

Topic Paper: Housing Need



Introduction

- 1.1 It is the role of this topic paper to set out the background to Housing need in Spelthorne and how this has impacted the development of the approach to Housing in the Spelthorne Local Plan.
- 1.2 Assessing housing need is the first step in the process of deciding how many homes to aim to plan for¹. This is an objective assessment, informed by the Government's standard method for calculating housing need, and is separate from and prior to the consideration of the potential to meet this need in the borough.
- 1.3 The National Planning Policy Framework (NPPF) is clear in expecting local plans to 'positively seek to meet the development needs of their area' (NPPF paragraph 11). It adds that, "to support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed", adding that the needs of groups with specific housing requirements should be addressed (NPPF paragraph 60).

Local Context

- 1.4 Housing is a key issue of significant importance for the borough, with high house prices, high demand and a shortage of both market and affordable housing. Spelthorne Borough Council (SBC) have commissioned or produced various documents to inform an understanding of the local housing market. The most relevant documents will be addressed in greater detail in the sections below.
- 1.5 An overarching local approach to housing delivery is set out in the Spelthorne borough Corporate Plan 2021-2023. Under the theme of Affordable Housing, the priorities are to:
 - To provide real solutions to the Borough's housing challenges to meet the growing demands and needs of our residents.
 - To help vulnerable people live full lives.
 - All our residents to have a safe and secure home.

Overall Housing Need

Plan period and Housing Need

- 1.6 Local Plans should look ahead at least 15 years from adoption (NPPF paragraph 22). Furthermore, in relation to housing, the NPPF, at paragraph 68, adds:

"Planning policies should identify a supply of:

- a) specific, deliverable sites for years one to five of the plan period (footnote 6: with an appropriate buffer), and

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

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

- 1.7 The programme for the Local Plan, as set out in the current Local Development Scheme envisages adoption in September 2023.
- 1.8 To maintain a full 15-year time horizon, the plan period extends to September 2038; that is, 15 years from the anticipated date of adoption. As per national planning policy, the housing supply position has been calculated from the date of adoption to allow for the full 15 year period to be considered.

Standard Method for Calculating Housing Need

- 1.9 NPPF paragraph 61 states that “To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals”. Further details on how to assess housing needs is available through the Planning Practice Guidance on Housing and Economic Needs assessment².
- 1.10 The Standard Method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply. Hence, there is no need to consider need and supply matters before the base year of the Local Plan.
- 1.11 The current calculation of the local housing need using the Standard Method for Spelthorne is set out in Appendix A. The minimum figure for Spelthorne is 618 homes per annum, which across the 15-year plan period equates to a need of 9,270 homes.
- 1.12 The Council must consider whether demographic trends and market signals suggest whether the Local Plan should set a higher target than that determined using the Standard Method. The PPG³ highlights that, while the cap reduces the minimum number generated by the Standard Method, it does not reduce housing need itself. It adds that, where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered.
- 1.13 As an extensive part of Spelthorne borough is affected by strategic development constraints, in particular but not limited to flood risk, the presence of waterbodies (including five reservoirs) and Green Belt, development would inevitably need to be concentrated in a more limited area of the borough. As such in the context of the constraints present and the Strategic Land Availability Assessment (SLAA) report produced annually by the Council, the availability of suitable land for development to accommodate a higher amount of growth is limited.
- 1.14 In addition, through the development of the Local Plan, the Council has produced a Sustainability Appraisal report analysing the impacts of a higher growth strategy⁴. This concluded that pursuing a higher growth strategy would likely result in notable negative impacts, particularly on the environment and the road network.

² <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

³ PPG, Housing and Economic Needs Assessment, Paragraph: 007 Reference ID: 2a-007-20190220

⁴ This has been supplemented by the Sustainability Appraisal of a further higher growth scenario following the Regulation 19 Local Plan consultation which considered a 16% uplift on local housing need.

