

STRATEGIC HOUSING MARKET ASSESSMENT 2019

Head of Service/Contact: Ruth Ormella, Head of Planning

Urgent Decision?(yes/no)

If yes, reason urgent decision required:

Annexes/Appendices (attached): Annex 1: Strategic Housing Market Assessment

Other available papers (not attached):

Report summary

The Strategic Housing Market Assessment (SHMA) Update 2019 is a technical study that was commissioned by the Council to update the [SHMA for Kingston Upon Thames and North East Surrey Authorities 2016](#). It was commissioned to inform what the future makeup of housing need will comprise. The key findings are presented in this report in summary form.

The SHMA update is a technical assessment and forms part of the Council's evidence base for its emerging Local Plan policies.

Recommendation (s)

The Committee

- (1) Notes the contents of the Strategic Housing Market Assessment Update 2019 as a technical study that will form part of the evidence base for the emerging Local Plan.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The SHMA will form part of the evidence base for the emerging Local Plan policies. The delivery and implementation of the Epsom & Ewell Borough Local Plan will ensure sustainable growth is planned in the Borough to meet the Corporate Vision and in line with Corporate priorities and values.

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2 Background

- 2.1 The former purpose of a Strategic Housing Market Assessment (SHMA) was to assess the future housing requirement within a specific housing market area (HMA). The SHMA for Kingston Upon Thames and North East Surrey Authorities 2016 was a joint commission by four authorities that made up the HMA. It assessed the 'objectively assessed need' (OAN) for the four authority areas, this was calculated to be 418 dwellings per annum for Epsom and Ewell area. It also assessed the composition of the future need, including affordable/market housing need, size, type and tenure and housing requirements for specific groups.
- 2.2 The publication of the revised national policy and guidance (National Planning Policy Framework NPPF and Planning Practice Guidance PPG) in 2018 saw the introduction of the standard method to determine the minimum number of homes needed for an area. The standard method calculation results in a minimal housing need of 579 dwellings per annum for Epsom and Ewell. This supersedes the calculated OAN of 418 in the original SHMA as national policy now requires to use the standard method to identify the minimal homes needed for an area unless exceptional circumstances justify an alternative approach.
- 2.3 The SHMA update 2019 was commissioned to assess the composition of the need in the context of a significantly higher housing number of 579 per annum. The SHMA update includes an assessment of the need for market and affordable units, including size, type and tenure of housing. It also assesses the housing needs of specific groups including housing for older people, housing for people with disabilities, private rented sector, self and custom house builders and student housing.
- 2.4 The updated technical work will inform the Council's emerging Local Plan policies and will be material consideration in planning decisions. The updated data will inform the preparation of the Council's Local Plan policies to support the delivery of a sound Local Plan. To be considered 'sound', policies need to be realistic and deliverable and must be justified and fully informed by evidence on need and viability. The SHMA update will form an important part of the evidence base to justify the policy approaches it takes.

3 Proposals

Housing Need

- 3.1 The SHMA update 2019 was commissioned to assess the composition of the housing need within the Borough in the context of a significantly higher housing number of 579 per annum¹.

¹ LPA now required to use the standard method to identify the minimum housing numbers for an area unless exceptional circumstances justify an alternative approach.

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- 3.2 The SHMA update provides an overview of the policy context including the national changes since the original SHMA. It sets out in detail how the housing need is derived using the standard method (579 dwellings per annum) and compares it to the objectively assessed need (OAN) figure (418 dwellings per annum) from the original SHMA. It also recalculates an updated OAN of (519 dwelling per annum) to provide further context. Whilst the OAN figures provide an interesting context, they should be treated with caution as national policy has explicitly stated² that the standard method should be used to determine the minimum homes needed.
- 3.3 The following chapters review the make-up of the housing need, beginning with an assessment of dwelling size. It reviews occupancy data of the existing housing stock to get an understanding of the future size profile that might be required to meet the need. The commentary acknowledges the complexity of interpreting this information, which is influenced by different factors, including the demographic makeup of the population and buyer preferences. Coupled with issues of affordability, land availability and significant housing need number, the recommendation is a general breakdown of future need to comprise of 10% one bedroom units, 50% two bedroom units, 30% three bedroom units and 10% four bedroom units in order to balance these factors.

Affordable Housing need

- 3.4 The next chapter reviews the affordable housing need. Affordable housing need differs from the assessed need calculated from the standard method. The affordable housing requirement estimates the affordable housing required, which can be met through a variety of ways including new build or through acquiring existing private housing stock for the use of affordable.
- 3.5 The process for identifying the affordable need has been calculated based backlog need and newly arising need. Backlog need comprises of concealed households, overcrowding, and homelessness data. Newly arising need comes from data on newly households that might fall into need. The assessed affordable housing need has been calculated to be a 349 units per annum (net).
- 3.6 The composition of the newly arising affordable housing need can be estimated by an income and costs analysis, and applying 'affordability thresholds' to the lower quartile cost of renting or buying an open market property. This indicates a greater demand for the higher end of this sub-market levels rather than the lower end, this can be broadly interpreted as 61% falls in the intermediate housing range, 39% within the affordable and social rent. Although these should not be applied rigidly because some households come close to the different thresholds and costs can vary significantly from scheme to scheme.

