Strategic Housing Market Assessment

London Borough of Sutton

Final Report

May 2015

Prepared by

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Quality Standards Control

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

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Limitations

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1   INTRODUCTION

Context and Purpose

1.1   London Borough of Sutton has commissioned GL Hearn to prepare a Strategic Housing Market Assessment (SHMA) for the Borough. The SHMA considers the overall need for housing, for different types of housing and the housing needs arising from different groups within the community.

1.2   The Council's Local Development Framework includes the Core Planning Strategy for the Borough, which was adopted in 2009; and a Site Development Policies document, which was adopted in 2012. The Council is however initiating a review of strategic policies in order to take account of the NPPF, the Further Alterations to the London Plan (FALP) 2014 (currently draft) and changes to the council's strategic vision.[1] The review will identify revised housing targets for the Borough, and may inform policies regarding affordable housing provision.

1.3   Specifically the local policy requirements of the Sutton SHMA was to calculate:

- The demand for market housing across various sizes, expressed as the number of bedrooms per unit;
- The demand and supply for affordable housing;
- The demand and supply for affordable housing by different products;
- The demand and supply for affordable housing across various sizes, expressed as the number of bedrooms per unit
- The demand and supply for market and affordable housing for families with children (i.e. 3-bed and 4+-bed houses);
- The demand, supply and market for specialist older people's housing;
- The demand, supply and market for older people's care homes, especially in terms of type and the growing trend for "care at home";
- The demand and supply for specialist housing for people with disabilities;
- The demand and supply for student housing;
- The demand and supply for housing for members of the armed forces; and,
- The demand and supply for people wishing to self-build.

1.4   The preparation of the SHMA has followed relevant national policy and guidance, specifically:

- National Planning Policy Framework[2];
- Planning Practice Guidance on *Housing and Economic Development Needs Assessments*[3].

1.5   It has also taken account of the London Strategic Housing Market Assessment 2013[4], which was prepared by the Greater London Authority (GLA) and forms part of the evidence base for the Draft

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[1] Mayor of London (Jan 2014) *Draft Further Alterations to the London Plan*
[2] DCLG (March 2012) *National Planning Policy Framework*
[3] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[4] Mayor of London (Jan 2014) The London Strategic Housing Market Assessment 2013

FALP. The report however provides a more detailed look at housing need, including demographic projections, for the London Borough of Sutton.

1.6   The analysis presented focuses on providing outputs for Sutton as a whole. However for key indicators, distinctions between different parts of the Borough are drawn out through GIS mapping.

National Planning Policy Framework (NPPF)

1.7   The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.8   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.9   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

1.10   Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their local plans are submitted for examining. Housing is an issue with cross-boundary implications, and the Council will need to demonstrate that it has worked collaboratively and engaged constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

1.11   Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and*

infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development." Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another.

1.12   In considering future housing provision, the SHMA is intended to be read in conjunction with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF sets out that local authorities are required to maintain a 5 year supply of specific deliverable sites, and to include an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery in which case a buffer of 20% applies).

1.13   In regard to housing mix, the NPPF sets out that local authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. The Government has introduced a 10-unit affordable housing threshold.

1.14   In setting an LPA's own affordable housing policies, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes.

1.15   The SHMA focuses on assessing housing need. In setting policies for affordable housing provision, this would need to be brought together with evidence regarding the economic viability of development in the Borough.

Planning Practice Guidance

1.16   Planning Practice Guidance (PPG) was published by Government in March 2014 and is maintained online and updated periodically. Guidance is provided on '*Assessment of Housing and Economic Development Needs*'. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report follows that in the PPG.

1.17   The guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.' It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints. Specifically the guidance sets out that:

> "plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."

1.18   Against this context it is important to recognise that **the SHMA assesses need for housing. It does not set housing targets** – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.

1.19   The guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (DCLG). At the time of preparation of this report these the latest projections are the 2011-based 'Interim' Household Projections[5]. It also outlines that the latest population projections should be considered. These are the 2012 Sub-National Population Projections published by ONS in May 2014.

1.20   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply.

1.21   It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.22   Evidence of affordable housing needs is also relevant, with the guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

1.23   In regard to employment trends, the guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the

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[5] DCLG (April 2013) *2011-based Interim Household Projections*

housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

> **Implications**
>
> The SHMA provides an assessment of need – it does not set targets for housing provision, or policies regarding what types of housing should be built, however it is intended to inform this.
>
> Government have set out a clear methodology for assessments such as this, in Planning Practice Guidance, which this report follows. It requires an "objective assessment of need" for housing to be undertaken which leaves aside constraint-based factors. This approach needs to be followed, as new planning policies would get tested against this at an examination in public.

Overview of the Approach to Deriving OAN

1.24   The NPPF and PPG set out a clear approach to defining the objectively-assessed need (OAN) for housing. We have sought to summarise this within the Figure 1. This summarises the approach we have used to considering OAN.

1.25   Those elements of figure 1 within the dashed line will be considered through this SHMA process, the core output of which will be an objective assessment of housing need. This will then be considered alongside wider factors such as unmet need from other areas, land supply, delivery constraints, sustainability appraisals and aligning the economic and housing strategies in order to derive a housing target for the Borough.

1.26   The starting point for the objective assessment of need will be the trend based population and household projections. The core inputs of these, migration rates and household formation rates, will be tested. In particular the household formation rates will be tested on the basis of whether household formation has historically been constrained. This will include analysis of market signals and whether there is a need to adjust the formation rates to take this into account.

1.27   The migration rates will be interrogated to see whether recent trends used in the national projections are likely to reoccur going forward or whether a longer term or alternative trend would be more appropriate. We will also consider the impact of job forecasts and how this will drive migration rates going forward. Taking these elements together we then calculate an objective assessment of need.

Figure 1:   **Overview of Approach**
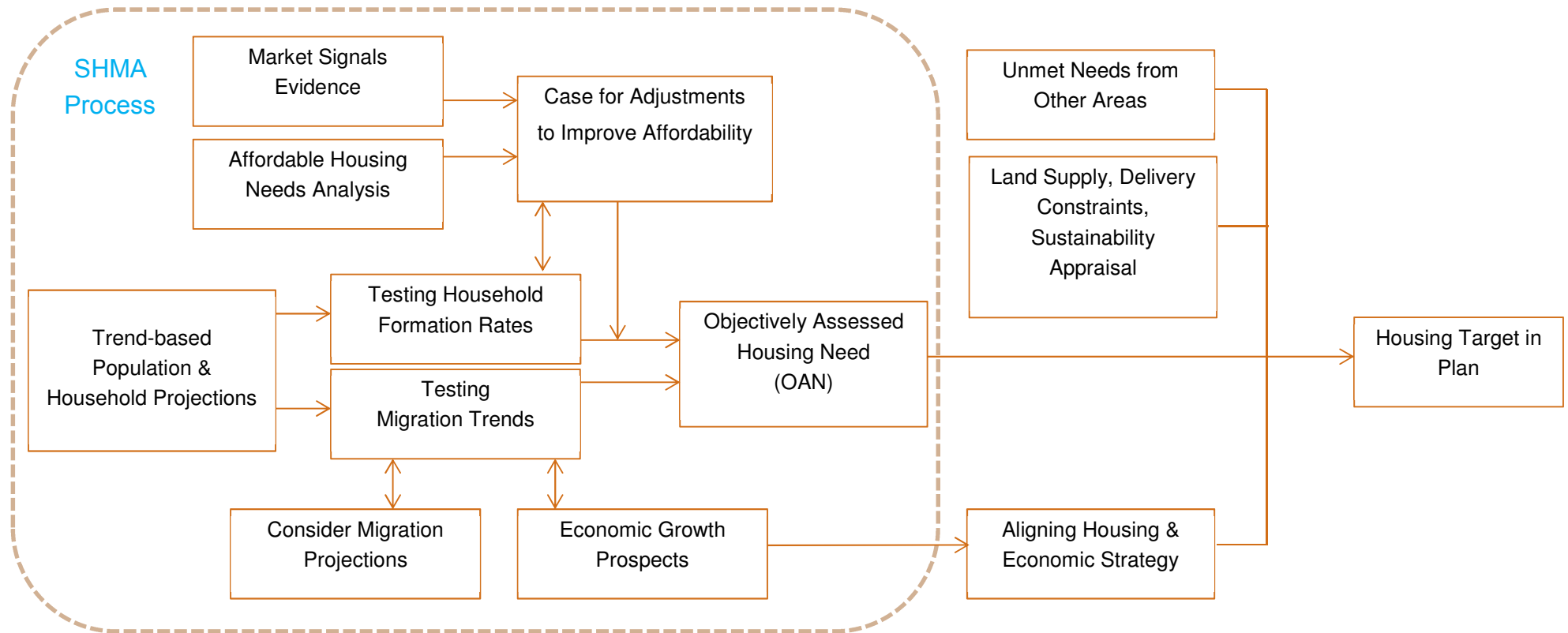
Report Structure

1.28   The remainder of this report is structured as follows:

- Section 2 - Strategic Context for Housing in London;
- Section 3 – Housing Market Linkges;
- Section 4 – Sutton's Population and Housing Stock;
- Section 5 – Demographic Projections and Housing Need;
- Section 6 – Housing Market Dynamics and Market Signals
- Section 7 - Affordable Housing Need;
- Section 8 - Need for Different Types of Housing;
- Section 9 - Housing Needs of Particular Groups; and
- Section 10 – Conclusions.

1.29   The report is also accompanied by the following appendices which provides detailed contextual information:

- Appendix A: Projection Methodology and Key Data
- Appendix B: Data Tables
- Appendix C: List of Abbreviations

2   STRATEGIC CONTEXT FOR HOUSING IN LONDON

2.1   Local plans within London must be in general conformity with the London Plan, and it is thus appropriate to start out by considering the Mayor of London's policies for housing provision. In this section we thus review:

- The Draft Further Alterations to the London Plan (Jan 2014); and
- Homes for London: the London Housing Strategy (June 2014)[6].

Draft Further Alternations to the London Plan

2.2   The Mayor published Draft Further Alterations to the London Plan (the 'Draft FALP') in January 2014. Once adopted, the Draft FALP will form part of the development plan against which planning applications are assessed. The Inspector's report into the FALP has been published.

2.3   The Draft FALP sets out that London should be treated as a single housing market, but recognises that housing market linkages extend beyond London – underscoring the importance of inter-regional coordination in meeting housing requirements in the wider South East.

Housing Targets

2.4   The Draft FALP proposes a <u>minimum</u> target for 423,887 homes in London between 2015 and 2025 which translates into a minimum annual monitoring target of 42,389 homes per annum. This is principally driven by the 2013 London Strategic Housing Land Availability Assessment (SHLAA) which identified capacity for at least 420,000 homes per annum. The target is to be reviewed by 2019/20.

2.5   This level of provision falls short of identified housing needs. The central projection within the 2013 London SHMA indicated a need for between approximately 49,000 (2015-36) and 62,000 (2015-26) more homes a year in the capital. The range reflects the different levels of population change over the two periods indicated, the time taken to reduce the current (backlog) housing need and the anticipated under-delivery between 2011-15. The Plan is based on a core demographic projection for 40,000 more households a year between 2011-36 – based on the GLA's 2013 Central Projection for population and household formation rates from the 2011-based DCLG Household Projections.

2.6   The Draft FALP proposes a minimum target for 3,626 homes per annum in Sutton (2015-25), with an annual monitoring target of 363 homes per annum (pa). However it is clear in Policy 3.3 that this "should be augmented where possible with extra housing capacity to close the gap between identified housing need and supply in line with the requirement of the NPPF." The policy specifically encourages boroughs to identify and seek to enable additional development capacity to be brought

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[6] Mayor of London (June 2014) Homes for London: the London Housing Strategy

forward which supplements these targets (having regard to other policies in the Plan) such as through intensification, town centre renewal, opportunity and intensification and growth corridors, mixed use development and sensitive renewal of existing residential areas – particularly in areas of good public transport accessibility. To fit local plan timeframes, it supports the 'roll forward' of annual average figures where appropriate.

2.7   The implication for the London Borough of Sutton is that the Draft FALP requirement for 363 homes per annum is a minimum figure and the Council should seek to maximise housing delivery taking account of the Borough's 'sustainable capacity.'

Types of Homes

2.8   The Draft FALP provides quite detailed guidance regarding the types of homes expected to be built – setting out density and space standards, and policies regarding housing mix and affordable housing provision.

2.9   Developments are expected to optimise housing output, taking account of location; local context and character; design principles; and public transport capacity. Table 3.2 provides a density matrix linked to the setting and Public Transport Accessibility Rating (PTAL) of the site.

2.10   Minimum space standards for development in terms of floorspace per square metre Gross Internal Area (GIA) are set out in Table 3.3.

2.11   Policy 3.11 deals with affordable housing. This sets out that the Mayor, boroughs and other relevant agencies/partners should maximise affordable housing provision, with:

- An average target of at least 17,000 homes (which is equivalent to 40% of the Draft FALP minimum targets);
- A tenure mix whereby 60% is of social or affordable rented provision and 40% for intermediate rent or sale; and
- A priority is given to provision of affordable family housing.

2.12   Boroughs are required in LDFs to set an overall target for affordable housing provision and separate targets in social/ affordable rent, and intermediate housing. Affordable housing targets can be expressed in absolute or percentage terms in light of local circumstances, but must take account of economic viability and other relevant considerations (listed in Policy 3.12). National Planning Policy Guidance requires that affordable housing should only be sought on developments of 10-units or less, and which have a maximum combined gross floorspace of 1,000 square metres.

2.13   The Draft FALP sets out in Policy 3.8 that new developments should offer a range of housing choices, in terms of the mix of housing sizes and types, taking account of the housing requirements of different groups and the changing roles of different sectors. It particularly promotes delivery of

social/ affordable rented family housing, institutional investment in the Private Rented Sector (PRS) and enhanced provision of intermediate affordable housing.

2.14   The policy also sets out that all new housing should be built to Lifetime Homes standards and 10% is designed to be wheelchair accessible or easily adaptable for wheelchair users. This responds to expected growth in the older population; as well as a current unmet need for from 30,000 households for wheelchair accessible housing and more than 100,000 for redesigned bathing facilities.

2.15   It also requires account to be taken of a growing older population, the needs of particular communities, and student housing needs; together with appropriate provision to be made for accommodation for service families and custom build having regard to local need. This SHMA report provides evidence of the needs of these groups within Sutton to inform local policies.

