it is only concealed and homeless households who would need additional housing overall.

5.25   There have been a number of legal judgements which have addressed how affordable housing need should be considered in drawing conclusions on the objectively assessed housing need (OAN). Satnam Millennium v Warrington BC (Feb 2015) has identified that it is a consideration in drawing conclusions on the OAN. A subsequent case in Oadby and Wigston reaffirmed this.

5.26   In Kings Lynn & West Norfolk v Elm Park Holdings, Mr Justice Dove set out the following (interpreting Paragraph 159 in the NPPF):

> *"In terms of the first element of the assessment in the first of the sub-bullet points in paragraph 159, namely meeting household and population projections taking account of migration and demographic change, the PPG illustrates that this is a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgment about trends and the interpretation and application of the empirical material available. These judgments will arise for instance in relation to whether, for example, adjustments for local demography or household formation rates are required (see paragraph ID 2a-014–20140306), and the extent and nature of adjustments for market signals (see paragraph ID 2aa-018–20140306). Judgment will further be involved in taking account of economic projections in undertaking this exercise.*

At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing as well as different forms of housing required to meet the needs of all parts of the community. Again, the PPG provides guidance as to how this stage of the assessment should be conducted, including in some detail how the gross unmet need for affordable housing should be calculated. The Framework makes clear these needs should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed. It is no doubt for this reason that the PPG observes at paragraph ID 2a-208–20140306 as follows:

> *i. "The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes."*

This consideration of an increase to help deliver the required number of affordable homes, rather than an instruction that the requirement be met in total, is consistent with the policy in paragraph 159 of the Framework requiring that the SHMA "addresses" these needs in determining the FOAN. They should have an important influence increasing the derived FOAN since they are significant factors in providing for housing needs within an area.

5.27 A further subsequent case, *Jelson Ltd v SSCLG & Hinckley & Bosworth BC*, has reaffirmed that the OAN should not be set simply by looking at the affordable need and potential affordable housing delivery.

5.28 Following the logic set out by Mr Justice Dove in the Kings Lynn case above, the scale of affordable housing need is such that it does provide a clear basis for considering an upward adjustment to the assessed housing need relative to those based on the demographic-led projections. As we have set out, it however makes sense to consider this alongside the market signals needs evidence, which the report turns to next.

Market Signals

5.29 The 2015 SHMA provided an assessment of market signals in 2015, the base date of the plan period. It included an analysis of market signals identified in the Planning Practice Guidance, including analysis of comparative trends. Its core findings were as follows:

• Median house prices in Guildford in 2014 (£345,000) were in line with the HMA average, but above average relative to the South East region more widely. House prices had grown relatively strongly (in absolute and relative terms) over the pre-recession decade, but Guildford had seen weaker relative growth compared to other parts of the HMA between Q3 2007 – mid 2013, and indeed over this period house prices in the Borough had fallen in relative terms. Sales volumes in 2014 were below long-term trends.

- Rental costs in the Borough were the highest of the three HMA authorities, averaging a significant £1,150 per month. Rental growth between 2011 – 2014 had, at 7.7%, been marginally above the South East average, and above that in the other HMA authorities, but less than in some other parts of Surrey.
- Relative to incomes housing costs in the Borough are high. The SHMA identified that lower quartile house prices were 10.9 times earnings, with a median ratio of 10.4. Whilst this was similar to the average across Surrey, and lower than in Waverley and Woking; it was above the South East average and high relative to many other parts of the Country.
- An analysis of past housing provision pointed to a shortfall in housing provision of 419 dwellings over the 2011-15 period in the Borough, indicating that delivery had fallen 9.3% below planned supply.
- The analysis also showed some real impacts of a decline in affordability between 2001-11, with a shift in the tenure profile with growing private renting and a decline in the number of owner-occupying households in the Borough. It showed that there had been an increase in over-occupied homes (+ 613, 19%) between 2001-11, as well as HMOs (+265, 10%), albeit that in both cases this was a rate of increase below wider benchmarks, and the report was clear that the growth in these indicators is likely to have been affected, at least in part, by growth in students living in households within the Borough.

5.30   In this report we have sought to provide an updated assessment of market signals, updating the analysis where new data has become available. We also consider data now published on residential land values, which is one of the market signals identified in the PPG.

Residential Land Values

5.31   The PPG sets out that land values reflect the supply/demand balance for land. It outlines that price premiums provide direct information on the shortage of land in an area.[23] The latest available comprehensive data points to residential land values in Guildford which are 16% above the HMA average, almost double the South East average, and well above the national average outside of London. This points to a shortage of residential land and a need to boost supply relative to historic delivery.

Figure 10: Residential Land Values, 2015

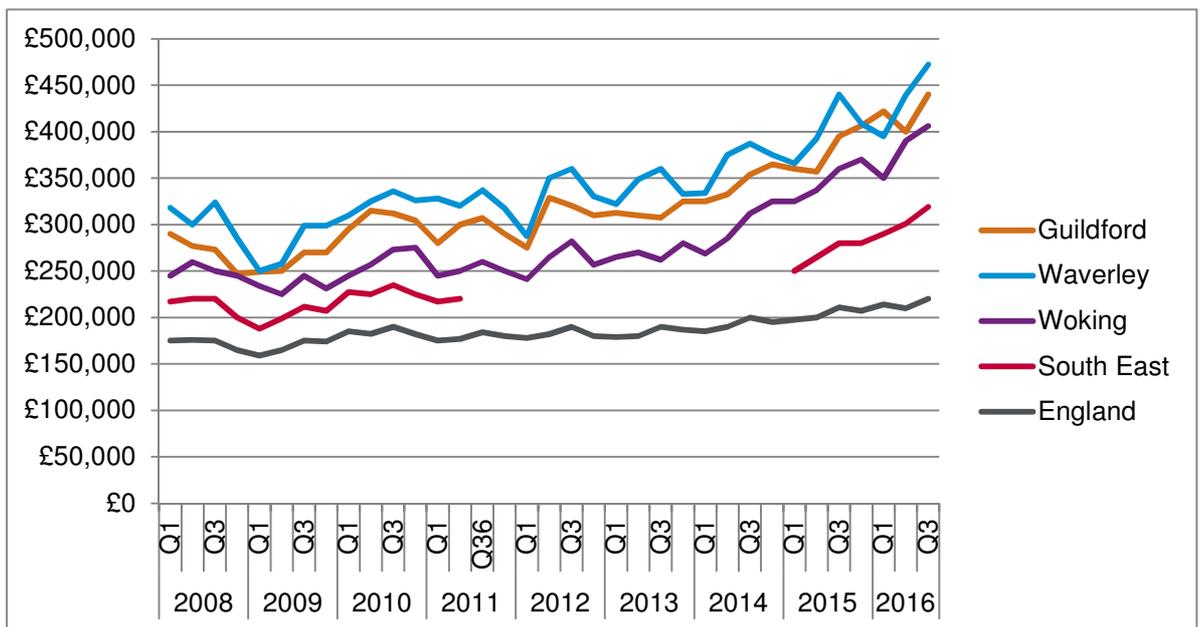|	Residential Land Value per Ha
Guildford	£7,145,000
Waverley	£4,905,000
Woking	£6,500,000
HMA Authorities Average	£6,183,333
South East	£3,600,000
England (excl. London)	£2,100,000
England	£6,900,000

Source: CLG Land Values for Policy Appraisal, Dec 2015

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[23] ID 2a-019-20140306

House Price Trends

5.32   Sales activity and housing market confidence has improved over the period since 2013, supported by improved economic confidence and in part policy measures to support the housing market such as the Help-to-Buy scheme. Figure 9 shows house price trends over the period since 2008 (this market cycle). It is clear that house price growth has accelerated in the Borough since mid-2013, consistent with trends across the HMA/ region.