- 1.15 Consideration is also given to the fact that the capped Standard Method figure of 618 dwellings per annum is well in excess of the recent built rates. On average, 357 net additional dwellings have been built over the last three years (1 April 2019 – 31 March 2022). Hence, not only is the new target almost over three times the annual requirement of 166 homes per annum derived from the Council's current Core Strategy (2009), it represents a 73% increase on recent house-building rates. This would be a very substantial boost in terms of performance of the local housing market.
- 1.16 A further consideration is matching housing growth with job supply. The Spelthorne Strategic Housing Market Assessment (SHMA) Update 2019 found that the number of jobs supported by the Standard Method (538 jobs per annum) is considerably larger than the annual job growth over the plan period (184 jobs per annum). It is therefore concluded that Spelthorne does not require any additional homes above the standard method.
- 1.17 In conclusion, the Standard Method capped figure is regarded as being a realistic housing need target, seeking a significant increase in the level of housebuilding relative to what has been achieved in recent years (as well as being 40% above the projected household growth for the borough).
- 1.18 Therefore, at least 618 dwellings a year is regarded an appropriate local housing need target for the new Local Plan for the borough.

Specific Housing Needs

- 1.19 This section considers the housing needs of those groups highlighted in NPPF paragraph 62. The needs identified for each group do not necessarily equate to targets for the Local Plan. Rather, they should be considered in the context of the overall housing need figure calculated using the Standard Method. This recognises that the need for housing of particular groups of people may well exceed, or be proportionally high in relation to, the overall need. This may well be because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline, as opposed to the projected new households which form the baseline for the Standard Method. In addition, viability considerations may limit the Council's ability to deliver the amount of housing that meets the specific needs of each group.

Affordable Housing

- 1.20 Affordable Housing is defined within Annex 2 of the NPPF. The SHMA 2015 and SHMA update 2019 have previously considered the level of affordable housing need in Spelthorne. The SHMA 2015 considered affordable housing need as part of the process of defining the OAN for Spelthorne, prior to the use of the Standard Method. This found an estimated affordable housing need of 513 - 924 homes per annum across both Runnymede and Spelthorne. On the basis of viability and past delivery it was estimated that both of the authorities might expect to provide up to 35% of future housing as affordable homes.
- 1.21 However, the link between the affordable housing need and the overall need for housing (or the objectively assessed need) is complex. Once the fact that many of the households in need are already living in accommodation (existing households) is taken into account and the role played by the private rented sector, the need for an uplift becomes less clear.
- 1.22 The 2019 SHMA considers the need for affordable housing in the context of the standard method. The analysis suggests a net need for 459 affordable homes per annum over the plan period. Table

1 sets out which elements have been taken into account to determine the level of need. This figure is higher than previously estimated in the 2015 SHMA although these are not on a like for like basis. However, such is the extent of affordable housing need in relation to overall need the Council is justified in seeking to secure as much additional affordable housing as viably possible.

Table 1: Estimated Annual Level of Affordable Housing Need – Spelthorne (SHMA Update 2019)

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

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

1.23 The SHMA reports provide a forecast of likely need arising. The Council’s Housing Register, while only covering need that is presented to the Council as the housing authority, is a useful source to point to for current, established need. There are currently some 3,673 households on the Housing Register (November 2022) and since 2014 there has been a general upward trend in demand for Affordable Housing products.

Past Delivery

1.24 The Council monitors its past delivery of Affordable Housing annually in its Authority Monitoring Report⁵. The overall provision of affordable housing has been mixed, however more recently the number of units has risen (Table 2). 211 affordable units are currently under construction. There is an increasing trend for developers to seek to reduce on-site provision of affordable housing on the grounds of viability and / or to promote off-site provision or an in-lieu financial contribution. As per Planning Practice Guidance, the role for viability assessment is primarily at the plan making stage. Accordingly, the Local Plan has been subject to a viability assessment to ensure policies are deliverable and to ensure that developments can provide the prescribed level of Affordable Housing. This should therefore result in a more consistent delivery of Affordable Housing.

