

## **2.0 Calculation of the Objectively Assessed Need for Housing (OAN)**

It is extraordinary to consider that, if you take natural growth (births and deaths) and net internal migration (movement within the UK), the 2012 Based SNPP forecast the population of Guildford to actually decline by 1800 by the year 2031. Therefore the overall projected increase in Guildford’s population to 161,300 in 2031 was entirely due to the projected growth in net international migration of 23,100, of which, according to the Office for National Statistics (ONS), 57% were thought to be foreign students (see page 29 paragraph 2.50 SHMA May 2014). Despite this, the current West Surrey SHMA calculates the OAN for Guildford as being 693 per annum over the next twenty years.

The West Surrey SHMA is unsound in two significant ways because (1) overseas students, who are only here on a temporary basis to study, are included in statistics for net international migration which has an inflationary effect on population projections for Guildford and (2) the term time address of students is taken as their permanent place of residence making the population of Guildford appear to have a very high proportion of people in the 18-24 year age bracket who are assumed to have a high probability of forming new households and settling in Guildford when in reality they return home at the end of their studies.

### **2.1 Migration trends and un-attributable population change**

The 2011 Census recorded a population for Guildford significantly less than had been forecast by the ONS. The ONS suggested that this discrepancy (referred to as Un-attributable Population Change or UPC) was probably due to the under-reporting of overseas students returning home. In Guildford, the UPC in the period from 2001 to 2011 averaged -717 persons per annum. This discrepancy is so significant that, if an allowance for UPC had been applied, the housing need for Guildford to accommodate demographic indicators would be reduced to 239 homes per annum (see table 22 below) as opposed to 577 homes per annum in the current Local Plan. This problem would be resolved if overseas students were simply removed from statistics for international migration on the basis that they are only here on a temporary basis to study. The following Table is an extract from page 68 of the West Surrey SHMA Sept 2015 prepared by G L Hearn:

**Table 22: Projected Household Growth 2013-33 – 2012-based SNPP with UPC Adjustment and 2012-based Headship Rates**

	<b>Guildford</b>	<b>Waverley</b>	<b>Woking</b>	<b>West Surrey</b>
<b>Households 2013</b>	55,351	49,691	39,757	<b>144,798</b>
<b>Households 2033</b>	59,939	58,714	49,422	<b>168,075</b>
<b>Change in households</b>	4,589	9,023	9,665	<b>23,277</b>
<b>Per annum</b>	229	451	483	<b>1,164</b>
<b>Dwellings (per annum)</b>	<b>239</b>	<b>472</b>	<b>498</b>	<b>1,210</b>

Source: GLH and JGC analysis of CLG data, 2015

*NOTE: On the 1<sup>st</sup> December 2015 George Osborne announced that foreign students should no longer be counted as immigrants. The chancellor said that the public is concerned only about “permanent” migrants. “The public’s concern is about permanent migration, people permanently or for many years coming to live in the country. Students come and go”. Daily Telegraph 1 Dec 2015.*

## **2.2 Student migration and its impact on the housing market**

The important thing to understand about student migration and its impact on the housing market is that students are only here on a temporary basis and usually return home at the end of their studies. However, in Guildford, because the majority (about 64%) are forced to seek accommodation in the private sector, they have a profound impact on household projections, and indeed on the local housing market, as I shall explain.

In the 2011 Census, unlike in the previous census, students were counted as being usually resident at their term time address. Moreover overseas students, who had no usual address in the UK, were counted as usually resident in their halls of residence regardless of how long they intended to stay here. This has had a distorting effect on the proportion of young people in Guildford and exaggerates projections for household formations.

Because Guildford has such a large student population and because they are counted as residents, Guildford appears to have a very high proportion of people in the 18-24 year age bracket who are assumed to have a high probability of forming new households and settling in Guildford, when we all know that, in reality, students move away from Guildford at the end of their studies. This problem would be resolved if, for the purposes of projecting household formations, the home address of students should be taken as their permanent place of residence.

Although, as we have seen, student numbers already have a distorting effect on household projections, the SHMA argues that there is a case for adding a further 25 houses per year to the OAN to cater for a growth in student numbers. In paragraph 4.79 on page 72 the West Surrey SHMA states that “the 2012 Based SNPP is based on population trends between 2006/7 and 2011/12. The University of Surrey expects stronger growth in student numbers going forward than occurred during this time period.”

However the period between 2006/7 and 2011/12 saw an abrupt and unusual increase in the number of students attending the university. Table C3 on page 187 shows that the number of students attending the university increased from 10,200 in 2006/7 to 13,500 in 2011/12, an increase of 3,300, which represents an increase of 660 per annum, which is very much higher than the 315 per annum increase the University forecasts from 2013 to 2033. So there appears to be no justification for making any extra allowance for the growth in student numbers.

In any case, students should not be included in statistics for calculating housing need. Students need student accommodation, not housing. One of the problems we have in Guildford is that, because the university has not built enough halls of residence, students occupy an estimated 2000 affordable houses in Guildford which are therefore no longer available for key workers such as council employees, hospital employees, teachers, shop assistants etc.

At the moment the university only provides accommodation for about 36% of their full time students on campus despite a requirement in the 2003 Local Plan that they should provide accommodation for at least 60%. The University should be required to abide by the policies and objectives laid down in the Local Plan and provide more student accommodation on campus thereby releasing more houses, previously occupied by students, onto the market.