2.16   The Draft FALP identifies that between 2015-25 older Londoners may require 3,600 – 4,200 new specialist units per annum. More specifically (based on the midpoint of this range) it identifies a need for 2,600 private units pa, 1,000 in shared ownership and some 300 new affordable units; and indicates that there may also (in addition) be a requirement for 400-500 new bedspaces per annum in care homes. Indicative requirement benchmarks are set out in Annex A5 to the Plan. In delivery terms, it notes that it is important that viability assessments take into account the distinct economics of specialist housing and care home provision.

2.17   The Draft FALP sets out that "the planning system must take a more positive approach in enabling [the private rented] sector to contribute to achievement of housing targets." Whilst outlining that the Mayor will continue to work to encourage institutional investment in the sector, it notes that viability tests for covenanted PRS should take account of the distinct economics of this form of development.

2.18   The Draft FALP also promotes mixed and balanced communities, by tenure and household income, particularly in neighbourhoods where there is a predominance of social rented housing.

The London Housing Strategy

2.19   Homes for London, the London Housing Strategy (June 2014), sets out the Mayor's strategy for addressing the housing issues in London. The overriding aims of the strategy are to increase the supply of housing of all tenures and to ensure that these homes better support London's continued economic success. The key priorities were set out as following:

- Increasing housing supply to levels not seen since the 1930s;
- Better supporting working Londoners and helping more of them into home ownership;
- Improving the private rented sector and promoting new purpose - built and well managed private rented housing;

- Pushing for a new, long-term financial settlement for London Government to drive housing delivery; and
- Bringing forward land for development and accelerating the pace of housing delivery through Housing Zones and the London Housing Bank

2.20 The strategy sets out an annual delivery target of a minimum of 42,000 new homes, of which at least 17,000 (40%) should be affordable. Over the next 20 years this amounts to 840,000 new homes in total.

2.21 The strategy will increase the provision of smaller affordable homes targeted at those downsizing, support purpose-built older people's housing and offer better incentives for older people to downsize. This is in order to tackle overcrowding, particularly in the social rented stock.

2.22 The strategy also recognises that London's housing market is complex and diverse and there is not a homogenous housing market within any single borough boundary. It contains a range of sub-markets which vary widely, not just by tenure and price, but by the type of purchaser and renter.

Implications

The Further Alterations to the London Plan will set a minimum housing target for the Borough for the 2015-25 period. This will need to be translated into local planning policies through a review of policies in the Core Planning Strategy.

Through this the Council will also need to set out its policies regarding what level and type of affordable housing provision is sought from new development schemes. The Council will also need to consider setting out policies regarding housing and accommodation for older persons, self-build and development of housing for private rent.

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3   HOUSING MARKET LINKAGES

3.1   The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA).

3.2   In simple terms, the HMA is a geographical area in which the majority of people, who move, will move within. It also reflects functional relationships between where people live and work. However, defining housing market areas is an inexact science and there is no single source of information that will clearly identify housing market areas.

3.3   The London Strategic Housing Market Assessment 2013 sets out that London is a Global City. The strength of its economy, its cultural attractions and its history as a city open to newcomers make it a magnet for international migrants, with around 200,000 international migrants moving to London each year, and 100,000 moving abroad. It also serves as a significant attractor of people from other parts of the UK, the London SHMA indicates that:

> *"London plays a unique role in the national economy, functioning as an 'escalator region' for the whole country, enabling those who come here (as well as lifelong Londoners) to improve their skills and increase their earnings at a faster rate than any other part of the England. This unique role helps explain London's unusually young age profile, high rate of population churn and large private rented sector. The evidence also indicates that most UK-born Londoners were born outside London[7]."*

3.4   The London SHMA recognises that London's housing market extends beyond London's boundaries but does not seek to specifically define this, noting that "*recent research has sought to identify housing market areas using data on commuting and migration, but the boundaries identified are highly sensitive to the specific level of containment used.*"[8]

3.5   A more recent report by consultants NLP on *London's Unmet Housing Needs*[9] has considered house prices, migration flows and commuting (based on areas where more than 2.5% of residents commute to London) to suggest that London's 'wider' housing market stretches north to Bedford and Huntingdon, west beyond Reading and Newbury and to the South Coast (see Figure 2).

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[7] Mayor of London (Jan 2014) *London Strategic Housing Market Assessment, Para 2.4*
[8] Mayor of London (Jan 2014) *London Strategic Housing Market Assessment, Para 2.7*
[9] NLP (April 2014) *London's Unmet Housing Needs – Meeting London's overspill across the wider South East*

Figure 2: NLP's View regarding London's 'wider' Housing Market
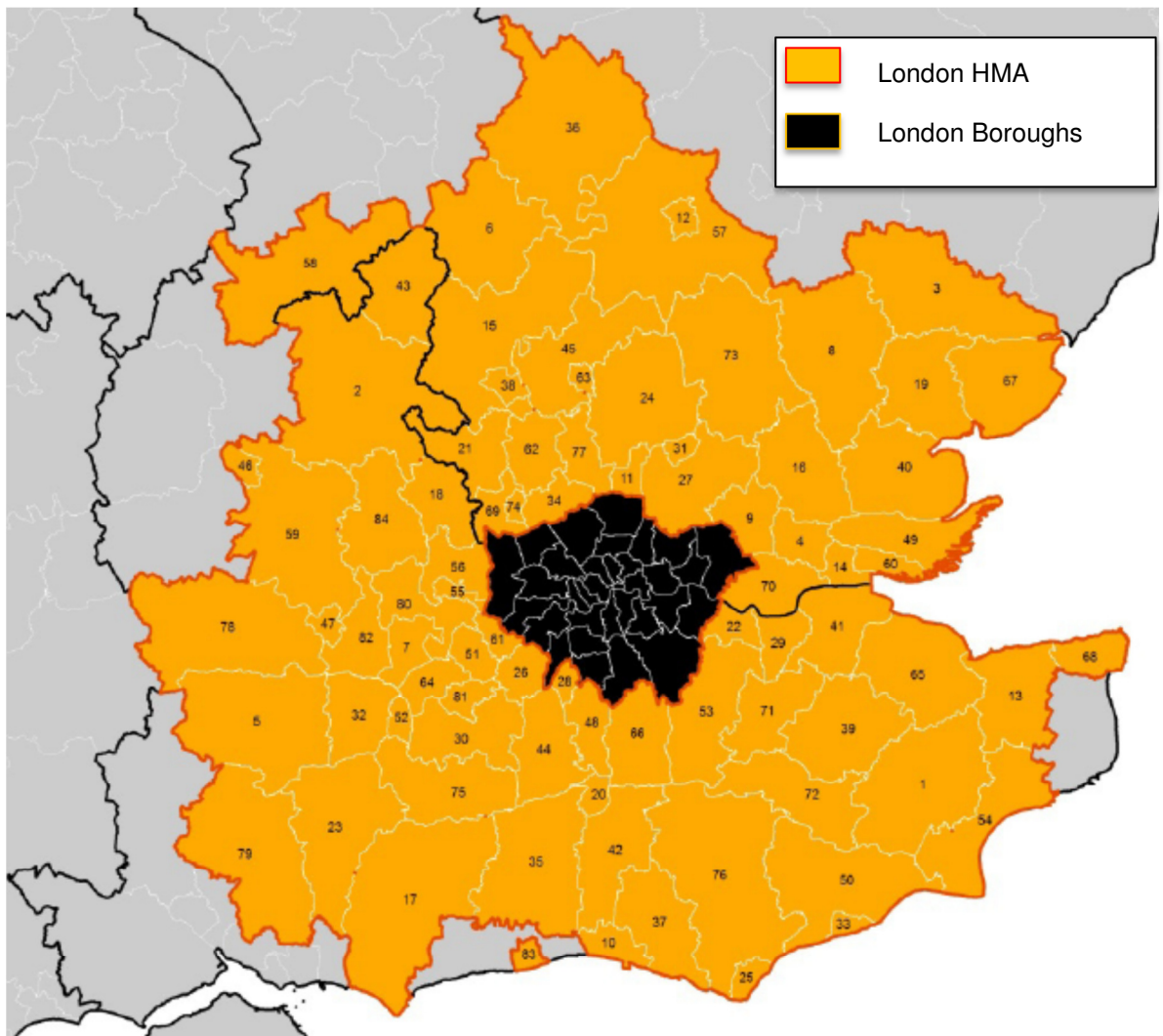
Source: NLP, 2014

3.6   A range of other evidence has highlighted the capital's influence across much of the South East, including the recently released Census travel to work data. As illustrated in Figure 3, the travel to work catchment for the City and Westminster extends beyond Greater London and as far as the South Coast. However, the extent of the influence is largely dependent on the containment rate (the number of people who live and work in a given area) used (see Fig 3).

3.7   Figure 3 illustrates the primary and secondary catchment of Greater London as an employment centre. The primary catchment is comprised of the Mid Super Output Areas with the highest number of people working in Greater London comprising up to 75% of the total workforce. The secondary catchment reflects the next highest 15% of MSOAs.

Figure 3:   Travel to Work Catchment of Westminster and the City (2011)
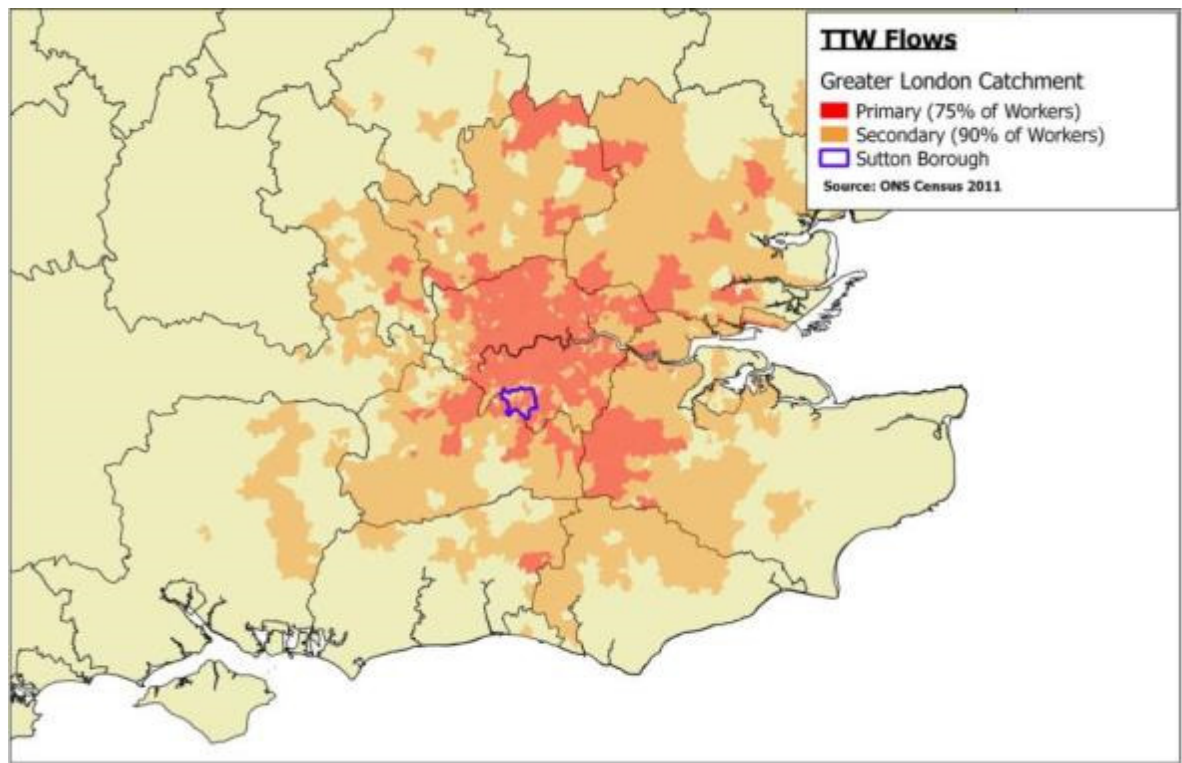
Source: Census 2011

3.8   This study accepts that Sutton operates within this wider London housing market and seeks to consider and identify the more localised market(s) in which the Borough operates. In order to do this we have reviewed various studies looking at housing market geographies at a national and local level as well as more recent data.

DCLG/ CURDS Study

3.9   National research undertaken for the Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England. As the PAS guidance recommends, we have used this as a 'starting point' for considering the HMA geography.

3.10   The CURDS study considered commuting and migration dynamics (based on 2001 Census data) and house prices (standardised for differences in housing mix and neighbourhood characteristics). This information was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.11   The Strategic and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards.

3.12   London's Strategic Housing Market was identified as extending well beyond the M25 into the Home Counties in all directions, to include Guildford, Reigate, Tunbridge Wells, the Medway towns, Southend, Amersham and Stevenage. In our view a national analysis of house prices would tend to support this, showing the influence of transport links into London which extends well beyond Greater London into the South East and East of England regions.

Figure 4:   CURDS-Defined London Framework HMA
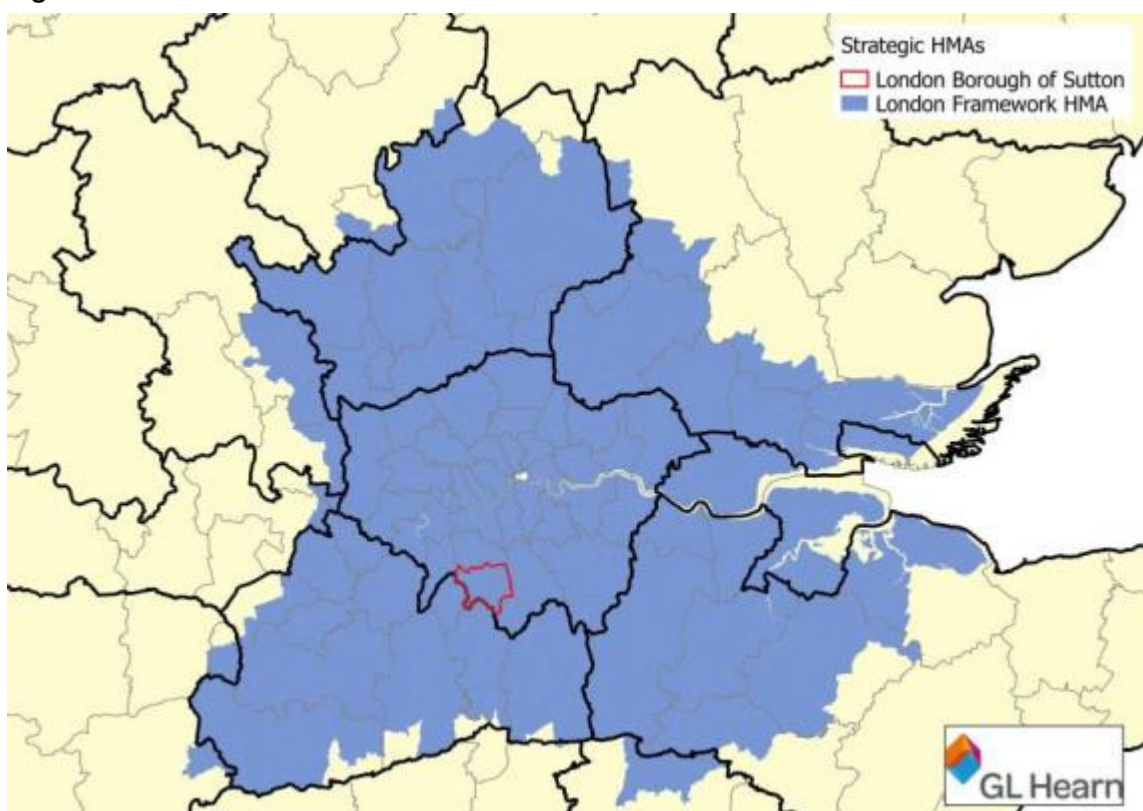
Source: CURDS

3.13   There is a long established trend of migration into London from across the UK and abroad, with net movement out of London into the Home Counties. In our view this movement out of London is influenced both by quality of place/ lifestyle factors and by housing costs, and is most apparent for family households.