Table 2: Number of affordable homes provided per year since 2009

Year	Affordable dwellings completed (gross)	Affordable dwellings lost in year	Affordable dwellings completed (net)	Rent		Shared Ownership		Other/not specified	
				Gross units	%	Gross units	%	Gross units	%
2009-10	99	54	45	64	65	35	35	0	0
2010-11	96	44	52	84	87	12	13	0	0
2011-12	144	59	85	101	70	43	30	0	0
2012-13	63	20	43	51	81	12	19	0	0
2013-14	44	0	44	44	100	0	0	0	0

⁵ <https://www.spelthorne.gov.uk/article/17654/Authority-Monitoring-Report>

Year	Affordable dwellings completed (gross)	Affordable dwellings lost in year	Affordable dwellings completed (net)	Rent		Shared Ownership		Other/not specified	
				Gross units	%	Gross units	%	Gross units	%
2014-15	16	43	-27	8	50	8	50	0	0
2015-16	138	14	124	82	59	56	41	0	0
2016-17	46	0	46	46	100	0	0	0	0
2017-18	9	0	9	5	55.5	4	44.5	0	0
2018-19	6	0	6	6	100	0	0	0	0
2019-20	0	0	0	0	0	0	0	0	0
2020-21	177	0	177	22	12	155	88	0	0
2021-22	104	0	104	0	0	104	100	0	0
Total	838	234	708	513	54%	429	46%	0	0

Source: Spelthorne Authority Monitoring Report (2022)

Affordable Housing Mix

1.25 The SHMA Update 2019 modelling provides an estimate of the proportion of homes of different sizes needed. The mix of affordable rented housing sought through development at a borough-wide level should be as follows:

- 1-bed properties: 35-40%;
- 2-bed properties: 25-30%;
- 3-bed properties: 25-30%;
- 4-bed properties: 5-10%

The SHMA update finds that the provision of affordable home ownership should be more explicitly focused on delivering smaller housing, with the following mix identified:

- 1-bed properties: 15-25%;
- 2-bed properties: 40-45%;
- 3-bed properties: 25-35%;
- and • 4-bed properties: 5-10%

1.26 At a more nuanced level, the SHMA Update 2019 finds that whilst the predominant need for Affordable Housing is social/affordable rented, there is a need for affordable home ownership products in Spelthorne – there are several households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. There is however a potential supply of homes within the existing stock that can contribute to this need. Furthermore, in line with the NPPF, paragraph 65, the SHMA update recommends a 10% provision of affordable home ownership. Through an analysis of current need and newly forming households, the SHMA update finds that the net need for Affordable Home Ownership could be in the range of 29 to 384 dwellings. This is based on the level of sales of houses in the lower quartile average in Spelthorne to determine outstanding need. There are however shortfalls in this method of calculating need for Affordable Home ownership as houses at the lower end of the market may not necessarily be purchased by those with lower incomes and there may also be quality issues with the stock of dwellings. Overall there is uncertainty in the extent to which homes within the existing stock can contribute to this need. This therefore highlights the difficulty in quantifying the need for low-cost home ownership products.

1.27 The SHMA update 2019 finds that shared ownership is likely to be the most appropriate option to meet this requirement (para 4.76). Since the publication of the SHMA update 2019, guidance on

the need for First Homes has been published. There is a nationally prescribed requirement that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. Policy H2: Affordable Housing, of the Pre-submission Spelthorne Local Plan has been subject to a viability assessment which has determined that the proposed mix of affordable housing tenure is deemed viable.

- 1.28 Overall, the evidence does not show any strong basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF. The SHMA Update sets out that where affordable home ownership is being provided the following prices should be followed, which are equivalent to the levels needed to access private rented housing.