### **2.3 Market signals and the issue of housing affordability**

There is an assumption that, if housing supply can exceed the forecast increase in households over a sufficient period of time, house prices will fall relative to incomes.

When drawing up their Local Plans, Borough Councils are required to demonstrate that they can meet the objectively assessed housing need over the period of the plan which must include an allowance to address affordability. If they cannot meet this requirement within the existing urban environment, they must release more land on the assumption that this will automatically generate an increase in housing supply.

However, the housing market is driven by demand rather than need. 90% of the turnover in the housing market is in existing properties and it is this demand that determines property values. When the cost of borrowing is low, as it has been for the last ten years, people can afford to borrow more, and the demand for houses will increase, causing property prices (including the prices of new houses) to rise.

The supply of new properties is also driven by demand. Newly forming households are overwhelmingly the young, and as they have been hit hardest by the downward pressure on wages and increased indebtedness from student loans, they find it difficult to save for a deposit or obtain mortgages. Hence the poor demand for new housing and the reluctance of the major developers to increase supply.

The release of more land is therefore not necessarily the answer. Consider Ebbsfleet where the government announced plans to build a new garden city in 2014 with plans to provide 15,000 new homes. So far, despite the availability of land, only 100 homes have been built.

According to the Guardian Newspaper 31st December 2015, the biggest house builders in the UK have enough land to build more than 615,000 new homes. The four largest firms, Berkeley, Barratt, Persimmon and Taylor Wimpey, either own or have an option to build on more than 450,000 plots.

According to an article in the "I" Newspaper 2nd March 2016, figures from the Local Government Association show that there are now 475,647 homes in England that have been granted planning permission but have yet to be built.

According to a report in the Telegraph 19th December 2016, the UK's biggest house builders are sitting on 14 years worth of land on which almost one million homes could be built. Research carried out by the housing charity Shelter found that the ten firms control 404,000 plots through their current land banks and a further 558,000 plots in so-called "strategic land banks".

In my view, it is inappropriate to rely on the private sector to provide affordable housing. It is the equivalent of asking Jaguar Land Rover to increase the supply of Range Rovers to make them more affordable. An increase in the supply of affordable housing will only be realised when the government:

- Enables councils to borrow money to build more housing for subsidised rent
- ends the "right to buy" policy which sells off council housing without replacing it
- makes subletting council houses a criminal offence and enforces it
- adjusts the tax system further to deter the "buy to let" market
- prohibits speculation in the residential market by non UK residents
- requires all universities to provide adequate accommodation for their students
- fully embraces and incentivises prefabrication in the construction industry
- Finds a way of encouraging elderly people locked into in large properties to downsize

## **6.0 Homes for all**

### **6.4 The provision of student accommodation**

In 2000, when the University of Surrey was lobbying to release Manor Farm from the Green Belt, it promised to use the land to build accommodation for 4,790 students and 300 University staff, and agreed to accommodate at least 60% of their students on campus. The university argued that students preferred to live in student halls and that not having enough on-campus accommodation meant that they were losing students to Kingston University. Here is a quotation from the [University of Surrey, Manor Park Non Technical Summary \(paragraph 19/20\) November 2002](#):

*“The provision of on-campus accommodation for over 60% of students is a benefit of very substantial significance. On-campus accommodation is cheaper than renting in the private sector and students are closer to the University’s facilities. Other benefits include a subsequent reduction in housing demand in Guildford.”*

So far, accommodation for only 1,820 students has been built on Manor Park. According to the declared objectives in the University of Surrey’s Estate Strategy 2009-2019, they plan to house only 42% of their students on campus (not 60% as promised). In fact they currently house about 36% of their full time students on campus.

There are approximately 14,000 full time students attending the University of Surrey. About 90% are living away from home and require accommodation either on campus or in and around Guildford. There are currently spaces for a total of only 5100 students in the halls of residence on campus, leaving 7500 needing accommodation in Guildford. If you allow 3-4 students per house, that equates to roughly 2000 homes in Guildford which are occupied by students. These are houses that are no longer available for key workers such as hospital staff, council employees, shop assistants, teachers etc. There is no question that the presence of so many students in Guildford has led to a boom in the “buy to let” market where landlords see students as a very lucrative business opportunity. The Council has confirmed that there are about 2500 HMO’s (Houses in Multiple Occupancy) in Guildford, the majority of which are occupied by students.

In conclusion, the University should be required to accommodate at least 60% of their full time students in suitable halls of residence on campus to release more houses in the town for key workers and should be asked to abide by their commitment never to develop Blackwell Farm. Surely it cannot be right for the University to speculate in the development of the green belt at the expense of the community.

In the run up to the 2003 Local Plan, when the University was lobbying to release Manor Farm from the Green Belt, the University promised in writing on two occasions never to develop Blackwell Farm. But in the “Call for Sites” preceding the drafting of the present Local Plan, the University shifted its position and put forward Blackwell Farm as a possible site for development.

Blackwell Farm, on the northern slopes of the Hogs Back, measures about 343 acres. Based on say £6,000 per acre for agricultural land in the 1980s, it would have cost the University about £2m. According to Savills Land Agents, as development land it is potentially worth between £1.2 - £1.4m an acre making the whole of Blackwell Farm worth approximately £480,000,000, a staggering uplift of 20,000%. The University has admitted that it doesn’t need this land for its own expansion. The University simply wants to sell it to developers for profit. The Green Belt, as stated in the NPPF, is a national asset – not something to be sold off for profit.