3.14   The CURDS study identifies that the use of local housing market areas are particularly relevant in housing markets which include a major urban area, setting out:

> "Without a tiered perspective a focus on large Framework HMAs any local areas of very high and very low house prices will also run the risk of producing an averaged out value which fails to diagnose the dynamics of local changes in the housing market.
>
> The more fine-grained differentiation of multiple housing markets within a major urban area will also be missed – the latter is most obvious in London where much of Greater London is identified as a large Framework HMA. It is in such areas that an additional lower-tier geography can reflect more localised housing market conditions, and it is notable that in such areas that separate lower-tier HMAs are mostly identified."

3.15   In respect of the use of the lower-tier local HMAs, the CURDS study goes on to comment that "*a tiered geography links to both national/ cross-regional and more strategic sub-regional analysis whilst, at the same time, providing a sufficiently fine-grained basis for more locally based analysis and policy formulation in respect of, for example, issues relating to affordability and/or to Core Strategy / LDF preparation and monitoring by individual local planning authorities.*"

3.16   Sutton is defined by CURDS as within a South West London Local Housing Market. This market extends beyond the Greater London boundary into Surrey to include Epsom and Ewell, most of Reigate and Banstead and Mole Valley Districts, as well as the western parts of Tandridge, southern parts of the Royal Borough of Kingston (such as Chessington and Tolworth) and one ward in Guildford Borough.

Figure 5: CURDS-Defined Local Housing Market Areas
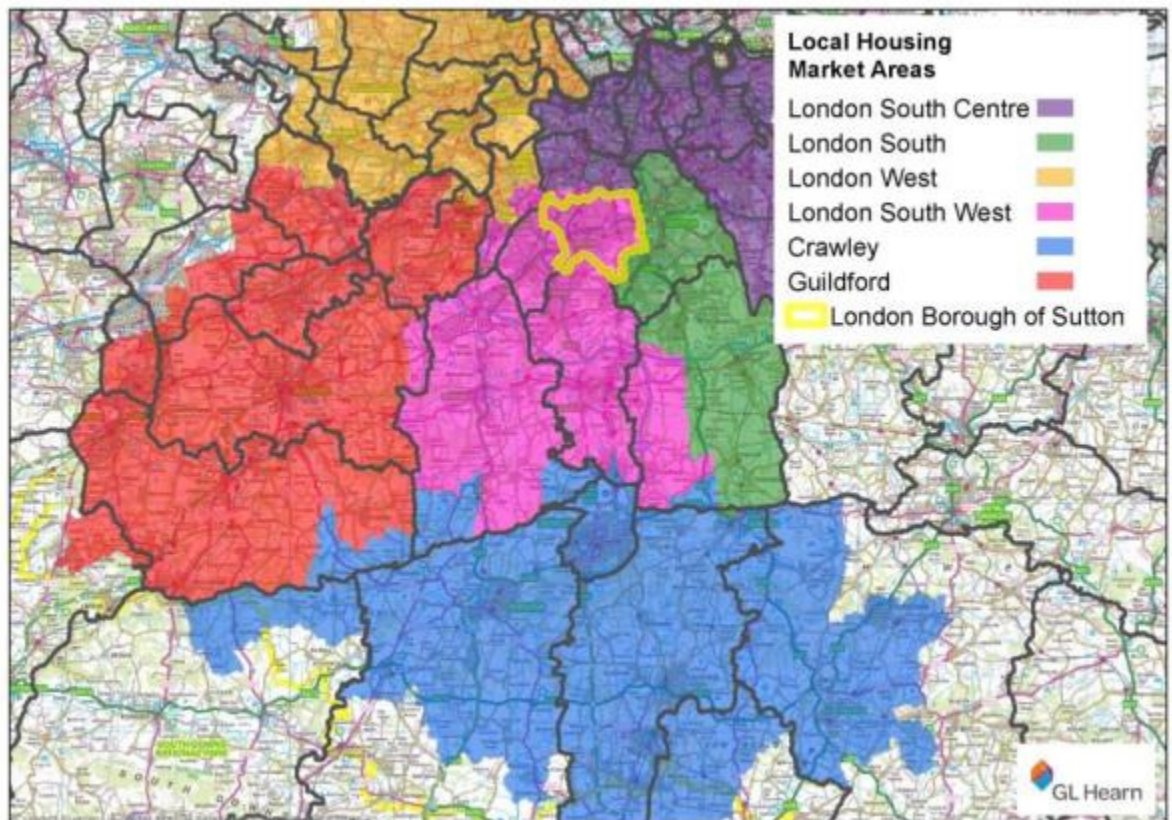
Source: CURDS

Previous SHMAs

3.17   The GLA's January 2014 Strategic Housing Market Assessment defines Greater London as a Housing Market Area, but does not seek to define any more local markets within the City. This said previous SHMA studies have been conducted at a sub-regional level covering the North, East, West, South East and South West of London; reflecting the sub-regions identified in the London Plan. These sub-regional areas are illustrated in Figure 6.

3.18   The most relevant of these sub-regional studies is the South West London study. A SHMA was produced for this area by Ecotec in August 2009. This covered an area which included the Borough of Sutton as well as Croydon, Merton, Kingston, Richmond, Wandsworth and Lambeth.

Figure 6:   Areas Covered by Sub-Regional SHMAs in London
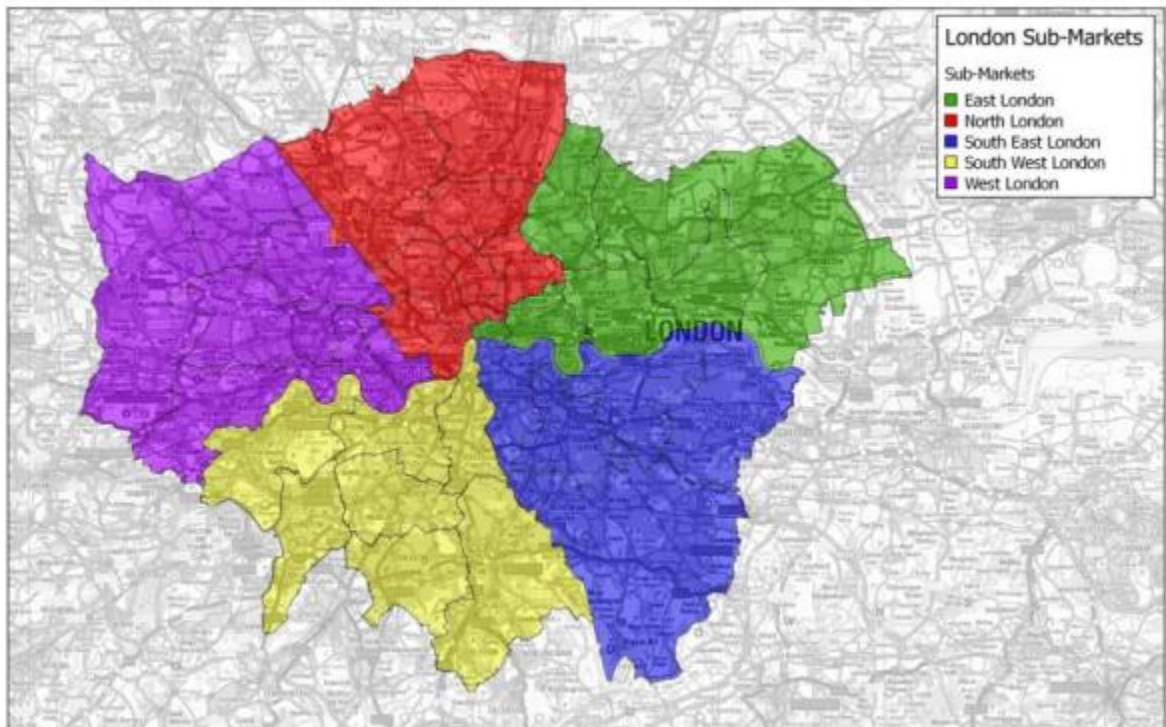
Source: GL Hearn, 2014

3.19   Outside of Greater London, the adjoining Surrey authorities of Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead and Tandridge worked together to commission and develop an East Surrey Housing Strategic Housing Market Assessment which was completed in 2008.

Broad Rental Market Area

3.20   The Valuation Office Agency (VOA) define Broad Rental Market Areas (BRMA) which are the geographical areas used to determine Local Housing Allowance (LHA) rates. The Broad Rental Market Areas are based on an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping. The areas are defined by looking at these services and the ease to which residents can visit them via a variety of transport modes.

3.21   Sutton falls mainly within the Outer South London BRMA, which includes much of the Boroughs of Croydon, Sutton and Epsom and Ewell as well as parts of Kingston, Merton, Reigate and Banstead and Tandridge.

Figure 7:   Outer South London Broad Rental Market Area
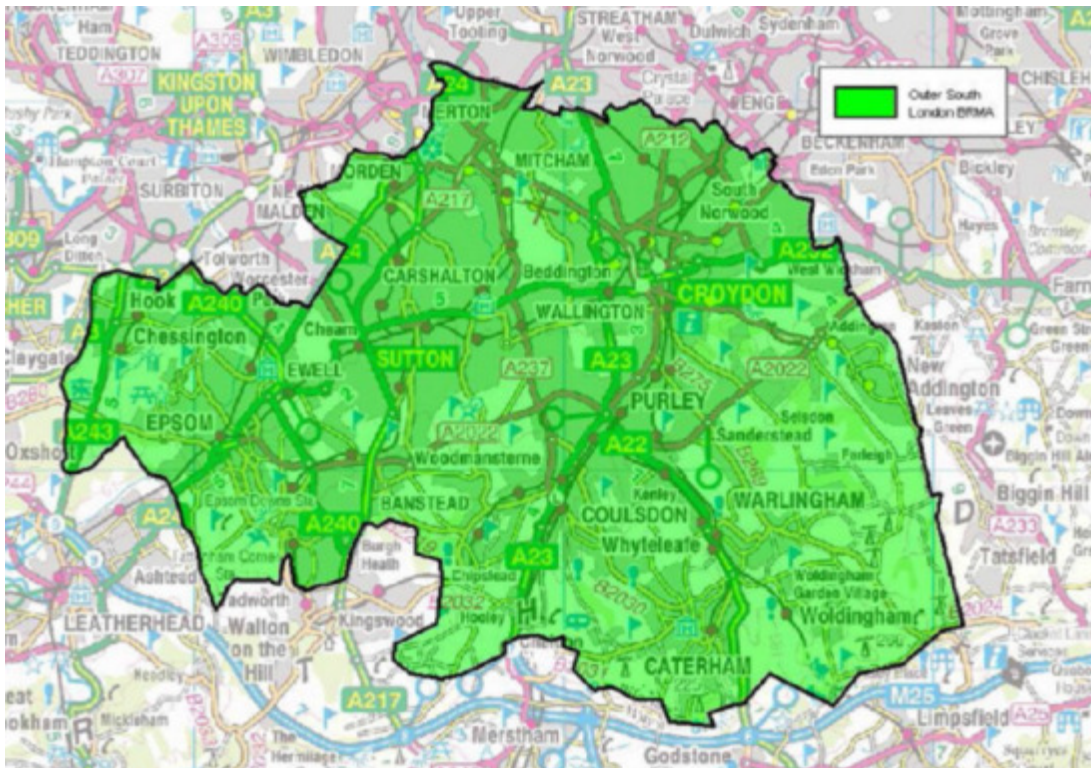
Source: VOA

3.22   We next move on to consider what the latest data tells us about the strength and nature of links between Sutton and adjoining areas.

Migration Patterns

3.23   Migration data from the 2011 Census has thus far only been published at a local authority level. Migration patterns reflect the location of residents one year prior to the completion of the census. The main analysis is to review both net and gross flows. Net flows identify the direction of movement with gross flows highlighting the strength of inter-connectedness.

3.24   According to the ONS a total of 9,570 people left Sutton in 2011/12. In the same year 10,330 people arrived in the Borough from elsewhere in the UK. This reflects a not insignificant level of in migration into the Borough. In addition, approximately 8,271 people moved within the Borough over the same period. However, this only reflects net internal migration and those travelling in from international locations are not included.

3.25   The data from the Census somewhat contradicts the ONS data (set out in Chapter 5) however both are correct as given.

3.26   By reviewing gross flows (the sum of movements in both directions) we can see the strength of relationships between Sutton with other local authorities. We have weighted flows for the combined population of two areas to ensure the analysis shows the strength of flows rather than relative size of two authorities. Perhaps unsurprisingly the data identifies significant flows with all the neighbouring authorities – this is to be expected as many 'moves' are short distance reflecting people's attachment to areas they know, friends, families, work and social infrastructure.