Figure 11: Median House Price, 2008-16

Source: GLH analysis of HM Land Registry & CLG data

5.33   Table 24 shows percentage house price growth per annum historically over various time periods. House price growth in the West Surrey HMA has been above the regional and national averages in the longer-term (over 10 and 15 years). Prices in the Borough have however grown slightly more modestly than in Woking and Waverley over the last 15 years (2001-16), however over the last five years prices have grown by 7.5% pa compared to 7.0% in Waverley and 9.3% pa in Woking.

Table 25:   Percentage Annual House Price Growth

	1 Year	5 Year	10 Year	15 Year
Guildford	11.4%	7.5%	5.4%	4.0%
Waverley	7.4%	7.0%	4.9%	4.3%
Woking	12.8%	9.3%	5.6%	4.3%
South East	13.9%	-	4.3%	3.4%
England	4.3%	3.6%	2.4%	2.1%

Source: GLH analysis of HM Land Registry Price Paid/ CLG House Price data

5.34   Considering absolute house price increases, prices have grown by an average of £16,000 per annum over the last 15 years; but with growth of £26,600 pa over the last five years and a substantial £45,000 over the last year. In the longer-term over a 10 or 15 year period, price growth has significantly exceeded that seen at a regional or national level pointing to a local supply/demand imbalance.
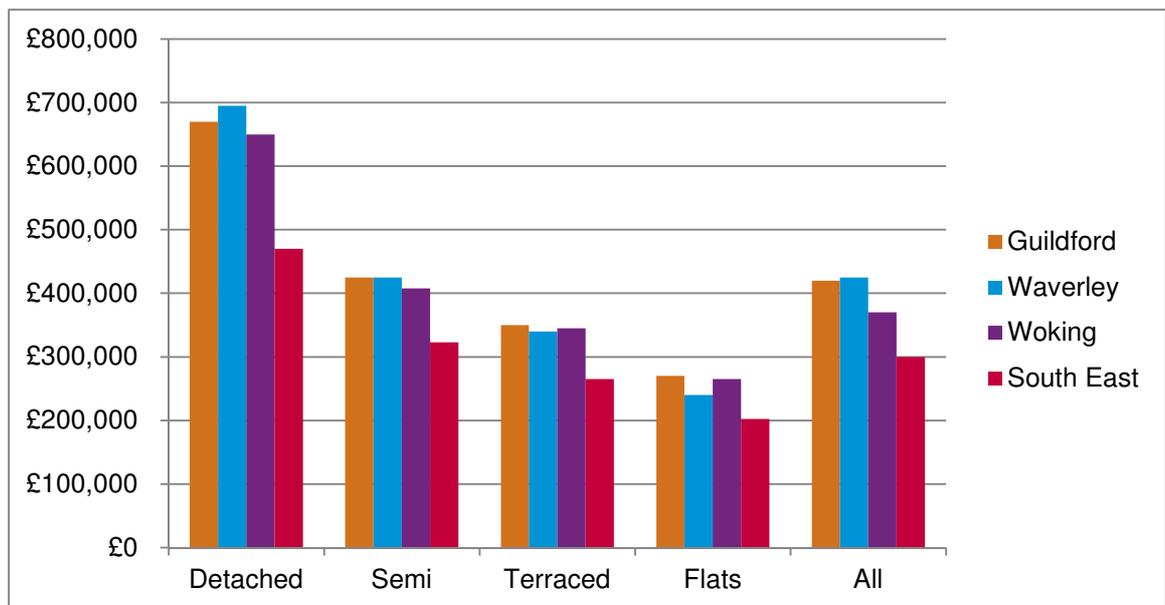
Table 26:   Absolute Annual House Price Growth

	1 Year	5 Years	10 Year	15 Year
Guildford	£45,000	£26,600	£18,000	£16,000
Waverley	£32,500	£27,100	£17,850	£16,833
Woking	£46,000	£29,200	£17,050	£14,667
South East	£39,000	£63,800	£10,900	£10,937
England	£9,000	£7,200	£4,650	£6,667

Source: GLH analysis of HM Land Registry Price Paid/ CLG House Price data

5.35   Median house prices are influenced by the mix of properties sold. Benchmarking house prices by type, prices across the West Surrey HMA are above the regional average. There are relatively modest differences in prices for comparable products across the three HMA authorities, as Figure 11 shows. The analysis highlights that prices across the HMA are relatively high in a regional context, which is likely to reflect the area's quality of life offer, economic dynamism and connectivity to London.

Figure 12: Median House Price by Property Type, 2016

Source: GLH analysis of HM Land Registry Price Paid

5.36   Turning to look at the rental sector, median rents (over the year to March 2016) were £1,150 per month in Guildford. This is 36% above the South East average and points to strong rental demand. It is however consistent with the findings of the 2015 SHMA. Within the HMA, prices sit between those in Woking (which are higher) and Waverley (which are lower).
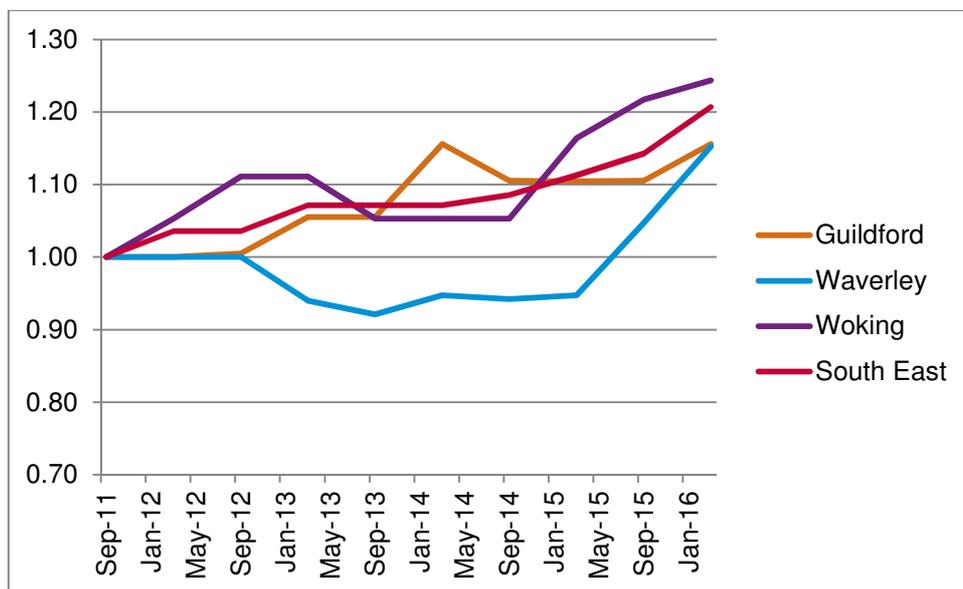
Table 27:   Median Rents

	Median Rent PCM – Year to Mar-16
Guildford	£1,150
Waverley	£1,095
Woking	£1,175
South East	£845

Source: VOA Private Rental Market Statistics

5.37   Figure 13 benchmarks trends in the median rent since 2011 (the longest period available using the VOA statistics). It shows that over the 5 ½ year period, rents have increased by 15.6% in Guildford, similar to the 15.3% growth in Waverley; but below the 24.3% rental growth seen in Woking and 20.7% rental growth across the South East.