² Paragraph 60 in the NPPF

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- 3.7 In terms of unit size, the need will vary based on the type of affordable housing provision (see Table 4.13 of the SHMA Update 2019). Overall, the need can be broken down to 6% one bed unit, 45% two bed unit, 29% for three bed units and 20% four bed units, so the data is suggesting greatest need for two and three bed units.

Specialist Accommodation: Older People

- 3.8 The last chapter of the SHMA update assesses the future housing requirements for specific groups, including older people, people with disabilities, students, private renters and self/custom house builders.
- 3.9 The older population in Epsom & Ewell is projected to increase by 30% between 2019 and 2035. This is a trend consistent with the rest of the country.
- 3.10 The data identifies that a significant portion of the older population (65+) own their own properties and this group under-occupy their properties. The implication of this is that if these residents had the opportunity to downsize, they could open up more family sized properties which are in demand in the Borough.
- 3.11 In terms of future provision for older people, a demographic model was applied, this calculates a need for an additional 88 rented sheltered accommodation, and 254 leasehold accommodation by 2035. However it should be noted that at present the authority is not seeing this demand reflected on the ground, and in real terms the need for sheltered is currently being met by the existing stock. Nevertheless, the assessment provides a calculation for the need up to 2035, and demand for sheltered accommodation may increase with time.
- 3.12 With regards to Extra Care, the calculated need is for 248 units of Extra Care accommodation between 2020 and 2035, with an assumed 80:20 split leased:rented.

People with disabilities or wheelchair requirement

- 3.13 The borough is projected to see a gradual increase in the number of people with mobility disabilities, the greatest need is identified in the older population i.e. those aged 65+ will see an increase of 36%.
- 3.14 Whilst data from the housing register identifies 30 households requiring wheelchair accessible housing, the modelling suggests that the figure may be as high as 154.

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Students

- 3.15 The Borough is a 'net exporter' of students – that is, the number of residents that leave the authority for elsewhere during term time is greater than the numbers that come in. The SHMA concludes that there does not seem to be a strong case for additional purpose-built student accommodation to be prioritised against other demands.

Private Rented Sectors

- 3.16 The Private Rented Sector has expanded in Epsom and Ewell by 65% between the last two Censuses and is now likely to be providing homes for 16% of households. Rents have increased by between 17% and 38% since 2010 (depending on bedsize); there are signs that the increase rate is slowing.

Self Build

- 3.17 There are currently 17 individuals on the self-build register. The SHMA recommends that the authority sets up a two-part register, to ensure that only those meeting the appropriate criteria (e.g. local connection) be considered for serviced plots, in the context of other priorities for scarce land resources.
- 3.18 The assessment concludes that there does not seem to be a strong case for self-build/custom build housing to be prioritised against other demands.

4 Financial and Manpower Implications

- 4.1 The SHMA update has been prepared within agreed budgets by external consultants Cobweb Consulting, who prepared the original SHMA for Kingston Upon Thames and North East Surrey Authorities 2016.
- 4.2 In terms of internal resource implication, this has been in the project tendering and contracting of the service; followed by project management after the consultants had been appointed.
- 4.3 ***Chief Finance Officer's comments: None for the purposes of this report.***

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The Local Plan will be examined to assess that it has followed legal and procedural requirements and that it is 'Sound'. For the Plan to be considered Sound, it needs to meet the following tests:
- Positively prepared
 - Justified

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- Effective
- Consistent with national policy

5.2 The SHMA update will inform Local Plan policies to ensure that it meets the tests of soundness.

5.3 ***Monitoring Officer's comments: none arising from the contents of this report.***

6 Sustainability Policy and Community Safety Implications

6.1 The new Local Plan will contribute towards delivering the Council's objectives and priorities.

6.2 A Sustainability Appraisal will form an integral part of the plan making process.

7 Partnerships

7.1 Local Planning Authorities have a duty to cooperate with public bodies on strategic planning issues that cross administrative boundaries.

7.2 Cobweb Consulting have engaged with all the neighbouring authorities that form part of the housing market area in preparing the SHMA update 2019.

8 Risk Assessment

8.1 Insufficient evidence to support the new Local Plan policies may result in the Local Plan not meeting the test of Soundness of being positively prepared, justified, effective and consistent with national policy.

9 Conclusion and Recommendations

9.1 The Committee notes the contents of the Strategic Housing Market Assessment Update 2019 as a technical study, that will form part of the evidence base for the emerging Local Plan. Once noted it will be published on the Council's website

Ward(s) affected: (All Wards);