Figure 8:   Major Gross Migration Flows (2011)
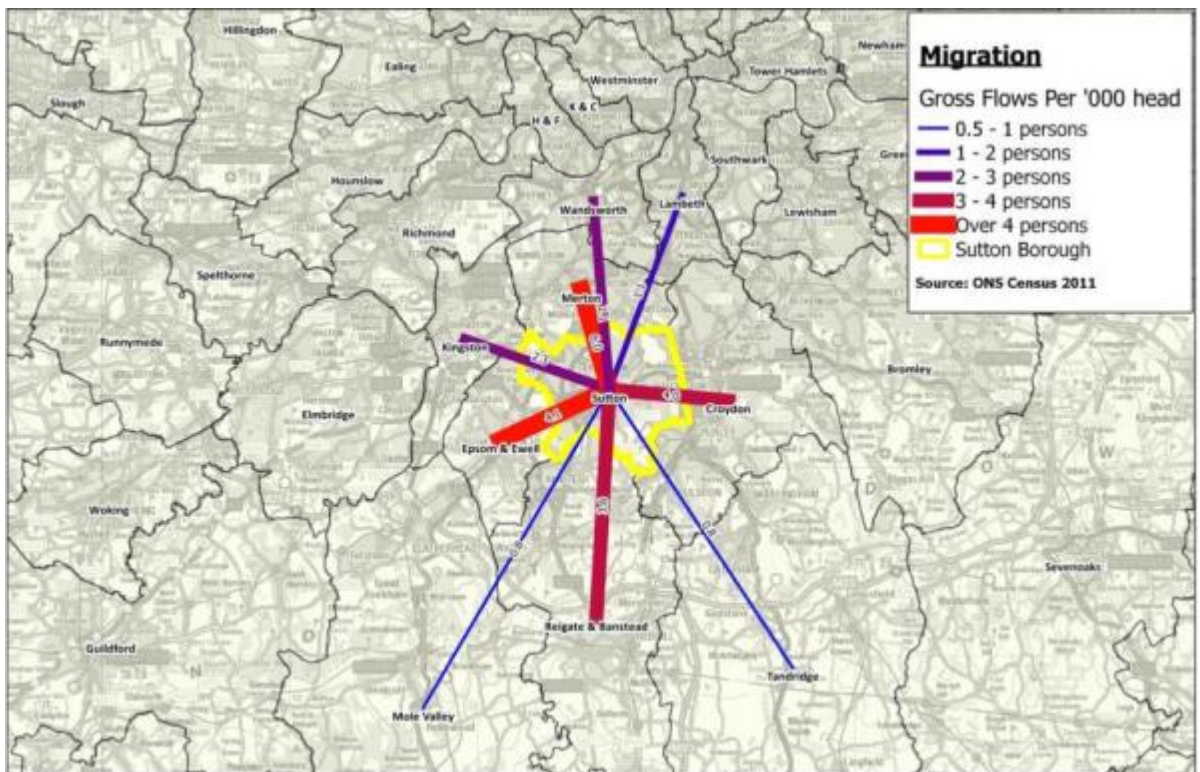
Source: ONS, 2011

3.27   As Figure 8 indicates the most significant inter-relationships are with Merton, followed by Epsom and Ewell, Croydon and Reigate and Banstead. There are more modest flows to Wandsworth, Kingston and other areas. Figure 9 below outlines in tabular form the major gross flows with Sutton.

Figure 9:   Major Gross Migration Flows with Sutton (2011)

Local Authority	Gross	Gross Per '000 Head
Merton	2,354	6.04
Epsom and Ewell	1,077	4.06
Croydon	2,190	3.96
Reigate and Banstead	1,197	3.65
Kingston upon Thames	790	2.26
Wandsworth	1,021	2.05
Lambeth	550	1.12
Tandridge	223	0.82
Mole Valley	218	0.79
Elmbridge	156	0.49
Richmond upon Thames	166	0.44
Southwark	205	0.43
Bromley	213	0.43

Source: ONS, 2011

3.28   The net flows (in migration minus out migration) are illustrated in Figure 11. The general pattern of net migration around London is of migration of younger people from across the UK and overseas to London and particularly Inner London Boroughs; and then net migration from Inner to Outer London, and from Outer London to areas within the Home Counties. This area is no different – and Sutton, as Figure 9 shows, sees net in-migration particularly from Merton, Wandsworth and Lambeth (where house prices are higher); and out-migration to Croydon, Reigate and Banstead, Epsom and Ewell and Tandridge.

Figure 10: Major Net Migration Flows (2011)
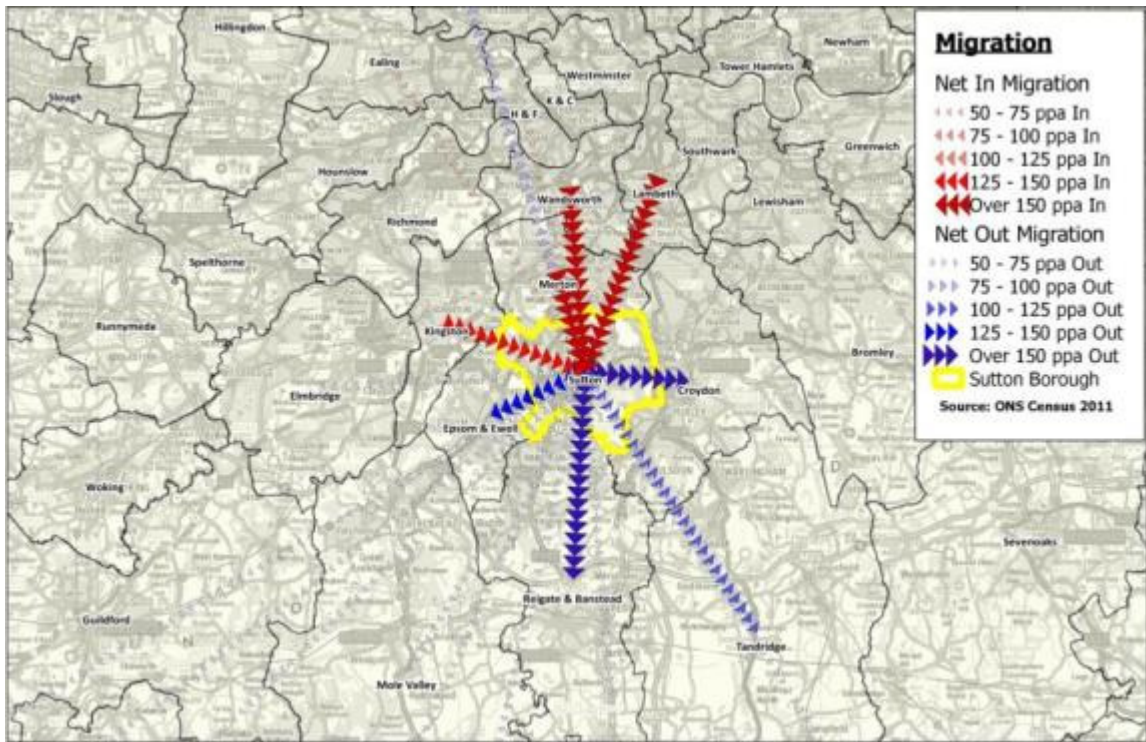
Source: ONS, 2011

3.29   The scale of the major in and out flows are set out in more detail in Figure 11. Again this illustrates the largest in flows from more central boroughs with the out flow to Surrey.

Figure 11: Major Net Flows With Sutton (2011)

	From Sutton Out To	In to Sutton From	Net
Major Net In Flows			
Merton	719	1635	916
Wandsworth	346	675	329
Lambeth	191	359	168
Kingston upon Thames	325	465	140
Hammersmith and Fulham	39	95	56
Ealing	29	79	50
Major Net Out Flows			
Portsmouth	86	35	- 51
Worthing	56	5	- 51
Waverley	65	11	- 54
Arun	78	24	- 54
Elmbridge	106	50	- 56
Wealden	74	11	- 63
Brighton and Hove	117	51	- 66
Mole Valley	144	74	- 70
Southampton	112	37	- 75
Luton	110	13	- 97
Tandridge	167	56	- 111
Epsom and Ewell	603	474	- 129
Croydon	1,195	995	- 200
Reigate and Banstead	777	420	- 357

Source: ONS, 2011

Commuting Patterns

3.30   The 2011 Census provides data on commuting patterns. Of residents of the Borough who commute to work[10] 83% work within London. 13% work in Surrey. The proportion of residents who work within the Borough is however relatively low at 30%. Although local commuting (including internal) is quite significant with almost 50% of all resident working in Sutton, Merton or Croydon.

3.31   Figure 12 sets out the main commuting destinations of those living in the Borough (and in work). The largest flows outside the Borough are to Westminster and the City of London (10% of commuters), followed by other South West London Boroughs. We also see flows of over 1,000 persons daily from Sutton to Epsom and Ewell (4.4%), Reigate and Banstead (4.2%) and Mole Valley (1.7%) in Surrey.

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[10] Excluding those working at home, abroad or offshore, or with no fixed place of work

Figure 12: Commuting Flows, 2011

Major Out Commuting Destination		
	Out Commuters	% of Working Residents
Sutton	23,989	30.3%
Westminster, City of London	7,927	10.0%
Merton	7,117	9.0%
Croydon	5,850	7.4%
Wandsworth	3,785	4.8%
Kingston upon Thames	3,488	4.4%
Epsom and Ewell	3,454	4.4%
Reigate and Banstead	3,344	4.2%
Lambeth	1,780	2.3%
Southwark	1,608	2.0%
Camden	1,589	2.0%
Mole Valley	1,367	1.7%
Tower Hamlets	1,216	1.5%
Hammersmith and Fulham	1,108	1.4%
Kensington and Chelsea	933	1.2%
Major In Commuting Origins		
	In Commuters	% of Workforce
Sutton	23,989	44.5%
Croydon	6,806	12.6%
Merton	3,929	7.3%
Reigate and Banstead	2,743	5.1%
Epsom and Ewell	2,270	4.2%
Kingston upon Thames	1,340	2.5%
Wandsworth	1,115	2.1%

Source: 2011 Census

3.32   Figures 13 and 14 illustrates patterns of both in- and out-commuting. The main commuting out-flows are to Central London (including City of London, Westminster), Merton and Croydon. We also see flows to Wandsworth, Kingston Town Centre and Epsom.

3.33   The main in-commuting include cross-border flows from Croydon, Merton and Reigate & Banstead. In many cases the major in-commuting flows are relatively short distance.

Figure 13: Out Commuting Patterns (2011)
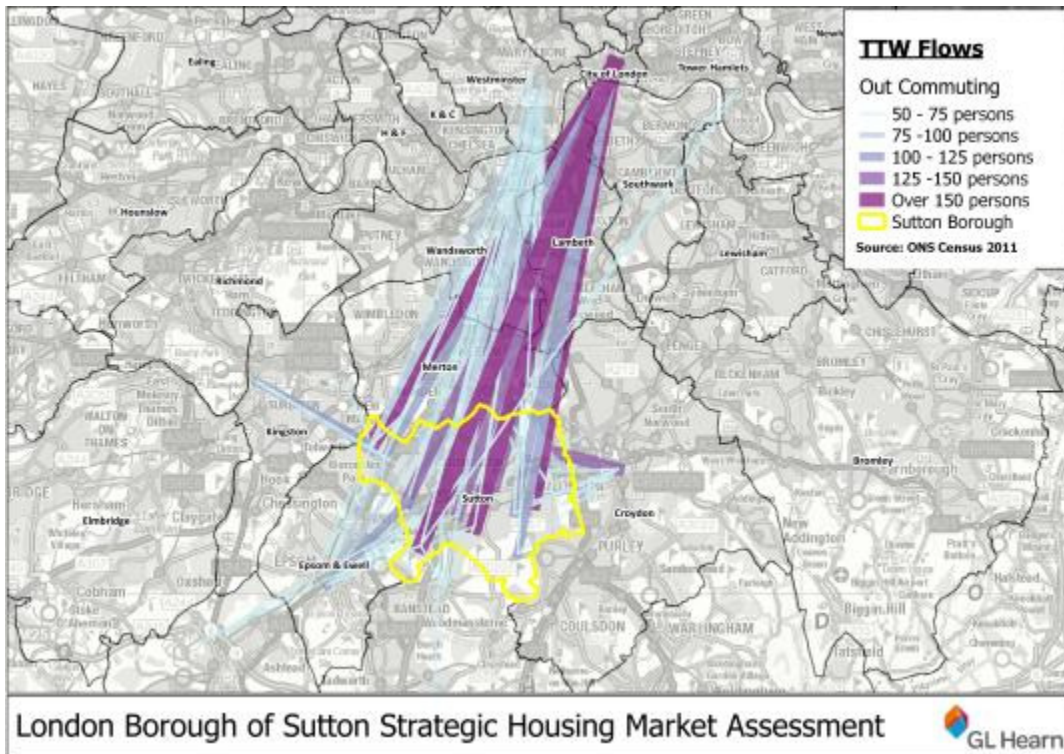
Source: 2011 Census

Figure 14: In Commuting Patterns (2011)
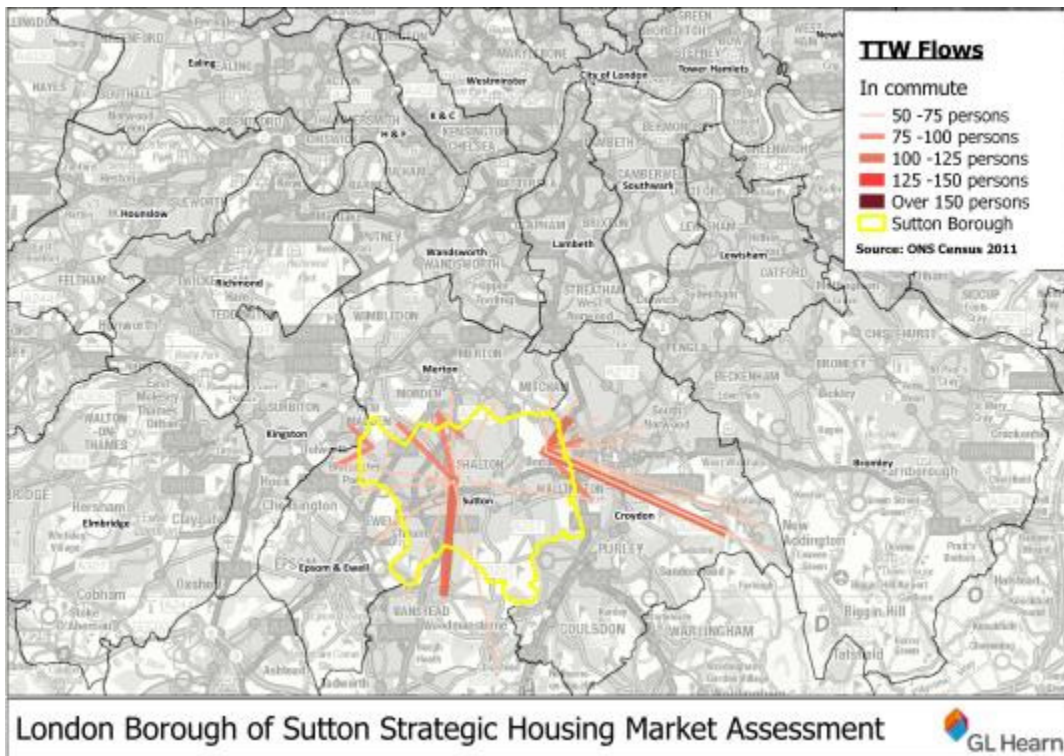
Source: 2011 Census

Geography of House Prices

3.34   Figure 15 plots the weighted average price of semi-detached and detached homes sold in 2013 (the latest available full year at the time of drafting) in Sutton and surrounding areas. It clearly demonstrates higher house prices in Inner London, and stretching south-west along the A3 / Guildford Main Line into Kingston and Elmbridge. House prices in Sutton and Croydon are lower; and indeed in some parts of the Borough are lower than in areas of Mole Valley, Reigate and Banstead and Tandridge to the south.