Figure 13: Indexed Analysis of Rental Growth since 2011

Source: GLH analysis of VOA Private Rental Market Statistics

5.38   Table 27 considers house prices relative to incomes. Lower quartile house prices in Guildford, based on the latest data for 2015, are 11.5 times lower quartile earnings. This is below the other two HMA authorities, but is substantially above the national average. Median house prices are 12.0 times median earnings in the Borough.

Table 28:   Median and Lower Quartile House Price to Earnings Ratios, 2015

	Lower Quartile, 2015	Median Ratio, 2015
Guildford	11.5	12.0
Waverley	13.9	15.0
Woking	14.3	13.8
Average HMA Authorities	13.2	13.6
England	7.0	7.6

Source: CLG Housing Statistics

5.39   Profiling trends in the lower quartile house price-to-income ratio, this has increased from 10.0 to 11.5 in the Borough over the last 10 years. This is a lesser increase than has been seen on average across the HMA, and relative to the national trend, and the ratio at 11.5 in 2015 in the Borough is the lowest of the three HMA authorities.

Figure 14: Trends in Lower Quartile House Price-to-Income Ratio

	2005	2010	2014	2015	10 Year Change
Guildford	10.0	10.0	10.9	11.5	1.5
Waverley	11.3	12.1	13.7	13.9	2.6
Woking	10.0	11.1	13.1	14.3	4.3
Average HMA Authorities	10.4	11.1	12.6	13.2	2.8
England	6.8	6.7	13.1	14.3	7.4

Source: GLH analysis of CLG Housing Statistics data

Implications of the Analysis

5.40   The analysis point to a significant number of households in the Borough – 517 per annum – who require financial support to meet their housing needs. To meet the affordable housing need in full based on 40% affordable housing delivery would require notionally almost 1,300 homes per annum. This provides a clear basis for considering higher housing provision to support increased delivery of affordable housing. However it should be borne in mind that the affordable housing needs calculation includes supply-side factors, and considers needs arising from not just newly arising but existing households, who if they moved would release a property for another household. Affordable housing delivery is influenced by residential development.   Within the calculation it is only concealed and homeless households who would need additional housing overall.

5.41   The latest data points to c. 1,500 benefit claimants living in the Private Rented Sector, although national planning policy does not specifically seek to meet the needs identified through the Needs Assessment Model in the Private Rented Sector. Government's benefit caps may reduce the contribution which this sector plays in providing a housing supply which meets the needs of households identified in the affordable housing needs model. In particular, future growth in households living within the PRS and claiming LHA cannot be guaranteed.

5.42   The market signals analysis provides a broadly similar picture to the 2015 SHMA. It shows longer-term house price growth which has been above regional/ national averages. Land values point to a shortage of residential land in Guildford Borough. Rental costs are consistent to those shown in the 2015 Study – they have not deteriorated – but remain relatively high at a median of £1,150 per month.

5.43   The latest data shows lower quartile house prices which are 11.5 times earnings in the Borough, which whilst below other HMA authorities (and at a level which has seen comparatively less growth over the past 10 years) remains relatively high compared to other parts of the region and country, and points to affordability pressures within the local market.

5.44   The evidence conclusively supports an upward adjustment to improve affordability, taking account of the market signals and affordable housing needs evidence.

5.45   In considering what adjustment might be warranted, it is relevant that the demographic based need for housing (552 - 577 dpa) would already represent a significant boost to housing supply relative to historic housing delivery in the Borough (300 pa over the last 15 years, 2001-16). This would represent housing growth of 0.9% per annum.

5.46   GL Hearn considers that to ensure that the assessment is grounded in reality, it is important that there are households to occupy new homes. Upwards adjustments within an OAN calculation thus imply either higher net migration or higher household formation.

5.47   The evidence base indicates that economic growth could support some increase in net migration relative to longer-term trends, with the analysis presented in Section 4 showing a need for 579 dpa to support the economy.

5.48   Improvements to affordability would however potentially support higher household formation amongst younger households. Taking a consistent approach to the HMA evidence in the 2015 West Surrey SHMA, GL Hearn has therefore run a sensitivity analysis which considers the potential additional housing which would be required to improve affordability for younger households – increasing household formation rates amongst the 25-34 age group and returning these to the levels in 2001. The improvement is assumed to happen progressively up to the end of the projection period in 2034 and would contribute to improvements in affordability. The charts below show the implications of this analysis for the demographic and economic-led scenarios.

Figure 15: Projected Demographic-based Need with Affordability Adjustments – Guildford Borough

	House-holds 2015	House-holds 2034	Change in house-holds	Per annum	Dwellings (per annum)
2014-based SNPP	56,846	68,164	11,318	596	610
Rebased SNPP	57,138	68,811	11,672	614	629
10-year migration	57,138	68,999	11,861	624	639
10-year migration (+UPC)	57,138	67,789	10,651	561	574

Source: Demographic projections

Figure 16: Projected Economic-led Need with Affordability Adjustments – Guildford Borough

Economic Participation Assumptions	Households 2015	Households 2034	Change in households	Per annum	Dwellings (per annum)
OBR Adjusted	57,138	68,854	11,716	617	631
Experian	57,138	68,390	11,252	592	606
SHMA	57,138	67,984	10,845	571	584

5.49   With adjustments to improve affordability, the analysis indicates that 629 dpa would be required to support the rebased SNPP. The evidence indicates that to support economic growth, a marginally higher level of housing provision at 631 dpa would be required.

6   SPECIALIST HOUSING

6.1   This Addendum has not sought to recast the detailed analysis within the 2015 SHMA regarding the mix of homes needed, as this is not likely to change substantively. However with updated demographic projections, it is appropriate to review what provision of specialist housing and care/ nursing homes might be needed. This section considers this, and whether there is a need for accessible and adaptable, and wheelchair-accessible dwellings.

6.2   Optional Technical Standards for Housing Planning Practice Guidance on *Optional Technical Standards* outlines the evidence which local planning authorities need to set justify policies within their local plan on issues including accessibility and wheelchair housing standards, water efficiency standards and internal space standards.

6.3   This section of the report draws together evidence, taking account of guidance in the PPG and associated 'Guide to available disability data' on the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), based on Building Regulations.

People with Disabilities

6.4   Across Guildford Borough, 2011 Census data showed that 20% of households contain someone with a long-term health problem or disability (LTHPD)[24]. Almost 13% of the Borough's population have a long-term health problem or disability. This is slightly below wider benchmarks. Not all such households will have a physical disability or a disability which impacts on their housing need.