Table 3: House Prices in Spelthorne (Nov 2022)

Property Type	Average Property Price (November 2022)		
	Spelthorne	South East	England
Detached Houses	£752,612	£715,949	£495,804
Semi-detached Houses	£524,661	£438,846	£302,583
Terraced Houses	£417,672	£341,154	£259,045
Flats and Maisonettes	£263,782	£230,464	£254,485
All Property Types	£430,438	£402,466	£315,073

Source: Land Registry UK House Price Index

- 1.29 The table above shows the average property prices in Spelthorne compared to the wider South East region and England as a whole. This shows that affordability in Spelthorne is much lower than the wider area. Furthermore, the median house price to workplace earnings ratio is 12.66 for Spelthorne. This is relatively high when compared to the median income for Spelthorne of £33,962 and indicates that access to home ownership and rental property is more challenging in the area. In conclusion, it is clear that there is a relatively high need for affordable housing, as evidenced by high house prices and housing need.

Policy Development

- 1.30 Informed by the identified need for affordable housing in Spelthorne, past delivery and the results of the whole plan viability assessment⁶, the Local Plan contains two different levels of affordable housing provision to be sought on schemes of 10 or more dwellings: 50% of homes on greenfield sites and 30% of homes on brownfield sites, recognising the additional costs associated with developing brownfield sites. Given the limited affordable housing provision in Spelthorne in recent years, the release of greenfield sites in the Green Belt provides the opportunity to boost affordable housing delivery without the need for further viability assessment.
- 1.31 The Council has also sought to identify whether there are particular needs for other types of affordable housing beyond the difference already described between affordable rented and affordable home ownership. Having considered factors such as the relatively small difference between social rents and affordable rents in the Borough and access to housing benefit, a rigid policy for the split between social and affordable rented housing has not been used.

⁶ Spelthorne Local Plan and potential Community Infrastructure Levy (CIL) review Viability Assessment (2020 - 22) (Dixon Searle Partnership, July 2022)

1.32 Overall Policy H2: Affordable Housing seeks a tenure split of 75% affordable/social rent, with 25% First Homes as per national guidance. A minimum 10% of homes provided on each site must be available for affordable homes ownership.

Private Rent Housing

1.33 The SHMA 2015 notes that the proportion of households living in the private rented sector has increased by 68% over the 2001-11 period (and home ownership correspondingly reduced) as households are being forced to rent longer. Overall, approximately 13% of all households in Spelthorne live in private rented housing. This is however lower than the South East average of 16%. This indicates that whilst there is a need for more affordable home ownership products, there is also a need for private rental homes.

1.34 Also, looking ahead, there is further potential for institutional investment in ‘Build-to-Rent’ housing schemes given the demand for rental properties in the area. This is explored through the Housing Delivery topic paper under ‘Spelthorne Borough Council-owned Assets’.

Needs of Older People and People with Disabilities

1.35 The need to provide housing for older people is crucial, as the proportion of older people in the population is increasing. The Office for National Statistics (2018-based) demographic projections forecast a modest total population increase of 0.77% over the plan period. More substantial increases are expected in the number of people aged over 65 years, and especially those over 85 years whereby a 35% increase in the population is anticipated. This is set out in Table 4 below.

Table 4: Spelthorne Population Change 2022-2037

	2022 Population	2037 Population	Change in population	% change
Under 65	81,189	77,282	-3,907	-4.81%
65-74	9,294	11,686	2,392	25.7%
75-84	6,892	8,182	1,290	18.7%
85+	2,862	3,862	1,000	34.9%
Total	100,237	101,011	774	0.77%
Total 65+	838	234	708	

Source: ONS subnational population projections (2018-based)

1.36 The NPPF and PPG identify the need to provide housing for older people through the Local Plan⁷. It follows that close attention should be given to the number, size, location and quality of dwellings needed in the future for older people, in order to allow them to live independently and safely in their own home for as long as possible, or to move to suitable accommodation if they so wish.

⁷ Planning Practice Guidance, Housing for older and disabled people Paragraph: 001 Reference ID: 63-001-20190626

- 1.37 The number of people with disabilities is also expected to increase over time. The SHMA update 2019 identifies that a 30.6% increase in the number of people with long term health problem or disability (LTHPD) is expected to 2035.
- 1.38 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. Table 5 sets out the anticipated deficit for housing with care and support to 2035.