Figure 15: Weighted Average Semi-detached and Terraced House Price (2013)
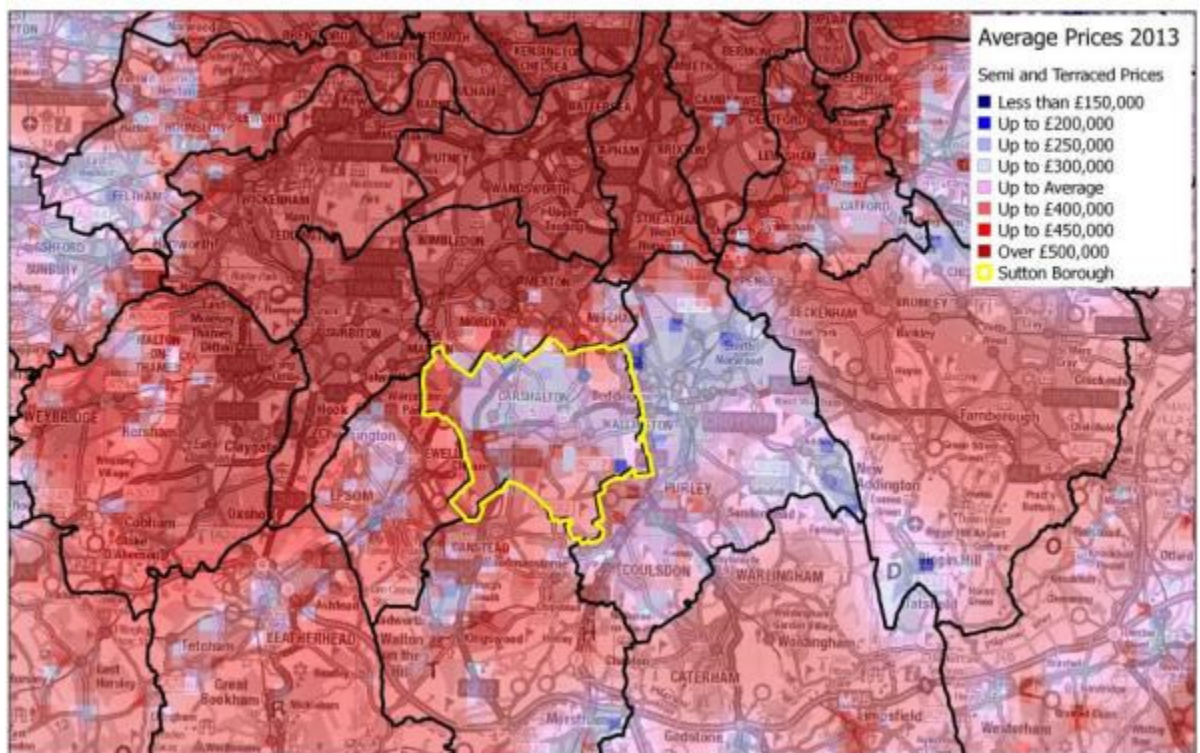
Source: HM Land Registry, 2014

3.35   We have also reviewed all house prices in the wider area. This tends to reflect the dominant house prices with detached areas achieving more than flatted areas. However, in London, flats in central and inner London can command as much as suburban detached properties. This is shown in Figure 16 overleaf.

Figure 16: Weighted Average House Price All Types (2013)
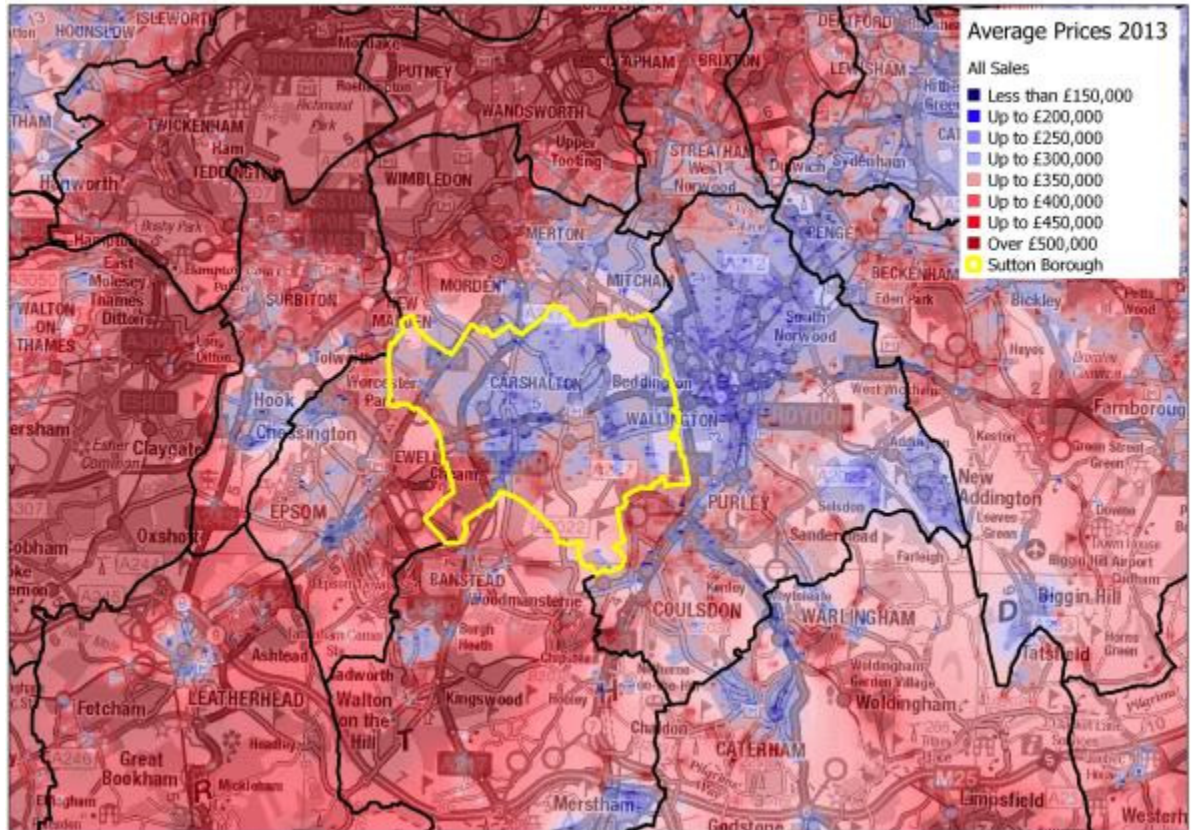
Source: HM Land Registry, 2014

3.36   We have also looked at house prices in Sutton in more detail. This shows within the borough, prices are higher in Cheam, South Wallington, Carshalton Beeches and Worcester Park than in North Wallington, Sutton and Rosehill.

3.37   Both the lowest and highest house prices can be found in the South West of the Borough. The area with the lowest average house prices is the Belmont area of the District. This is adjacent to the most expensive part of the Borough in South Cheam.

Figure 17: Weighted Average House Price in Sutton (2013)
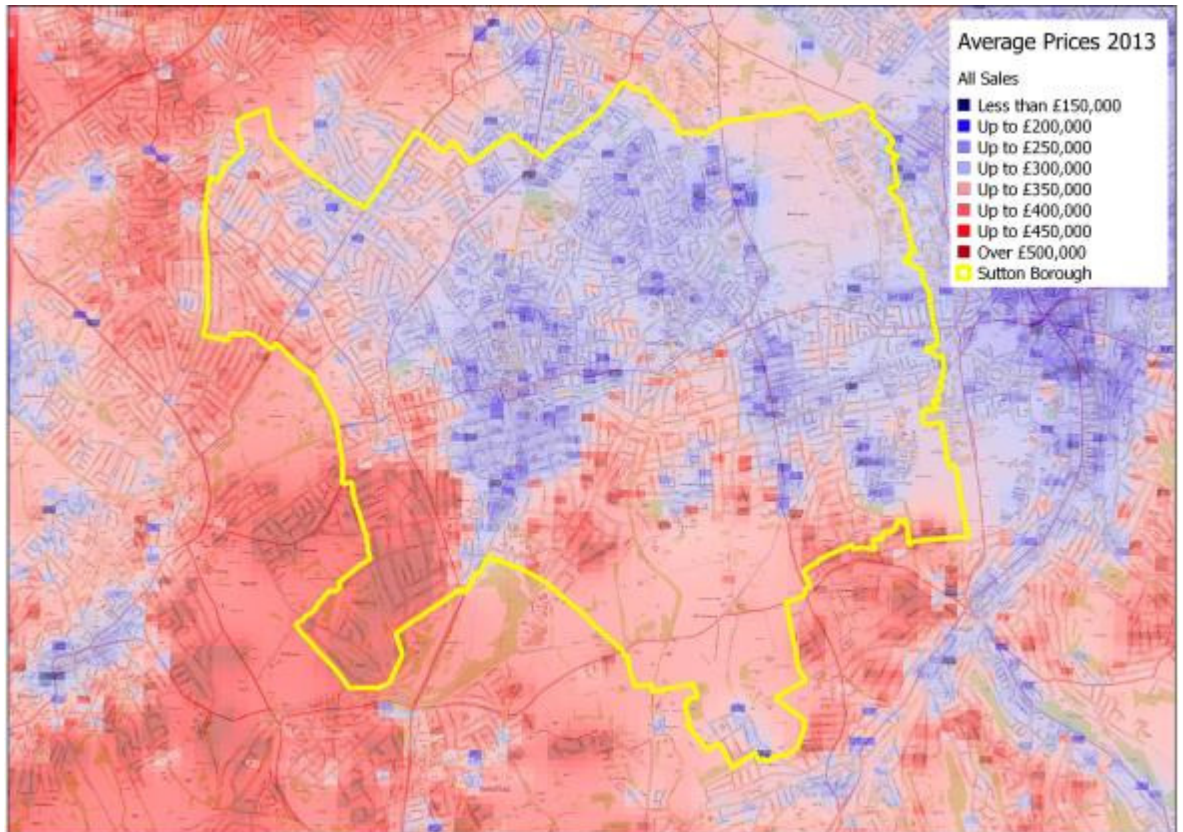
Source: HM Land Registry, 2014

3.38   Figure 18 shows that over the 2009-14 period house prices in the Borough have increased. Price growth has however been more modest than in Inner London Boroughs. Within the Borough, price growth has been stronger in the more affordable areas in proportional terms.

Figure 18: Average House Price Change By Postal Sector (2009-2014)
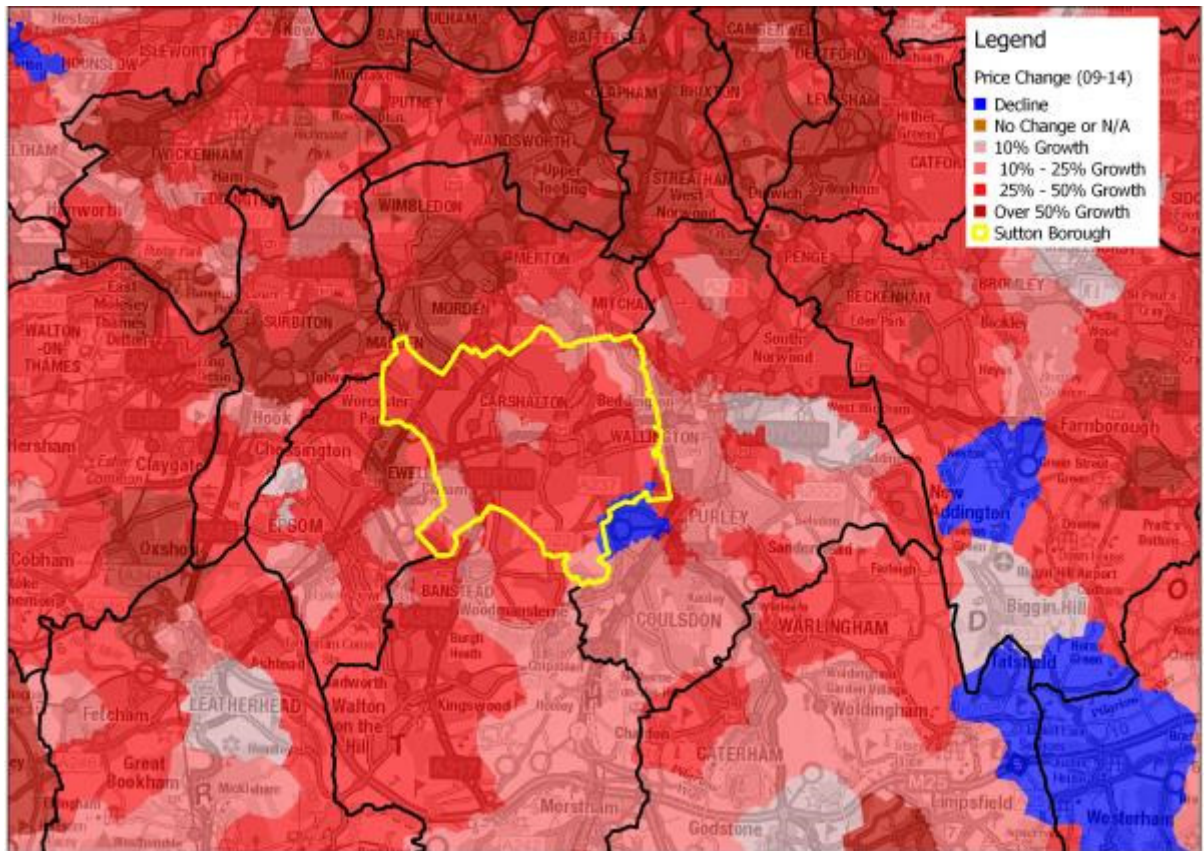
Source: HM Land Registry, 2014

Implications

The London Borough of Sutton sits within a London Housing Market. It is characterised by lower house prices than a number of surrounding areas, including Wandsworth, Merton and RB Kingston. It is likely that house price differentials are one of the drivers of movement to the Borough, with households able to 'trade up' to larger family homes. Local and internal employment is a key driver in Sutton. However, there is also significant commuting to Central London, as is the case for many Outer London Boroughs, as well as the neighbouring Boroughs of Merton and Croydon.