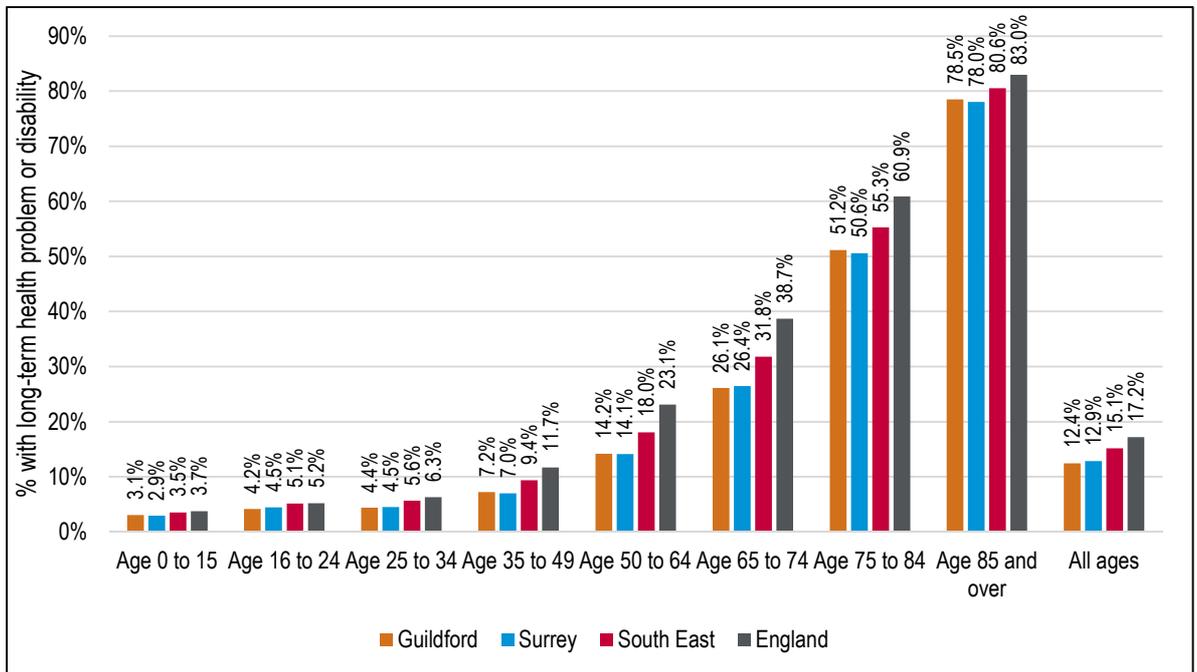**Table 29:   Households and people with Long-Term Health Problem or Disability (2011)**

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Guildford	10,887	20.2%	17,316	12.6%
Surrey	95,766	21.0%	153,354	13.5%
South West	839,086	23.6%	1,356,204	15.7%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

6.5   As Figure 16 shows, the level of people with disabilities is higher in older age groups. Figure 16 shows for instance that in Guildford some 78% of people aged 85 and over have a LTHPD. The data does however show Guildford as having lower age-specific rates of disability than regional and national averages for all age groups.

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[24] This is a long-term health problem or disability that limits a person's day-to-day activities and has lasted, or is expected to last, at least 12 months. It includes problems that are related to old age.

Figure 17: Population with Long-Term Health Problem or Disability in each Age Band

Source: 2011 Census

6.6   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. Using the 2014-based SNPP, it is estimated that the number of people with a LTHPD will increase by around 5,700 (a 31% increase) over the 2015-34 plan period.

6.7   The population increase of people with a LTHPD represents 26% of the total increase in the population estimated by the projections. Across the Borough, the vast majority of this increase (87%) is expected to be in age groups aged 65 and over.
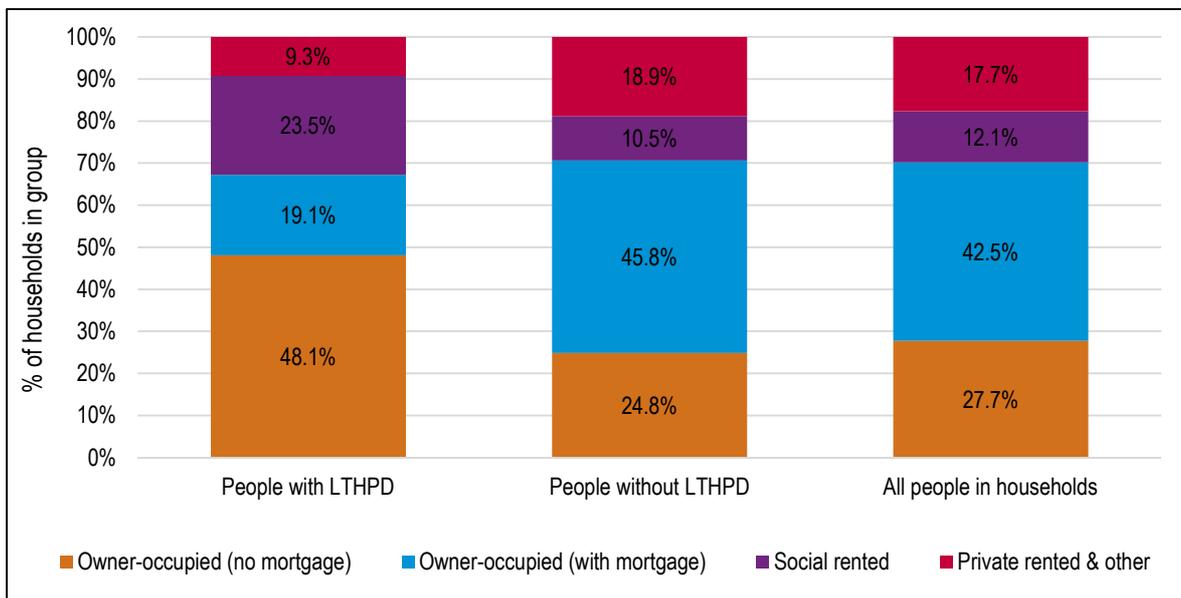
Table 30: Estimated change in population with LTHPD (2015-2034)

	Population with LTHPD		Change (2015-34)	% change from 2015
	2015	2034		
Guildford	18,224	23,875	5,652	31.0%

Source: Derived from demographic modelling and Census (2011)

6.8   The figure below shows the tenures of people with a LTHPD. It should be noted that the data is for population living in households rather than households. It shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 18: Tenure of people with LTHPD – Guildford

Source: 2011 Census

6.9   The *Guide to Available Disability Data* (CLG, 2015) which is referred to in the PPG on Optional Housing Technical Standards suggests using local authority data, as published through Local Authority Housing Statistics (LAHS), as a way of looking at the potential need for accessible housing. In particular it suggests looking at the number of households within a reasonable preference category related to *'people who need to move on medical or welfare grounds, including grounds relating to a disability'*. Unfortunately, for Guildford, this data is not available. At a national level (in 2015/16) there were 113,414 households registered and in a reasonable preference category related to medical grounds: this represents around 10% of all household on the register and 25% of households in a reasonable preference category. If these proportions are applied to data for Guildford, then it would be estimated that up to around 500 people would be registered for housing with some sort of medical or welfare issue.

6.10   The Guide also suggests looking at data from the Continuous Recording of Lettings and Sales (CoRe) which collects data about homes that have been let. This includes information about both the property and characteristics of households being allocated the home. Table 30 summarises information on lettings in 2015/16 from CoRe for Guildford Borough. Generally the numbers in many of the categories are low (although this will to some extent reflect the level of letting available in the Borough). It is however clear that there are a number of households who require specific types of housing related to their disability.