Table 5: Older Person Housing Requirements (2019 to 2035)

		Housing demand per 1,000 75+	Current supply	2019 demand	Current shortfall (surplus)	Additional demand to 2035	Total deficit by 2035
Housing with support	Rented	42	196	387	191	167	358
	Leasehold	69	182	635	453	275	728
Housing with care	Rented	18	123	167	44	72	116
	Leasehold	22	0	201	201	87	288
Care bed spaces		97	699	900	201	389	589

Source: Spelthorne SHMA Update 2019, Derived from demographic projections and Housing LIN/HOPSR/EAC

- 1.39 Given the high need for specialist accommodation in the borough, the council wishes to address these needs through the Local Plan as much as possible. Having assessed the sites promoted to the Council for elderly people/specialist accommodation through the call for sites, none were deemed suitable due to conflicts with the spatial strategy, largely in relation to Green Belt performance. As part of the development of the Strategic Land Availability Assessment 2022, two sites that could accommodate additional bedspaces have been identified and included in the brownfield tier 2 supply list:
- SE2/003: 280 Staines Road East
 - HS1/018: Sunbury Care Home, Thames Street
- 1.40 As per Planning Practice Guidance⁸, local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, as part of their housing land supply. This contribution is based on the amount of accommodation released in the housing market. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published Census data.
- 1.41 Accordingly, the total number of C2 bed spaces is divided by the average number of adults in all households in Spelthorne (1.89) in order to provide a discounted contribution equivalent to the number of dwellings that can be released in the housing market.
- 1.42 However as no new strategic sites for this use have been promoted, no sites have been allocated in the Local Plan for this use. Policy H1: Homes for All does however support the provision of

⁸ PPG, Housing Supply and Delivery Paragraph: 035 Reference ID: 68-035-20190722

specialist accommodation that meets these identified needs on suitable sites in order to boost supply as much as possible.

- 1.43 The NPPF sets out that policies that seek to meet the needs of people with disabilities and older people with reduced mobility should do so by reference to the Government's optional technical standards for accessible and adaptable housing which are set out in Part M of the Building Regulations (NPPF paragraph 130(f) and footnote 49). Part M of the Building Regulations describe three levels of accessibility for homes:
- Part M4(1) – Visitable Dwellings (required for all new dwellings)
 - Part M4(2) – Accessible and Adaptable Dwellings
 - Part M4(3) – Wheelchair User Dwellings.
- 1.44 The SHMA update 2019 sets out that given the growing age of the population and need for specialist units associated with those living with a LTHPD, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of homes which are allocated by the local authority meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly. In accordance with this recommendation, Policy H1: Homes for All requires all homes to be constructed in accordance with the requirements of Building Regulations Part M4 (2) and requires a minimum of 10% of new dwellings on major housing developments to accord with Category M4(3) (wheelchair adaptability). The policy also allows for exemptions, subject to the applicant demonstrating that compliance would significantly harm the financial viability of the scheme or is not feasible.
- 1.45 The Reasoned Justification of Policy H1 recognises the need for flexible and adaptable dwellings as people's needs change. This relates not only to the elderly but also families with pushchair needs, or those with a temporary or permanent disability or health.

Student Accommodation

- 1.46 Spelthorne has a relatively small student population associated with the nearby Royal Holloway University in Runnymede Borough. The SHMA 2015 found that Spelthorne has 50 all student households. In 2011, there were 671 all student households in Runnymede. This equates to around 2.1% of all households. The university is not expected to grow its student numbers beyond its planned growth in student accommodation. This is likely to draw some of the students in wider housing supply into purpose-built accommodation. There is therefore unlikely to be any increased demand in the wider housing stock within Runnymede let alone Spelthorne.

Self and Custom Build

- 1.47 The NPPF 2021 identifies that planning policies should reflect the needs of different groups, including people who wish to commission or build their own homes. Footnote 26 states that "Under section 1 of the Self Build and Custom Housebuilding Act 2015, local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand". Self-build is the direct involvement of individuals in the design and construction of their new home. Custom build housing is typically defined as when someone commissions a specialist developer to help to deliver their own home.