The strongest housing market links, in migration terms, are with the boroughs of Lambeth, Wandsworth, Merton, Epsom and Ewell, Croydon and Banstead. Commuting flows are strongest with Merton and Croydon, but less significant than those to Central London. In planning for housing provision, engagement with these authorities will be important in view of the Duty to Cooperate and represents good practice.

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4 SUTTON'S POPULATION AND HOUSING STOCK

4.1 This section considers the socio-economic characteristics of the population in the London Borough of Sutton and characteristics of the housing offer.

Population

4.2 The population of Sutton was 195,900 as of mid-2013. Figure 19 shows the change in population in the Borough since 1981. The population of the Borough remained fairly level throughout the 1980s. It grew notably during the 1990s, but subsequently remained relatively flat between 2001-4. During the last decade the borough has seen consistently strong population growth.

Figure 19: Sutton's Population, 1981 - 2013
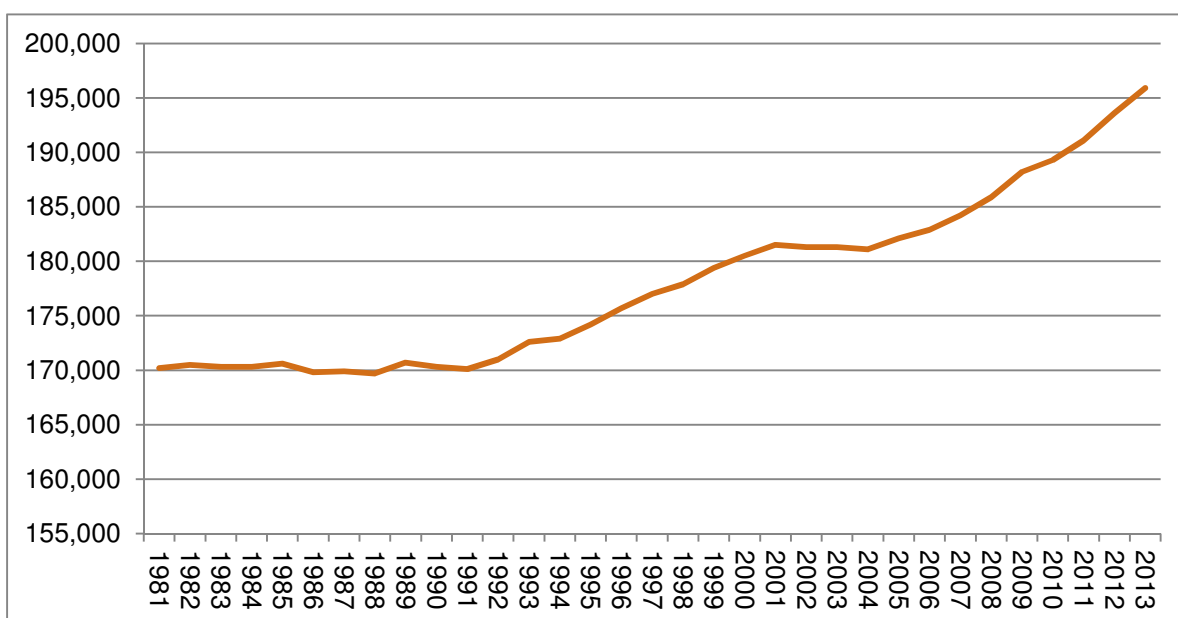
Source: ONS Mid-Year Population Estimates

4.3 Figure 20 overleaf shows the population growth over the last decade in Sutton compared to neighbouring local authorities as well as the Outer London boroughs[11] and London as a whole. The values in Figure 20 are indexed to 2003 values, to show growth from this date. During this period the population of Sutton has grown by 8% and growth has been at a fairly steady rate. However population growth in the Borough has been notably lower than the comparator areas. The population of London has grown by 14% over this period as has the population of Epsom and Ewell. Of the comparator areas only Merton (7%) experienced a lower population growth than Sutton since 2003.

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[11] The definition of Outer London boroughs taken from Census 2011 comprises the following boroughs: Barking and Dagenham, Barnet, Bexley, Brent, Bromley, Croydon, Ealing, Enfield, Greenwich, Harrow, Havering, Hillingdon, Hounslow, Kingston upon Thames, Merton, Redbridge, Richmond upon Thames, Sutton, Waltham Forest.

Figure 20: Population Growth Since 2003, Indexed to 2003 Levels
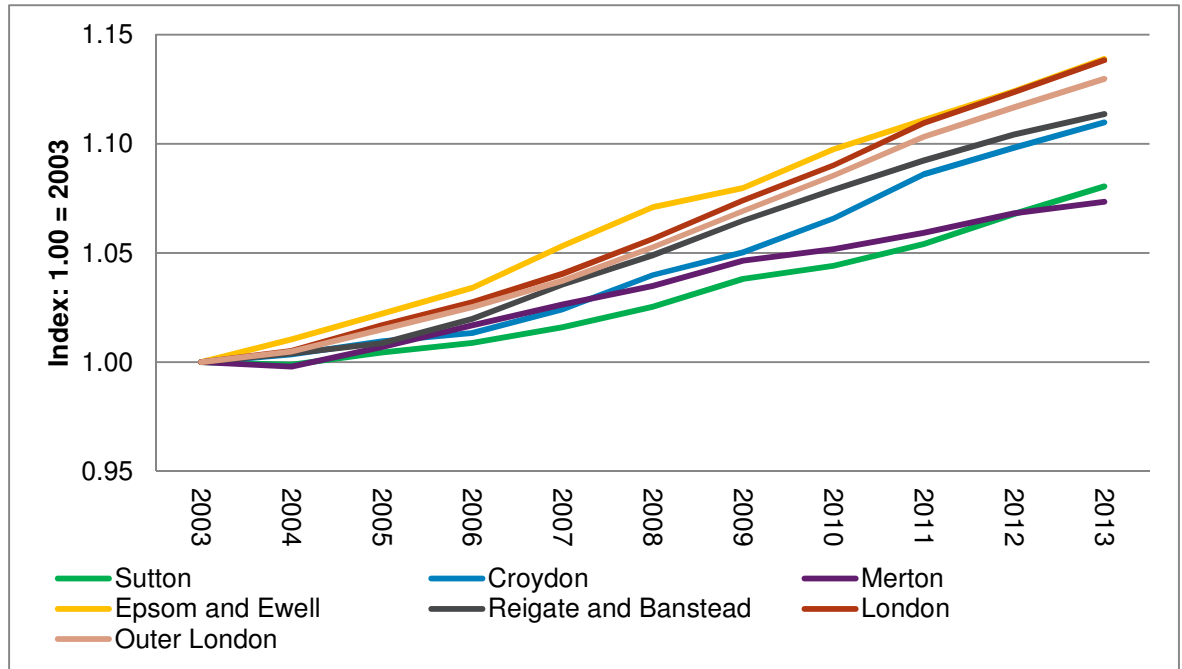
Source: ONS Mid-Year Population Estimates

4.4   49% of Sutton's population are male, and 51% female. A similar gender ratio is seen across Outer London. Figure 21 shows Sutton's population breakdown by age and gender set against that of Outer London.

Figure 21: Population Profile – Age and Gender, 2013

Age Group	Sutton - Male	Sutton - Female	Outer London - Male	Outer London - Female	South East - Male	South East - Female
Under 1 year	0.7%	0.6%	0.8%	0.8%	0.6%	0.6%
1 - 4 years	2.9%	2.8%	3.0%	3.0%	2.6%	2.5%
5 - 9 years	3.2%	3.1%	3.3%	3.3%	3.1%	2.9%
10 - 14 years	3.0%	2.8%	2.9%	2.9%	2.9%	2.8%
15 - 19 years	3.1%	2.9%	3.0%	2.9%	3.1%	3.0%
20 - 24 years	2.5%	2.6%	3.1%	3.2%	3.2%	3.0%
25 - 29 years	3.1%	3.5%	3.9%	4.2%	3.0%	3.0%
30 - 34 years	3.7%	4.1%	4.1%	4.4%	3.1%	3.2%
35 - 39 years	3.8%	3.8%	3.8%	3.9%	3.1%	3.2%
40 - 44 years	3.8%	4.0%	3.6%	3.8%	3.5%	3.6%
45 - 49 years	3.9%	4.1%	3.4%	3.7%	3.7%	3.8%
50 - 54 years	3.4%	3.4%	3.0%	3.3%	3.4%	3.5%
55 - 59 years	2.8%	2.7%	2.5%	2.7%	2.9%	3.0%
60 - 64 years	2.3%	2.4%	2.1%	2.3%	2.7%	2.9%
65 - 69 years	2.2%	2.5%	1.9%	2.1%	2.8%	2.9%
70 - 74 years	1.5%	1.7%	1.3%	1.6%	1.9%	2.1%
75 - 79 years	1.3%	1.6%	1.1%	1.4%	1.5%	1.8%
80 - 84 years	0.9%	1.3%	0.8%	1.1%	1.1%	1.5%
85 and over	0.7%	1.4%	0.6%	1.2%	0.9%	1.7%

Source: ONS Mid-Year Population Estimates

4.5   Figure 21 shows that the age groups with the highest proportions of residents in Sutton are the 30 to 49 year olds. There are notably fewer residents in their early 20s. When compared to wider geographies, the age profile in Sutton shows more older age groups than the rest of Outer London. There are also more people in the 15-19 year olds (which suggest a proliferation of older families).

4.6   Sutton has a slightly older population than the Outer London average. The age groups with the highest proportions of residents in Outer London are the 25 to 39 year olds. Outer London has a larger proportion of residents in their 20s and 30s compared to Sutton and a lower proportion for every age group aged 40 and above.

4.7   Over the 2001-11 decade the population structure of Sutton has changed. The strongest population growth has been of people in their 40s and their early 60s. There has also been growth in the 15 to 24 year old and 50 to 69 year old age groups as well as children under 5 and people aged 80 and over. In contrast, there has been a notable decrease in the number of residents aged 25 to 39.

Figure 22: Population Change 2001 to 2011 by Five Year Age Bands – Sutton
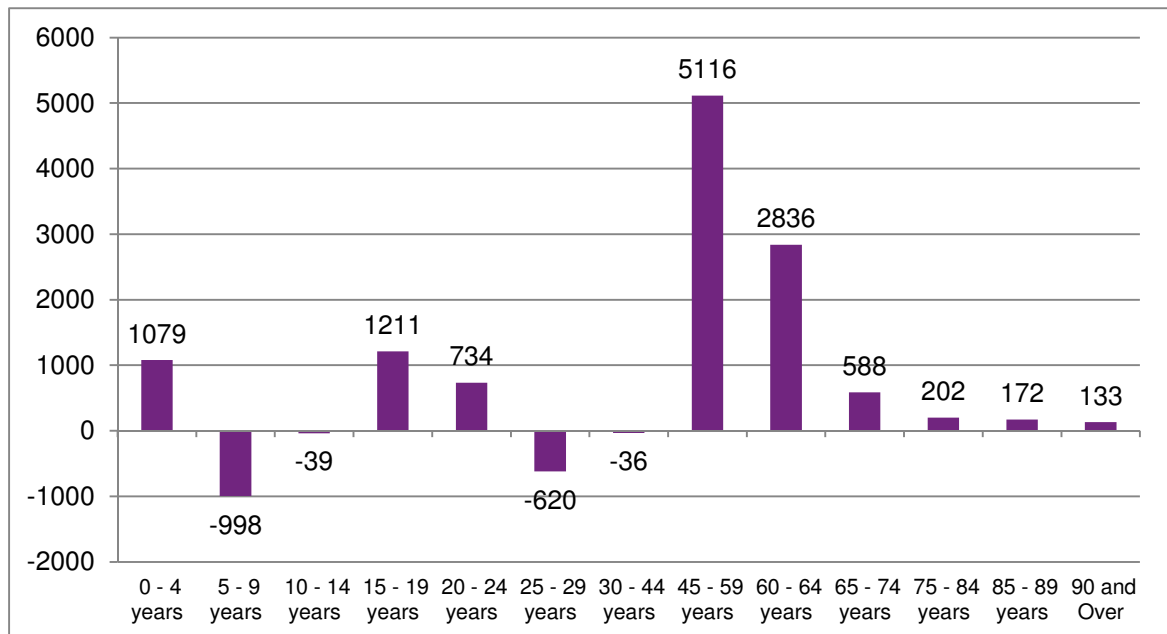
Source: Census 2001 & 2011

4.8   The 2011 Census found that 79% of Sutton residents identified themselves as White – with 71% identified as White British, 2% Irish, and 6% 'White Other'. 11% of Sutton's population identify as Asian/Asian British; 4% as Black/Black British; 3% as mixed or multi ethnicity; and 2% as other ethnicity. As can be seen in Figure 23, Sutton's population is less ethnically diverse than London as a whole and the neighbouring boroughs of Croydon and Merton which have ethnic profiles similar to that seen across London.

4.9   Conversely Sutton's population is considerably more ethnically diverse than the neighbouring Surrey districts of Epsom and Ewell and Reigate and Banstead which both have a much greater proportion of residents identifying as White British.