Table 31:   Analysis of CoRe data in relation to households, lettings and disability-Guildford
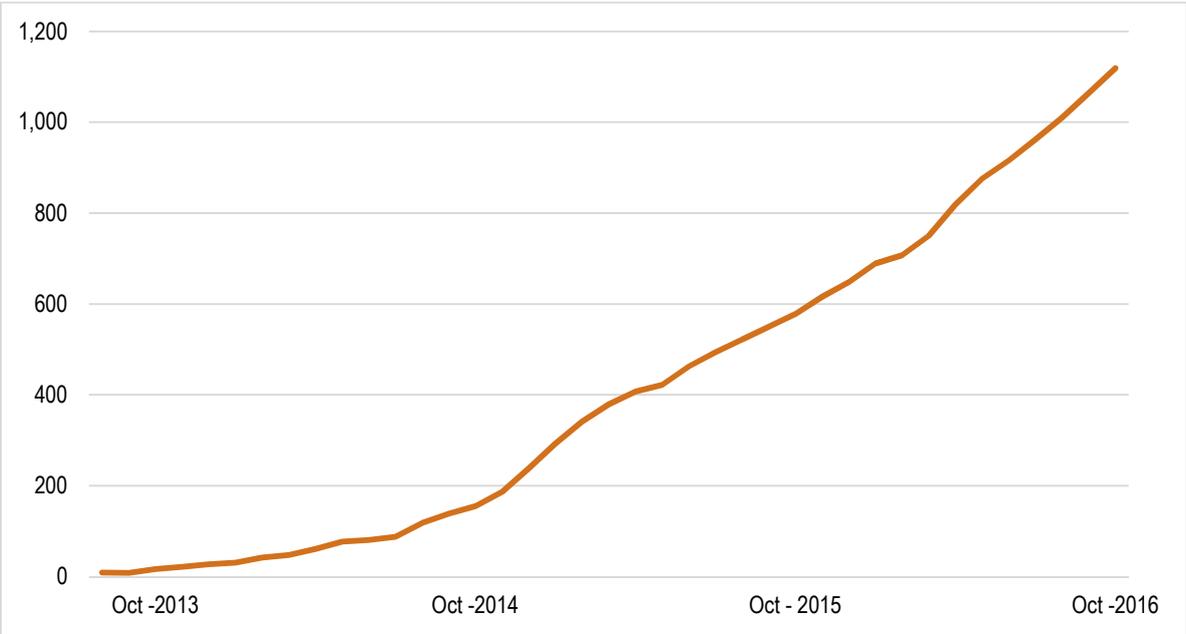
Dwelling/household characteristic	Number of households/lettings
Requires fully wheelchair accessible housing or access to essential rooms	7
Is the property built or adapted to wheelchair user needs?	43
Previous property unsuitable because of ill health/disability	38
Is property fitted with aids or adaptations?	114
Does the household require level access housing?	15
Does the household have other disability related requirements?	40

Source: CoRe (2015/16)

6.11   The Guide also suggests considering Personal Independence Payments (PIP) – this helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. From the 8th April 2013 DWP started to replace Disability Living Allowance for working age people with Personal Independence Payment (PIP). This measure is particularly important as it focusses on people of working age rather than older cohorts (where it is already established that there are higher levels of disability).

6.12   Figure 19 below shows the number of people claiming PIP in Guildford from 2013 and up to October 2016. The first recorded cases of PIP claims were in August 2013, and since then there has been a steady rise in claimants. By October 2016, there were some 1,119 PIP claimants in Guildford.

Figure 19: Change in Personal Independence payments (PIP) – Guildford

Source: Department of Work and Pensions

6.13   The Guide also suggests looking at data from the Labour Force Survey (now the Annual Population Survey (APS)) to consider the number of people who are sick/disabled and the types of disability

benefits claimed. With regard to the numbers who are sick/disabled, this is difficult to analyse at a local authority level from APS data due to larger error margins (associated with the survey-based data) whilst the types of benefit can also be difficult to analyse given welfare reforms seen over recent years (including for example the move from Disability Living Allowance to PIP). It is however possible to get a good snapshot position from the 2011 Census (through an analysis of economic activity) of people who are sick/disabled. Table 31 below shows this data and identifies that nearly 2,000 people identified themselves as being sick/disabled at the time of the 2011 Census. This represents around 2% of the total population aged 16-74.

Table 32:   Economic activity (2011) – population age 16-74

	Guildford	Surrey	South East	England
	Persons	%	%	%	%
Employee; Part-Time	12,432	12.2%	13.0%	13.8%	13.7%
Employee; Full-Time	41,942	41.1%	42.2%	40.4%	38.6%
Self-Employed; Part-Time	3,828	3.8%	4.1%	3.4%	2.9%
Self-Employed; Full-Time	7,698	7.5%	8.5%	7.6%	6.8%
Unemployed	2,750	2.7%	2.8%	3.4%	4.4%
Retired	11,556	11.3%	12.9%	13.7%	13.7%
Student	13,680	13.4%	8.1%	8.5%	9.2%
Looking After Home or Family	4,517	4.4%	4.7%	4.4%	4.4%
Long-Term Sick or Disabled	1,931	1.9%	2.0%	2.9%	4.0%
Other	1,720	1.7%	1.7%	1.8%	2.2%
Total (aged 16-74)	102,054	100.0%	100.0%	100.0%	100.0%

Source: Census (2011)

Wheelchair-Adapted Housing

6.14   Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) from published data sources. GL Hearn has sought to assess national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although the focus is on the national data as this is considered more robust.

6.15   The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems. Data from the CLG Guide (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%.

6.16   Overall, the report estimates that there is an unmet need for wheelchair adapted dwellings equivalent to 3.5 per 1,000 households. Applying this benchmark to Guildford (using a 2015 baseline), this would represent a need for about 200 wheelchair adapted dwellings. Moving forward, the report estimates a wheelchair accessibility need from around 3% of households. If 3% is applied to the household growth in the 2014-based projections (2015-34) then there would be an additional need for around 310 adapted homes. If this figure is brought together with the estimated 200 current need then the total wheelchair adapted need would be for around 510 homes – this is about 5% of the total household growth in the 2014-based Household Projections.

6.17   Information in the CLG Guide provides some historical national data about wheelchair users by tenure (from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be wheelchair accessible.

Specialist Housing for Older Persons (C3 use class)

6.18   Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased need for specialist housing options moving forward. We have applied prevalence rates from the Housing Learning and Information Network (Housing LIN) to the updated demographic projections herein to assess the potential level of additional specialist housing that might be required for older people in the future.

6.19   The toolkit used has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people[25] and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

6.20   Table 16 shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for 1,061 units – 56 per annum in the 2015-34 period when linked to the 2014-based SNPP – this is around 9% of the total need identified in the demographic modelling.

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[25] Defined as a form of congregate housing designed for older people which usually offers some form of communal space, community alarm service and access to support and care (f required),

6.21   The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market.[26] This is likely to be a reasonable tenure split to consider in Guildford.

Figure 20: Projected need for Specialist Housing for Older People (2015-34) – 2014-based SNPP

	Guildford
Population aged 75+ (2015)	11,218
Population aged 75+ (2034)	17,460
Change in population aged 75+	6,242
Specialist housing need (@ 170 units per 1,000)	1,061
Per annum need (2015-34)	56

Source: Derived from demographic projections and Housing LIN

Conclusions on Accessible and Adaptable and Wheelchair-Accessible Dwellings

6.22   The analysis above shows that in general, Guildford has a low level of disability when compared with other areas; however the numbers are still substantial and includes over 17,000 people with a long-term health problem or disability, 1,100 people of working age who are claiming Personal Independence Payments and nearly 2,000 people (aged 16-74) whoare not working due to being sick or disabled. Due to the ageing population, the number of people with a long-term health problem or disability is projected to increase by 5,700 over the 2015-34 period. This would suggest that there is a need for some dwellings to be built to accessible and adaptable or wheelchair standards.

6.23   A specific analysis of the need from older persons (drawing on Housing LIN data) indicated a need for around 8% of homes to be some sort of specialist accommodation, and it seems likely that this will need to be accessible or to a wheelchair standard. The Housing LIN data only looked at the population aged 75 and over; whilst this is the key growth age group (and also the one with the highest levels of disability), there will be increases in other groups (including working-age adults).