- 1.48 As of 1 April 2016, Spelthorne Borough Council, as the local planning authority, has a statutory responsibility to keep a Self-Build and Custom Housebuilding Register for the borough. The Register provides information on the demand for self-build and custom housebuilding in the area. Each individual applicant, and every member of an association that applies to go on the Register, must meet the following criteria:
- Aged 18 or older;
 - A British citizen, a nation of an EEA State other than the United Kingdom, or a nation of Switzerland; and
 - Seeking (either alone or with others) to acquire a serviced plot of land in the relevant authority's area to build a house to occupy as that individual's sole or main residence
- 1.49 There are currently approximately 80 individuals on the register. Custom Build accounts for the greatest proportion of build type on the register (89%). Self-build accounts for 2% of build types on the register and type not provided accounts for a fairly high volume at 9%. Further details are available on the Council website at:
<https://www.spelthorne.gov.uk/article/17623/Self-build-and-Custom-build-Homes-Register>
- 1.50 When applying, respondents are asked where they are interested in and are allowed to name multiple locations. Approximately 41% of Self and Custom Build Housing on the register have selected they are registered in other local authorities, with no requirement to have a connection to the local area. Furthermore, there is no obligation for those on the Register to remove their registration if their demand ceases for any reason. The Council are considering introducing a fee to be on the self and custom build register as well as a renewal fee. This has the potential to reduce the number of people on the register. Given the above, estimates of need should therefore be treated as indicative and provisional at this stage.
- 1.51 The Self-Build and Custom Housebuilding Act 2015 as amended by the Housing and Planning Act 2016 has implications for self and custom housebuilding. The Act states an authority must give suitable development permission for serviced plots of land to meet the demand for self-build and custom housebuilding within the authority's area.
- 1.52 Given the lack of strong evidence to support demand for self and custom build housing, the Council has sought to meet demands for self and custom build housing through the Local Plan using a measured approach through Policy H1: Homes for All. Self and custom-built houses fall within the same C3 use class category as dwelling houses so there is flexibility to accommodate future demand for such plots on land allocated for residential use. Policy H1: Homes for All specifically supports the provision of self and custom build developments, with major developments required to consider the Register and whether provision should be included within the development. The policy has been subject to a viability assessment to supports the application of the policy in practice.
- 1.53 It is also noted that as most of the evident demand is for individual plots, the approach to meeting need includes a supportive approach to single dwelling schemes in appropriate locations. This may therefore be addressed through small windfall schemes, aside from any complementary provision as part of larger housing developments.

Needs of Neighbouring Areas

- 1.54 Through its Duty to Cooperate discussions, Spelthorne BC has sought to understand the housing needs of neighbouring authorities and explore how any unmet needs may be addressed in the

wider area. The surrounding authorities are all at differing stages of Local Plan preparation, however Elmbridge Borough Council recently completed its Regulation 19 consultation whereby the Local Plan strategy only meets 70% of its housing need. As such, Duty to Cooperate discussions have been ongoing in relation to this matter and details are provided within the 'Spelthorne DtC Statement of Compliance' and in 'Topic Paper 4 – Duty to Cooperate with Elmbridge Borough Council'. Spelthorne is unable to assist Elmbridge, or any other authorities, in addressing unmet housing needs due to the substantial negative impacts anticipated through additional Green Belt release.

- 1.55 There is still an outstanding matter regarding the London Plan and unmet housing need. The London Plan identifies Greater London as a single Housing Market Area and Planning Practice Guidance makes clear that it is for the Mayor to distribute London's total housing requirement within the plan making area. The quantum of unmet need exported to other places should therefore be minimised. Considerations of geography and feasibility of meeting the needs of those outside the HMA play an important role in determining how unmet needs might be addressed in the wider area. It is however felt that the needs of the London HMA should be met within its own boundaries and Spelthorne does not offer an appropriate location to accommodate additional housing from the London Area. Furthermore, the constraints present in the borough and lack of capacity for additional homes means that Spelthorne is not in a position to assist.
- 1.56 The Council has developed a Statement of Common Ground (SoCG) with neighbouring authorities and strategic partners to agree the position on housing needs. This sets out that no authorities are requesting assistance to meet housing needs.