Figure 23: Population Profile – Ethnicity, 2011

	Sutton	Croydon	Merton	Epsom and Ewell	Reigate and Banstead	London	Outer London
■ Other	1%	2%	2%	1%	1%	3%	3%
■ Black/Black British	5%	20%	10%	2%	2%	13%	11%
■ Chinese	1%	1%	1%	1%	1%	2%	1%
■ Asian/Asian British	10%	15%	17%	7%	4%	17%	19%
■ Mixed	4%	7%	5%	3%	2%	5%	4%
■ White Other	8%	8%	16%	7%	6%	15%	12%
■ White British	71%	47%	48%	79%	85%	45%	49%
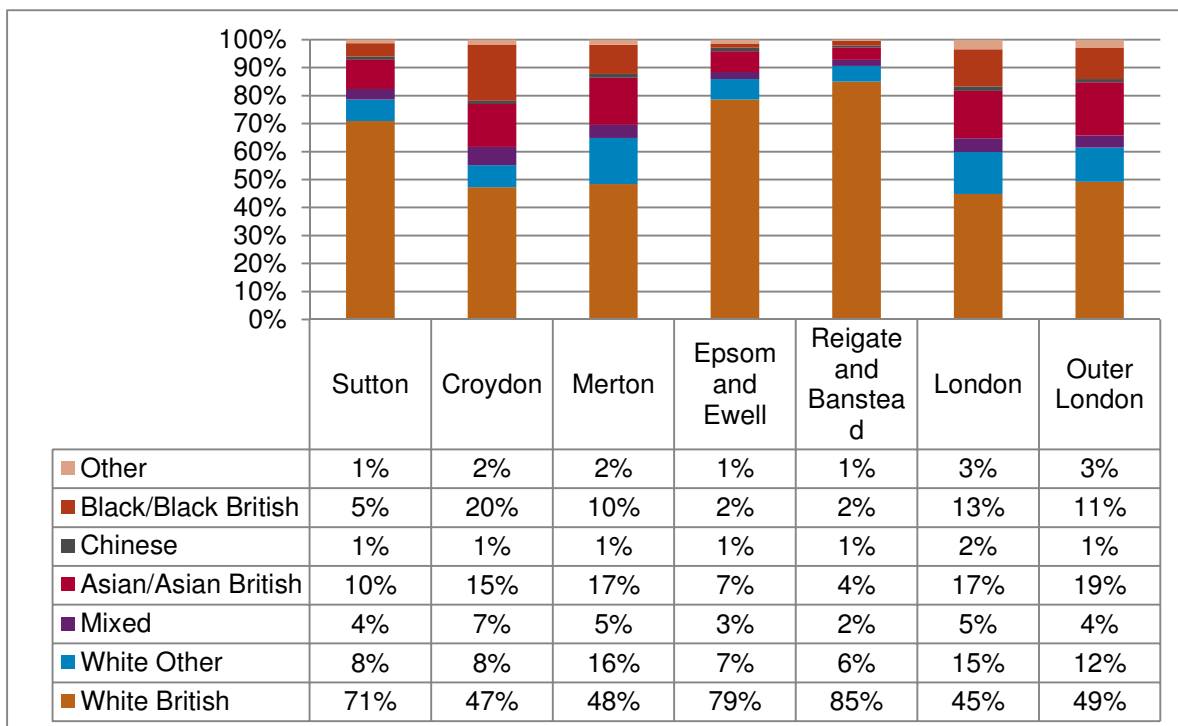
Source: Census 2011

Households

4.10   30% of households in Sutton are single person households (of any age). There are a greater number of single person households in London, with a greater proportion still in Inner London. By comparison, a smaller proportion of the population of Epsom and Ewell and Reigate and Banstead are single person households.

4.11   The Surrey districts have a greater proportion of households comprising over 65s in comparison to London, and particularly Inner London. Again, the proportion of over 65s households in Sutton falls in between these extremes.

4.12   In total 32% of households in Sutton have dependent children. A similar percentage is seen across all areas although it is slightly higher in Sutton.

Figure 24: Selected Household Groups (2011)

	Sutton	Croydon	Merton	Epsom and Ewell	Reigate and Banstead	London	Outer London
■ one person	30%	30%	28%	26%	27%	32%	28%
■ dependent children	32%	35%	32%	32%	31%	31%	34%
■ Non-Dependent Children	11%	11%	9%	11%	10%	9%	11%
■ over 65s only	18%	15%	15%	22%	21%	14%	16%
■ Students	0%	0%	0%	1%	0%	1%	0%
■ Other	4%	6%	9%	4%	4%	9%	7%
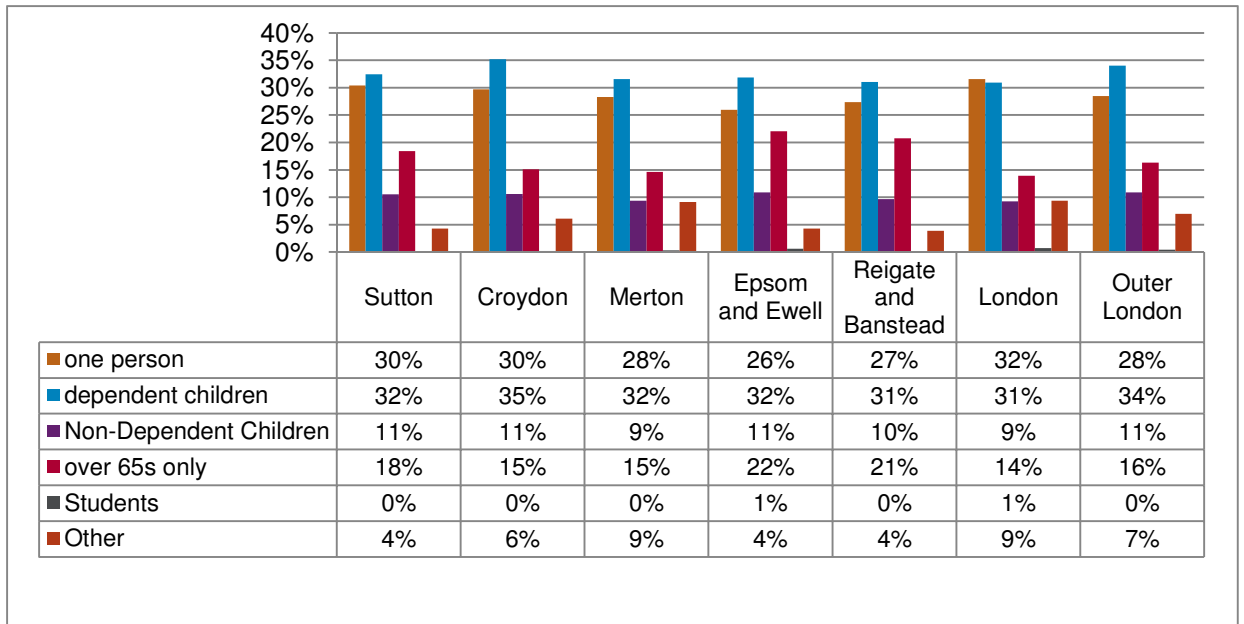
Source: Census 2011

4.13   Over the period 2001 to 2011 the number of households in Sutton increased by approximately 1,800. Sutton has seen growth in the number of non-traditional households – lone parent, with non-dependent children. This is symptomatic of a national long term trend away from traditional household structures. There growth in the number of households with non-dependent children living at home (which is likely to be a symptom in part of increasing housing costs). Conversely there has been a decline in the number of single person households as rising costs force more people into sharing (see Figure 25).

Figure 25: Change in Selected Household Type in Sutton, 2001 - 2011
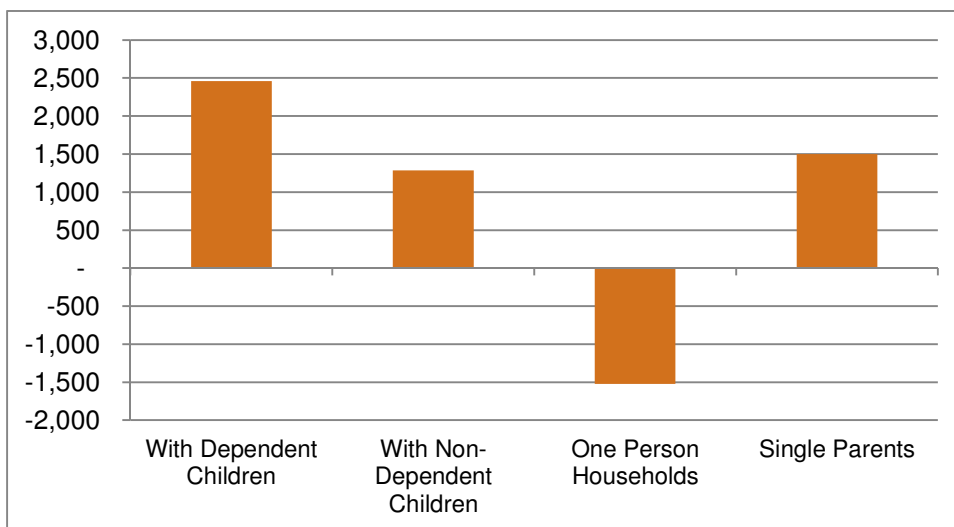
Source: Census 2001, 2011

Economy and Labour Market

4.14   This section outlines the baseline labour market in the Borough against wider comparators. Further information on the economy, and in particular employment projections are set out in Section 5. Further context can be given by the commuting data set out earlier in the report.

4.15   Sutton accommodated 68,000 jobs in 2013[12]. This includes employee jobs and self-employment. The Business Register and Employment Survey (BRES) provides details on employee jobs. The largest proportion of employment in the Borough is in the business administration & support services sector and the health sector both with a total of 16% of employment. The retail sector is also a strong employer comprising 10% of jobs in the Borough. Education and professional, scientific & technical service sectors respectively contribute 9% and 8% of total employment jobs in Sutton.

4.16   The 2011 Census shows that 30% of the resident working population have a job in the Borough. Overall there is a net outflow of commuters. The 2011 Census showed almost 30,000 persons commuting into the Borough daily to work; compared to 55,000 persons commuting out. Thus there is a net commuting out-flow of around 25,000 from the Borough.

4.17   The majority of out-commuting is to the neighbouring boroughs of Croydon and Merton as well as into Central London but there is also moderate out-commuting to Epsom and Ewell. The strongest in-commuting is from Croydon.

4.18   Figure 26 shows the occupational profile of Sutton residents as a percentage of the working age population currently employed in each of the 9 major occupation groups. In comparison to Outer London and London as a whole Sutton has a smaller proportion of the population employed in the occupation groups 1 (managers, directors, and senior officials), 2 (professional occupations), and 3 (associate professional and technical occupations). Conversely, Sutton has a higher proportion of the population employed in groups 4 to 7 (administrative and secretarial; skilled trades; caring, leisure, and other services; sales and customer services). The occupational profile of Sutton is very similar to that of Croydon.

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[12] Business Register and Employment Survey (BRES)

Figure 26: Occupational Profile, 2011
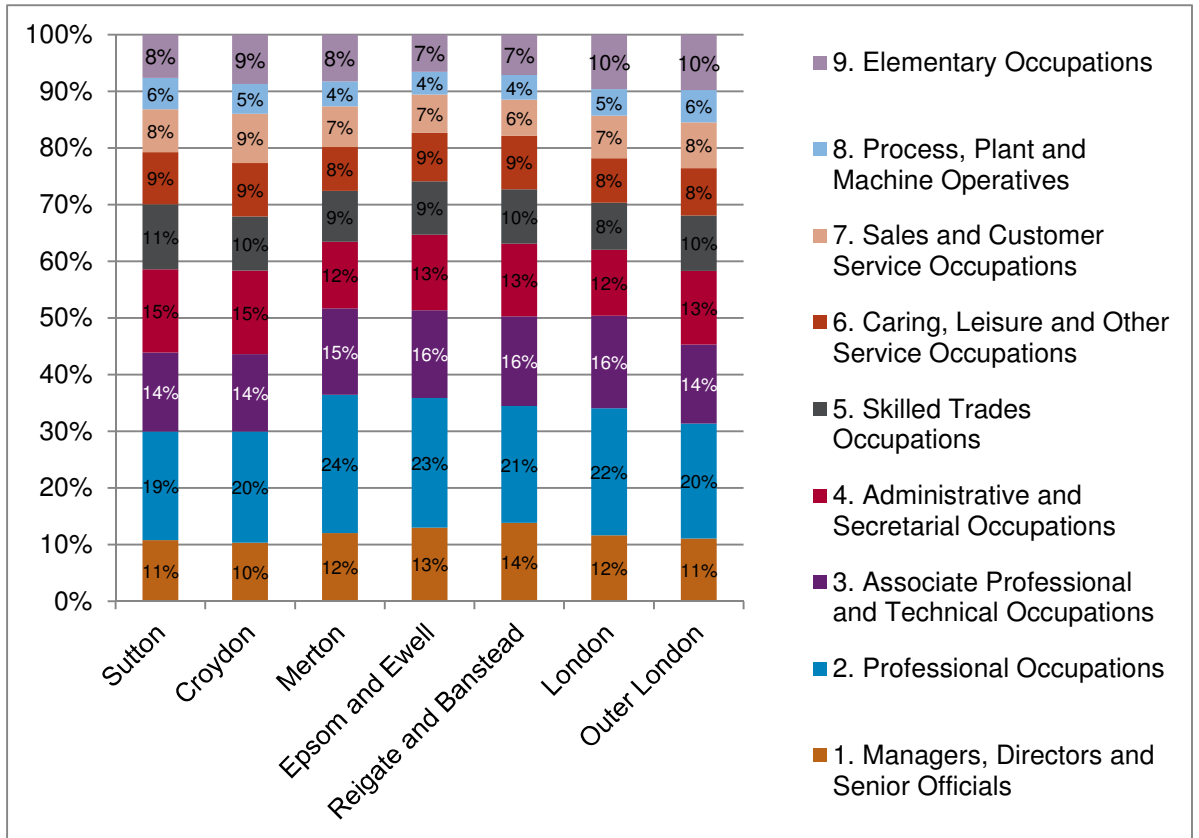
Source: Census 2011

4.19   Figure 27 shows the highest level of qualification attained by residents in the borough and shows that Sutton has a greater proportion of working age residents with a lower level of educational attainment. There is a larger proportion of residents for whom National Vocational Qualification (NVQ) level 1 and 2 are their highest level of qualification. Conversely, there is a smaller proportion of Sutton residents educated to NVQ [13] level 4 or more than seen across the comparator geographies.