6.24   Based on the above, GL Hearn would recommend that:

- 15% of all housing is designed to meet Building Regulations Parts M4(2) and M4(3) – two-thirds of this to meet the needs of older people (aged 75+),
  - 5% of new dwellings meet wheelchair standards M4(3) of which 70% is provided as affordable and 30% as market housing; and
  - 10% of new dwellings are accessible and adaptable M4(2) of which 60% is provided as affordable and 40% as market housing.

6.25   It should be stressed that these conclusions are based on considering a range of evidence. The conclusions reflect the relative level of disability issues in the Borough, as well as projected changes to the age profile of the population moving forward. There may additionally be some

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[26] See: http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

specific disability groups who will need accommodation moving forward, and the Council should be as reactive as possible to help meet needs as they arise.

Registered Care Bedspaces (C2 use class)

6.26   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing.

6.27   This is a direct output of the demographic modelling which indicates an increase of 433 people living in institutions over the 2015-34 period (23 per annum). It relates to growth in the population in institutions aged over 75, which the CLG Household Projections model holds constant in proportional terms (but allows absolute numbers to increase). It is modelled using a consistent approach to the overall OAN.

Figure 21: Potential Need for Residential Care Housing – 2014-based SNPP

	Guildford
Institutional population aged 75+ (2015)	703
Institutional population aged 75+ (2034)	1,136
Change in institutional population aged 75+	433
Per annum 'need' (2015-34)	23

Source: Derived from demographic projections

6.28   The increase in the need for residential/ nursing care bedspaces on the figures in the SHMA report reflects the growth in population over 75 that is expected in the projections used herein.

6.29   These figures are important to note if the Council intends to include C2 class uses in their assessment of 5-year housing land supply as it will be necessary to include figures on both the need and supply side of the equation.

7   STUDENT GROWTH

7.1   To understand whether there is a need to adjust the objectively assessed housing need to take account of student growth it is necessary to consider:

- How the student population at University of Surrey is expected to change over the plan period;
- What growth in typical student age groups is expected within the population projections, on the basis that the CLG Household Projections model is not assuming growth in numbers in institutions;
- The number/ proportion of students which can be expected to require housing within Guildford, and of these what proportion might be expected to be accommodated in halls of residence rather than the wider housing stock.

7.2   The 2015 West Surrey SHMA provided an analysis of past trends in student numbers. In preparing this report, GL Hearn has engaged with the University of Surrey which has provided up-to-date data on recent trends in total student numbers, as shown below. From the base date of the plan (2014/15 academic year), there has been an increase in total students of 1,600 (11.3%).

Table 33:   Recent Changes in Total Student Headcount

	Total Student Numbers (headcount)
Dec-13	13,700
Dec-14	14,100
Dec-15	15,300
Dec-16	15,700

Source: University of Surrey

7.3   The profile of students in the 2015/16 academic year indicates that 76.5% had a UK or EU fee status; that 69.2% were domiciled in the UK and 30.8% from overseas. The total of 15,280 students in 2015/16 equated to 14,005 full-time equivalents.

7.4   10,700 full-time students were based in Guildford and so would require accommodation in the Borough. This excludes part-time or placement students or those studying elsewhere.

Expected Growth in Student Numbers

7.5   The baseline student headcount was 14,100 in April 2015. The University is planning to increase the headcount to 23,000 over the next ten years (i.e. to 2026/27 academic year). This is an aspirational target, and the University expects that in achieving this, the proportion of the total which is full-time Guildford-based could be expected to fall from the current level of around 70%, for instance as a result of growth in degree apprenticeships and foundation students.
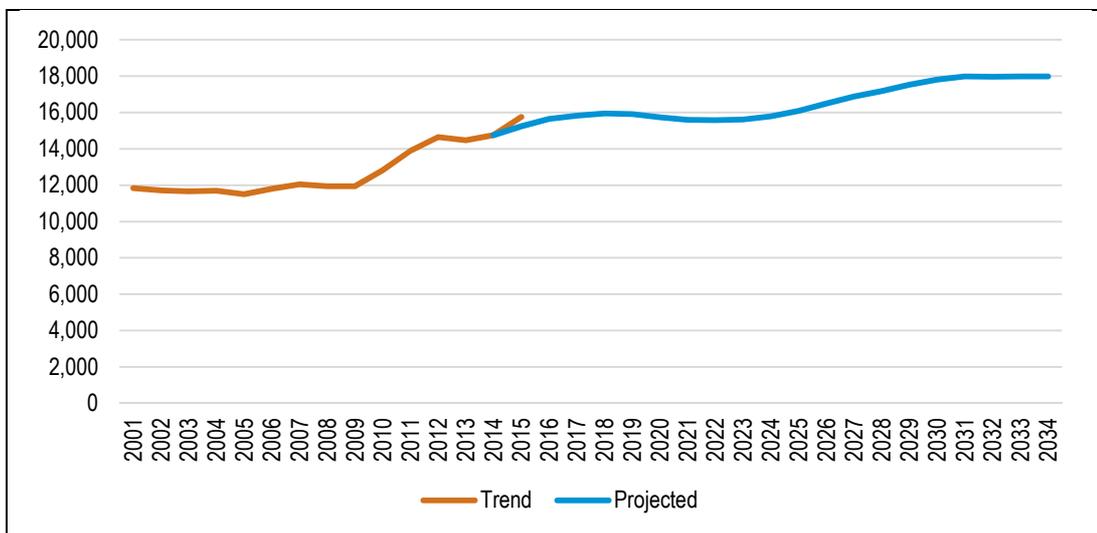
7.6   The number of full-time Guildford-based students is expected to increase from 10,700 (2015/16) to around 14,500 over the next ten years (to 2026/27). There is some uncertainty regarding longer-term growth, and we have not therefore made any assumptions about longer-term growth.

Furthermore, given the aspirational nature of the University's growth expectations, we have assumed that this scale of growth (3,800 additional full-time Guildford-based students) is achieved over the plan period to 2034. The Council should monitor growth in student numbers.

Student Growth within the Demographic Projections

7.7   We have used the 18-23 age group to represent the core student age group. Over the period since 2009, the population in this age group has increased by almost a third (+3,810 persons, 32%).

7.8   In the projections (the 2014-based SNPP) there is some limited increase in this age group, principally from 2022 onwards. Over the 2015-22 period the population in this age group increase by just 2% (325 persons).

7.9   Our analysis suggests that there is probably relatively little influence on students in the projections; there is a lack of growth in the short-term and the longer-term figures are likely in part to be due to a cohort effect rather than an increase in student migration (i.e. created by younger cohorts getting older). Additionally, it looks like the main growth period (2009-15) is one in which student numbers actually decreased.
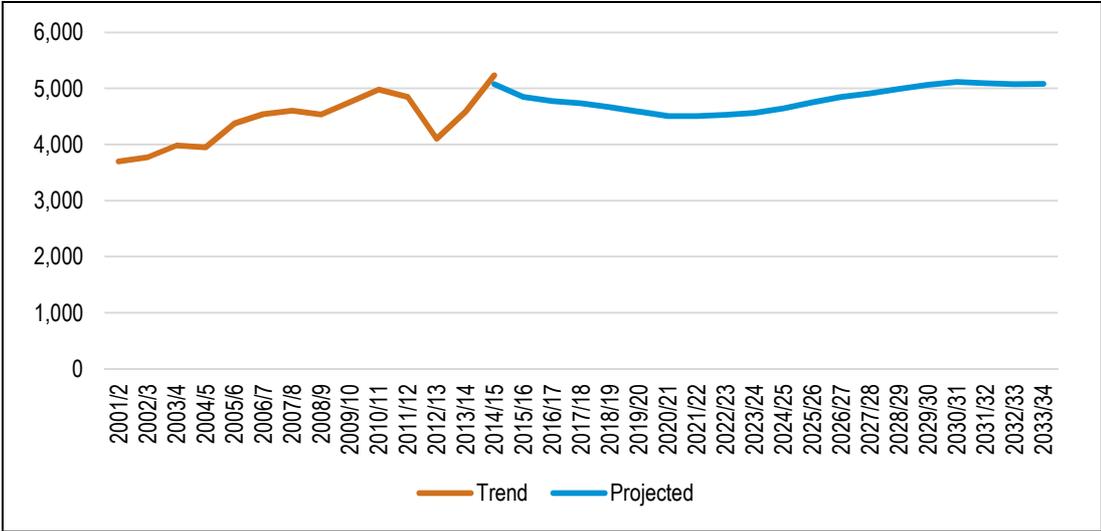
Figure 22: Past and Projected Population in Guildford Borough aged 18-23