Local Plan Policy Approach

- 1.57 Policy H1: Homes for All has been developed to take account of the evidence base and responds to the requirements of national policy. The preceding sections have outlined the key considerations in the evidence base, principally from the Strategic Housing Market Assessment 2015 and Strategic Housing Market Assessment Update 2019 and have also provided narrative on how policy has been developed to take account of these factors.
- 1.58 The policy seeks to meet housing needs in full with the Local Plan making provision for 618 homes per annum, based on the Government's standard method calculation. The policy goes on to set out the approach regarding the mix of housing to be delivered including how provision should be best made for meeting the need for specific household groups with particular housing needs, including for specialist housing for older people and people with disabilities. The housing policy has been subjected to a Viability Assessment to support its delivery in practice therefore the proposed approach is considered to be justified and positively prepared.
- 1.59 Policy H2: Affordable Housing has been developed to make provision for as much affordable housing as possible through the new Local Plan. Due to past under delivery and growing affordability issues for the area, the policy seeks to boost affordable housing. The policy requires 30% and 50% affordable housing on brownfield and greenfield sites respectively, and also sets out a sequential approach to contributions if on-site provision is not possible. This is to obtain the most beneficial results from whatever form the affordable housing provision takes. The policy also requires a review mechanism to be applied to all viability tested applications at early and late stages in the development process to ensure that affordable housing delivery is maximised as a result of any future improvement in viability.

Appendix A: Standard Method Calculation for Assessing Local Housing Need - Spelthorne

Step 1 – Setting the baseline

Using national household growth projections (2014-based household projections in England) for the local authority area, calculate the projected average annual growth over a 10 year period.

2022: 43,925 households

2032: 48,340 households

10 year average: 441.5

Step 2 – Adjustment to take account of affordability

Spelthorne median workplace-based affordability ratio: 12.66⁹

Adjustment calculation:

$$\text{Adjustment Factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

Spelthorne's median workplace-based affordability ratio is **12.66**.

No adjustment is applied where the ratio is 4 or below. For each 1% the ratio is above 4, the average household growth baseline should be increased by a quarter of a percent. As this is above 4, then the following adjustment should be made.

The adjustment is calculated as:

$$\text{Adjustment Factor} = \left(\frac{12.66 - 4}{4} \right) \times 0.25 + 1 = 1.541$$

Minimum annual local housing need figure = (adjustment factor) x projected household growth

Minimum annual local housing need figure = 441.5 x 1.541

The resulting figure is 680.5 homes

Step 3 – Capping the level of any increase

A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing i.e. if the Local Plan was adopted more or less than five years ago.

Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.

This also applies where the relevant strategic policies have been reviewed by the authority within the 5 year period and found to not require updating.

⁹ House price to workplace-based earnings ratio. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

For areas covered by spatial development strategies, the relevant strategic policies are those contained within the spatial development strategy. For example, where a requirement figure for an authority in a spatial development strategy differs from that in a local plan, the figure in the spatial development strategy should be used.

Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:

- a. the projected household growth for the area over the 10 year period identified in step 1; or
- b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).

As Spelthorne adopted its Local Plan more than 5 years ago and has not reviewed the housing requirement figure since then:

- The annual housing requirement figure in the existing relevant policies is 166 a year
- Average annual household growth over 10 years is 441.5 (as per step 1)
- The minimum annual local housing need figure is 680.5 (as per step 1)
- The cap is set at 40% above the higher of the most recent average annual housing requirement figure or household growth:

$$\text{Cap} = 441.5 + (40\% \times 441.5) = 441.5 + 176.6 = 618$$

The capped figure (618) is lower than the minimum annual local housing need figure (680.5) and therefore limits the increase to the local authority's minimum annual housing need figure. The minimum figure for this local authority is therefore **618** homes per annum. Across the 15 year plan period this equates to a need of 9,270 homes.