Source: ONS

7.10   This conclusion can be further supported by looking at in-migration by age. This shows a general increase in the number of 18-23 year-olds migrating in to Guildford in the period to 2015. Moving forward, this figure drops slightly to about 2022/23, before showing some modest increase moving towards the end of the projection period. Over the plan period 2015-34 as a whole, there is minimal change.

Figure 23: Past and Projected In-Migrants aged 18-23 to Guildford Borough in SNPP

Source: ONS

7.11   The implication of this is that it is reasonable to expect that an increase in the student population would result in an additional housing need over and above the demographic analysis considered in earlier sections.

Student Accommodation Needs

7.12   The University aims to provide accommodation for 50-60% of full-time Guildford-based students. On the basis that 55% of these students live within halls of residence, 45% can be expected to live in the wider housing market.

7.13   Applying this assumption to the expected growth in full-time Guildford-based students of 3,800 persons over the 2016-34 period, an estimated 1,710 additional students could be expected to live within the general housing stock.

7.14   On the basis of an average 4 students per household, this would equate to around 428 dwellings over the 18 year period from 2015/16 to 2023/24. This would equate to an average of 24 per annum moving forwards; or 23 per annum over the plan period 2015-34 as a whole.

8   CONCLUSIONS AND SUMMARY

8.1   This report provides an updated analysis of objectively assessed housing need (OAN) in Guildford Borough, taking account particularly of ONS 2015 Mid-Year Population Estimates, official 2014-based Population and Household Projections; and updated economic forecasts. It is prepared as an Addendum to the 2015 West Surrey SHMA in a context whereby Guildford Borough Council has committed to reviewing its OAN to take account of the above; and amended its plan period to 2015-34.

8.2   The assessment approach follows that set out by Government in Planning Practice Guidance on *Housing and Economic Development Needs Assessments.*[27] This outlines that trend-based demographic projections should be considered, with upward adjustments made from this where appropriate to support economic growth, or improve affordability taking account of evidence of market signals and of the need for affordable housing. The Addendum adopts a consistent approach to assessing housing need as the 2015 SHMA.

Demographic-based Need

8.3   The starting point for assessing housing need is the Government's latest official household projections, which at the time of writing are 2014-based. These, based on the ONS 2014-based Sub-National Population Projections, show population growth of 21,650 persons between 2015-34 (14.9%) and a need for 557 dwellings per annum.

8.4   If the projections are updated to take account of actual population growth between 2014-15, the expected population growth and housing need rises slightly; with growth of 22,000 persons expected (15.1%), and a need for 577 dwellings per annum.

8.5   The Addendum report has also considered longer-term migration trends. Projecting these forward would result in population growth of between 10.4 – 15.3%, and a need for between 521 – 584 dpa. The midpoint of this range would be a need for 552 dpa.

8.6   Planning Practice Guidance promotes the use of official projections in calculating OAN, setting out that these are statistically robust and based on nationally consistent assumptions. The demographic evidence does not provide an evidential basis from deviating from these, and we find no basis for adjusting recent demographic projections for UPC.

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

Table 34: Trend-based Demographic Projections for Guildford Borough, 2015-34

	Change in population	% change	Change in Households	Dwellings per annum
2014-based SNPP	21,652	14.9%	10,350	557
2014-based SNPP (+MYE)	22,011	15.1%	10.706	577
10-year migration	22,388	15.3%	10,849	584
10-year migration (+UPC)	15,215	10.4%	9,679	521

Relating Economic Growth and Housing Need

8.7   The report has modelled what resident workforce growth these demographic scenarios would support. Given uncertainties associated with how workforce participation might change, it models three scenarios – taking economic activity change assumptions from the Office for Budget Responsibility, adjusted to ensure rates for younger age groups do not fall; forecasts for economic activity changes from Experian; and the assumptions within the 2015 West Surrey SHMA. These indicate that the demographic-led projections would support workforce growth of between between 7,600 – 12,500 persons over the 2015-34 period.

Table 35: Workforce Growth supported by the Demographic-led Projections

Demographic Projection	Adjusted OBR	Experian	SHMA
2014-based SNPP	10,979	11,726	12,361
Rebased SNPP	11,031	11,788	12,498
10-year migration	11,606	12,290	13,016
10-year migration (+UPC)	7,566	8,389	9,169

8.8   The report then draws forecasts for employment growth in Guildford Borough from Cambridge Econometrics, Oxford Economics and Experian. Growth forecasts from these three models are applied to an updated baseline by AECOM to calculate growth in jobs in Guildford Borough of 12,900 over the 2015-34 period. This is below the growth envisaged in the 2015 West Surrey SHMA, based on more recent economic forecasts (from Nov/ Dec 2016).

8.9   Taking account of commuting patterns and double jobbing, the Addendum models that to support this level of employment growth would require between 555 – 584 dwellings per annum.

Table 36: Housing Need to support Forecast Jobs Growth in Guildford, 2015-34

Economic Participation Assumptions	Households 2015	Households 2034	Change in households	Per annum	Dwellings (per annum)
OBR Adjusted	57,138	67,887	10,749	566	579
Experian	57,138	67,435	10,296	542	555
SHMA	57,138	67,984	10,845	571	584

Source: Demographic Modelling

8.10   In drawing conclusions it is sensible to take the middle scenario from the range shown, in particular given the significant degree to which the Experian assumptions are reliant on increasing numbers of

older persons in work. The Addendum concludes therefore by identifying an economic-led need for 579 dpa. This is close to the higher end of the range shown by the demographic-led projections.

Affordable Housing and Market Signals

8.11   An updated assessment of affordable housing need has been undertaken. The analysis points to a significant number of households in the Borough – 517 per annum – who require financial support to meet their housing needs.

8.12   To meet the affordable housing need in full based on 40% affordable housing delivery would require notionally almost 1,300 homes per annum. This provides a clear basis for considering higher housing provision to support increased delivery of affordable housing. However it should be borne in mind that the affordable housing needs calculation includes supply-side factors, and considers needs arising from not just newly arising but existing households, who if they moved would release a property for another household. Affordable housing delivery is influenced by residential development. Within the calculation it is only concealed and homeless households who would need additional housing overall.

8.13   The updated market signals analysis provides a broadly similar picture to the 2015 SHMA. It shows longer-term house price growth which has been above regional/ national averages. Land values point to a shortage of residential land in Guildford Borough. Rental costs are consistent to those shown in the 2015 Study – they have not deteriorated – but remain relatively high at a median of £1,150 per month. The latest data shows lower quartile house prices which are 11.5 times earnings in the Borough, which whilst below other HMA authorities (and at a level which has seen comparatively less growth over the past 10 years) remains relatively high compared to other parts of the region and country, and points to affordability pressures within the local market.

8.14   The evidence conclusively supports an upward adjustment to improve affordability, taking account of the market signals and affordable housing needs evidence.

8.15   In considering what adjustment might be warranted, it is relevant that the demographic based need for housing (552 - 577 dpa) would already represent a significant boost to housing supply relative to historic housing delivery in the Borough (300 pa over the last 15 years, 2001-16). This would represent housing growth of 0.9% per annum. GL Hearn considers that to ensure that the assessment is grounded in reality, it is important that there are households to occupy new homes. Upwards adjustments within an OAN calculation thus imply either higher net migration or higher household formation.

8.16   The evidence base indicates that economic growth could support some increase in net migration relative to longer-term trends, with the analysis presented in Section 4 showing a need for 579 dpa

to support the economy. Improvements to affordability would however potentially support higher household formation amongst younger households. Taking a consistent approach to the HMA evidence in the 2015 West Surrey SHMA, GL Hearn has therefore run a sensitivity analysis which considers the potential additional housing which would be required to improve affordability for younger households – increasing household formation rates amongst the 25-34 age group and returning these to the levels in 2001. The improvement is assumed to happen progressively up to the end of the projection period in 2034 and would contribute to improvements in affordability.

8.17   Applying this to the economic-led need for 579 dwellings per annum, results in an upward adjustment of 9.0% increasing the assessed housing need to 631 dpa.

Accommodating Student Growth

8.18   An updated assessment of growth in students indicates that the number of full-time Guildford-based students is expected to increase from 10,700 to around 14,500 over the next ten years. There is a level of aspiration within this and some uncertainty regarding longer-term growth, and this assessment therefore assumes that this growth, of 3,800 full-time Guildford-based students, is delivered over the period to 2034.
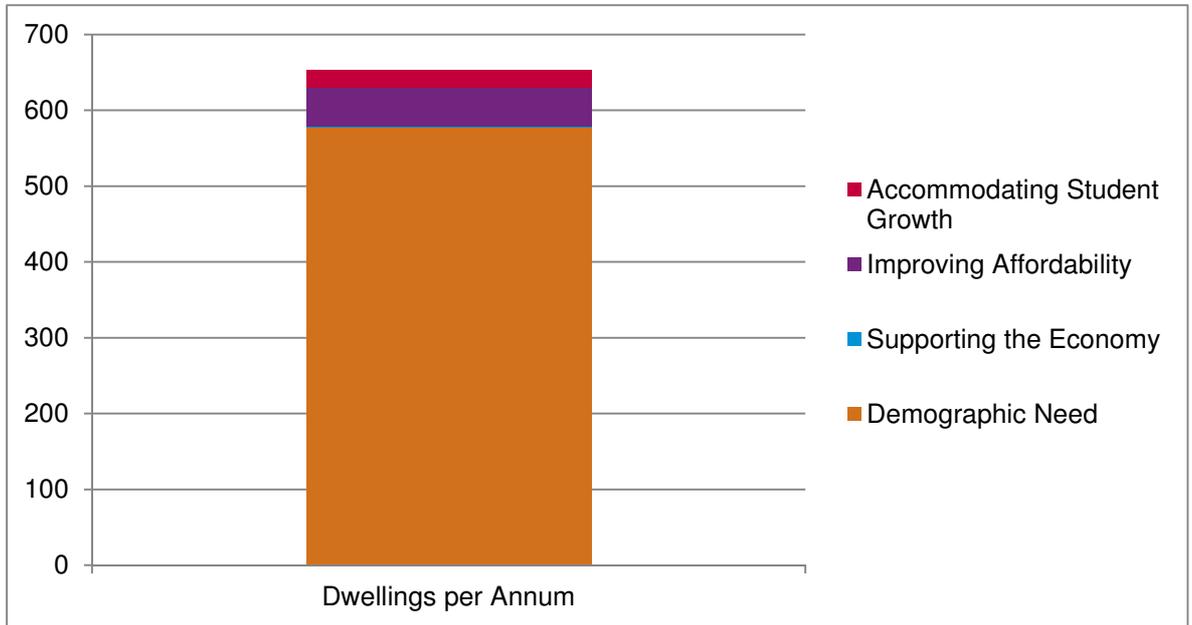
8.19   The base demographic projections do not show additional in-migration in student age groups. The implication of this it that it is reasonable to expect that an increase in the student population would result in an additional housing need over and above the demographic projection undertaken.

8.20   The University aims to provide accommodation for 50-60% of full-time Guildford-based students. On the basis that 55% of these students live within halls of residence, 45% can be expected to live in the wider housing market. Applying this assumption to the expected growth in full-time Guildford-based students of 3,800 persons, an estimated 1,710 additional students could be expected to live within the general housing stock. On the basis of an average 4 students per household, this would equate to around 428 dwellings over the 18 year period from 2015/16 to 2023/24. This would equate to an average of 424 per annum moving forwards; or 23 per annum over the plan period 2015-34 as a whole.

Overall Housing Need

8.21   Drawing the above together, this Addendum report identifies a need for 12,426 homes in Guildford Borough between 2015-34, equivalent to 654 dwellings per annum. This is 17% above the starting point demographic projections.

Figure 24: Composition of Guildford's Objectively Assessed Housing Need

8.22   This is an assessment which is based on 'leaving aside' development constraints. The NPPF emphasises that local authority should seek to meet housing need within their areas where it is sustainable to do so and consistent with policies within the Framework.

Meeting Specialist Housing Needs

8.23   This report has shown that in general, Guildford has a low level of disability when compared with other areas; however the numbers are still substantial and includes over 17,000 people with a long-term health problem or disability, 1,100 people of working age claiming Personal Independence Payments and nearly 2,000 people (aged 16-74) who are not working due to being sick or disabled. Due to the ageing population, the number of people with a long-term health problem or disability is projected to increase by 5,700 over the 2015-34 period. This would suggest that there is a need for some dwellings to be built to accessible and adaptable or wheelchair standards.

8.24   The Addendum includes updated analysis considering the need for specialist accommodation for older persons, such as sheltered and extra care housing. **It identifies a need for 1,061 units (56 per annum) over the 2015-34 period. This would include sheltered and extra care housing and would fall within a C3 use class**, and accounts for around 8% of the objectively assessed housing need identified. The evidence would support a 60/40 split between market and affordable housing provision of specialist accommodation.

8.25   Taking account of the range of evidence, GL Hearn would recommend that:

- 15% of all housing is designed to meet Building Regulations Parts M4(2) and M4(3) – two-thirds of this to meet the needs of older people (aged 75+),
  - 5% of new dwellings meet wheelchair standards M4(3) of which 70% is provided as affordable and 30% as market housing; and
  - 10% of new dwellings are accessible and adaptable M4(2) of which 60% is provided as affordable and 40% as market housing.

8.26   The conclusions reflect, the relative level of disability issues in the Borough, as well as projected changes to the age profile of the population moving forward.

8.27   In addition a need is identified for 433 nursing/ care home bedspaces over the 2015-34 period (23 per annum). This relates to the growth in the population aged 75+ living in institutions. This would fall within a C2 use class; and is in addition to the objectively assessed housing need. If the Council intends to include C2 class uses in its assessment of 5-year housing land supply, it will need to be included on both the need and supply side of the equation.