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[13] NVQ 1 = GCSEs D – G, NVQ 2 = GCSEs A* – C, NVQ 3 = A Levels, NVQ 4 = HNC/HND/Degree

Figure 27: Highest Qualifications Achieved, 2011
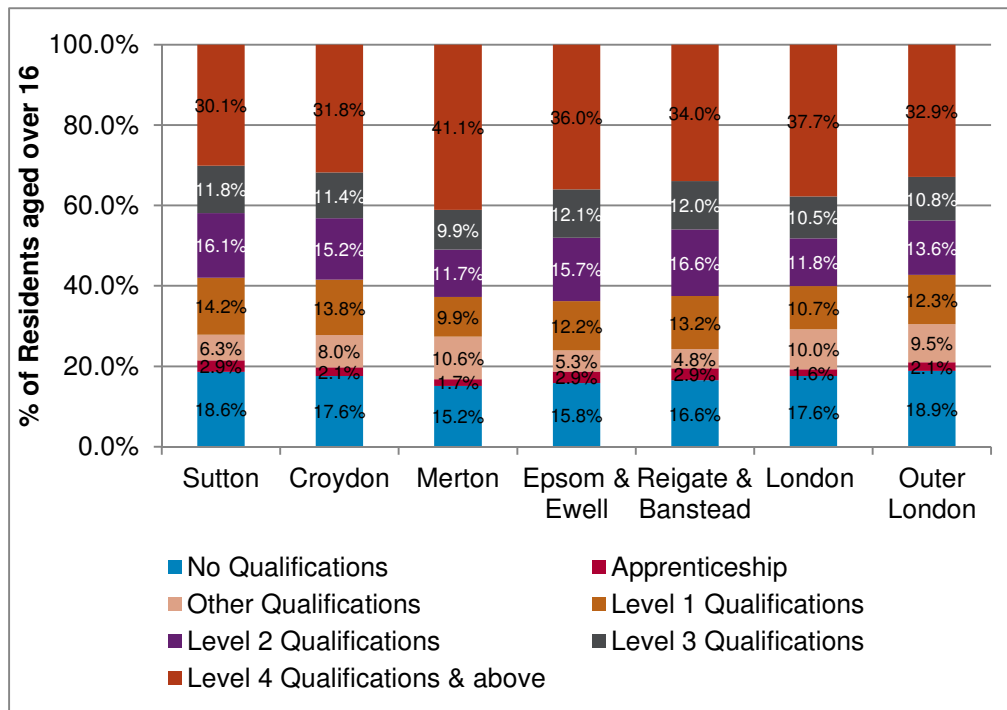
Source: Census 2011

4.20   The economic activity rate describes a percentage of the working-age population who are either in employment, or not in employment but seeking work. In Sutton 85% of the population are economically active – well above the London, South East, and national averages (77%, 80% and 77.5% respectively)[14].

4.21   The average gross weekly pay for full time workers in Sutton is £582 (equivalent to slightly over £30,250 per annum), which is lower than the London average (£618) but above the England (£524) averages. In line with the general trend, average pay for male workers in Sutton is notably higher than for female workers.

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[14] Annual Population Survey, July 2013-June 2014

Figure 28: Earnings by Resident, Average Gross Weekly Pay (2014)

	Male Full Time Workers	Female Full Time Workers	Full Time Workers
Sutton	641.0	515.8	582.0
London	661.3	574.9	617.8
England and Wales	562.0	463.4	521.2
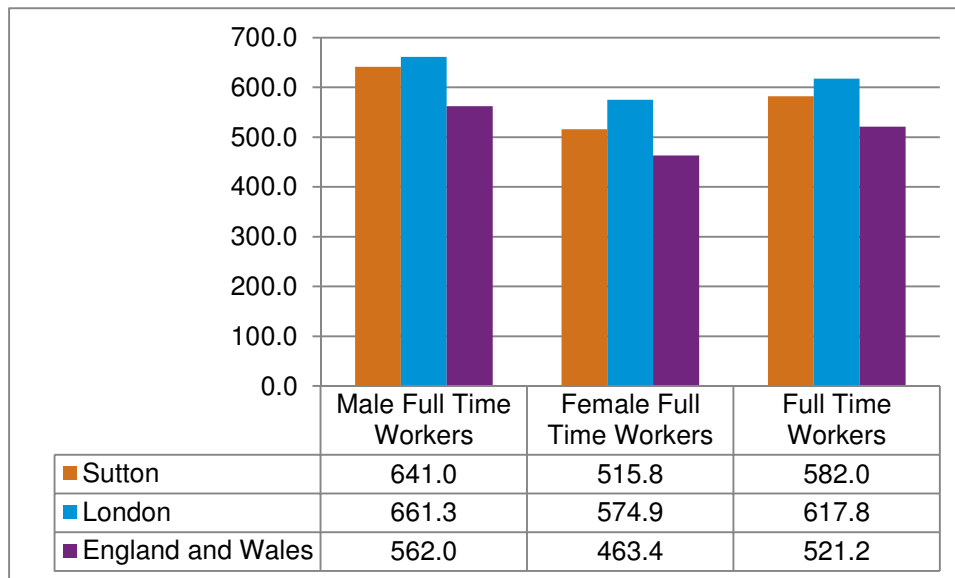
Source: ONS, 2013

4.22 The average gross weekly pay of workers working in Sutton is £504 – notably lower than the average gross weekly pay for residents seen above. Higher average residents' earnings suggests a leakage of high paying workers to other areas, most to other parts of central London.

Figure 29: Earnings by Workplace, Average Gross Weekly Pay (2014)

	Male Full Time Workers	Female Full Time Workers	Full Time Workers
Sutton	504.4	502.9	504.9
London	715.6	594.1	660.5
England and Wales	564.9	465.5	523.3
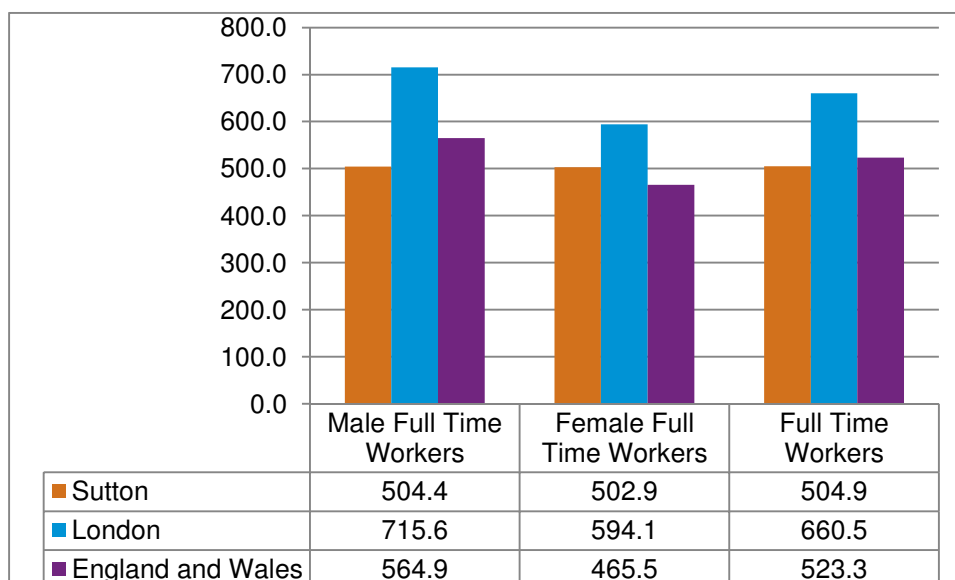
Source: ONS, 2013

Housing Offer

4.23   Sutton has a total dwelling stock of slightly over 80,500 homes (2013). In 2011 there were 78,174 households in the Borough the vast majority (85%) of the stock in Sutton is in private sector ownership, which is higher than the proportions seen across Outer London (82%) and London as a whole (76%).

4.24   As set out in Figure 30, 8% of the households live in local authority owned dwellings and 6% is owned by Registered Providers (aka Housing Associations), meaning that in total the social rented sector comprises 14% of all households.

Figure 30: Dwellings by Tenure Type

	Local Authority Owned	Registered Provider	Private Sector	Total Stock
Sutton	8%	6%	85%	78,174
Croydon	10%	8%	82%	145,010
Merton	4%	10%	86%	78,757
Epsom and Ewell	1%	7%	92%	29,784
Reigate and Banstead	2%	9%	88%	55,423
London	13%	11%	76%	3,266,173
Outer London	10%	8%	82%	1,902,356

Source: Census, 2011

4.25   2011 Census data can be used to provide a more detailed breakdown of the housing stock by tenure type. Owner occupation is the most common tenure type in the Borough accounting for 69% of households. 29% are owned outright, and 39% are owned with the aid of a loan or mortgage. The level of homeownership in Sutton is greater than that seen across the Outer London authorities and is notably higher than in neighbouring Croydon and Merton. Conversely, homeownership rates in Sutton are below the neighbouring Surrey authorities of Epsom and Ewell and Reigate and Banstead.

4.26   The private rented sector in Sutton accounts for 16% of households – lower than the Outer London authorities but higher than the Surrey authorities. 14% of households in Sutton live in social rented properties, which again is below Outer London levels but above Surrey levels.

Figure 31: Households by Tenure Type

	Owner Occupied	Social Rented	Private Rented	Living Rent Free
■ Sutton	68.8%	14.6%	15.9%	0.7%
■ Croydon	60.1%	17.9%	21.0%	1.1%
■ Merton	60.1%	14.1%	24.8%	1.0%
■ Epsom and Ewell	77.9%	8.0%	13.3%	0.8%
■ Reigate and Banstead	74.3%	11.9%	12.9%	0.9%
■ London	49.5%	24.1%	25.1%	1.3%
■ Outer London	60.0%	17.8%	21.0%	1.2%
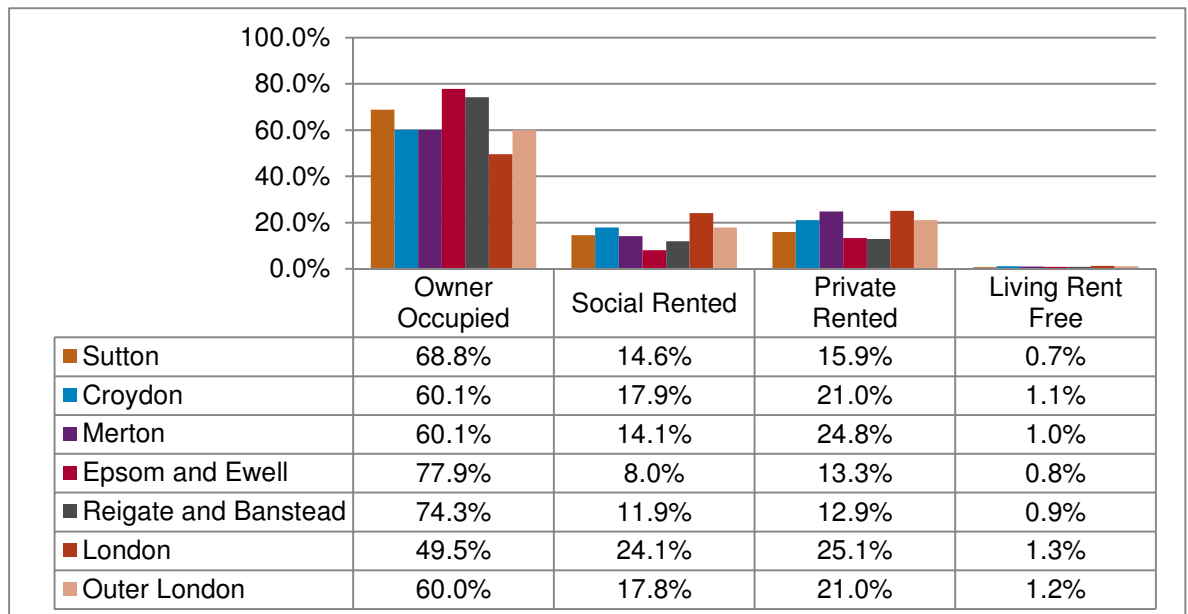
Source: Census, 2011

4.27   Sutton did not experience as significant a shift in its tenure profile between 2001-11 as the other Outer London authorities such as Croydon and Merton. The Borough saw a modest increase in the proportion of homeowners owning their home outright. Private renting increased by 6 percentage points (from 10.3% to 16.6% of households) compared to a 9% increase across London and Outer London. Owner occupation fell from 74.3% to 68.8% of households. Social renting fell by 2.7 percentage points. Figure 32 shows changes in households by tenure in the Borough between 2001-11.

Figure 32: Change in Households by Tenure, 2001-2011
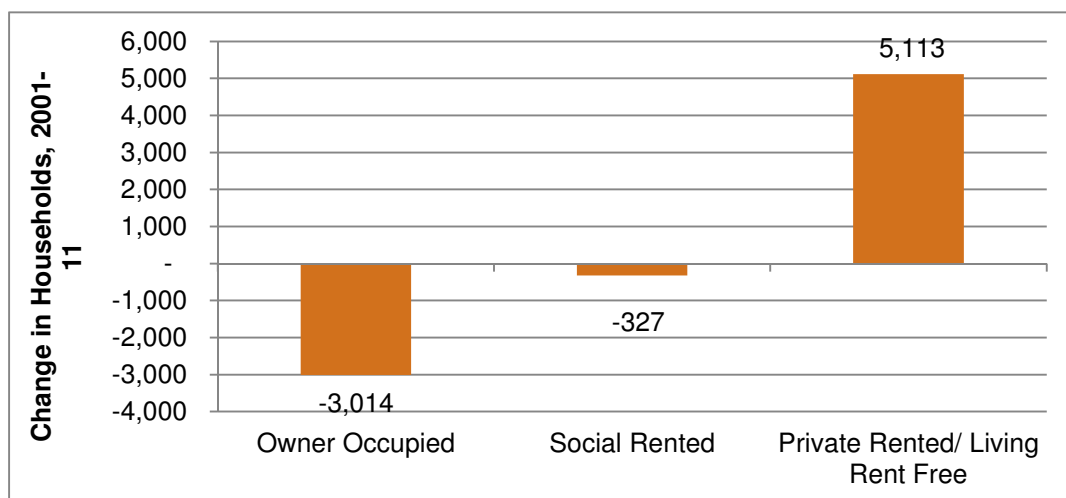
Source: Census, 2001 & 2011

4.28   65% of the housing stock in Sutton is made up of houses (11% Terraced, 28% Semi-detached, 26% detached). Flats comprise slightly under 36% of Sutton's dwelling stock. This proportion of dwelling types is very similar to the Outer London average and very similar to Croydon's housing mix. Across London as a whole there is a smaller proportion of houses and a greater proportion of flats relative to other parts of England and Wales; while the reverse is true in the neighbouring Surrey districts.

Figure 33: Housing Types, % of Dwellings (2011)
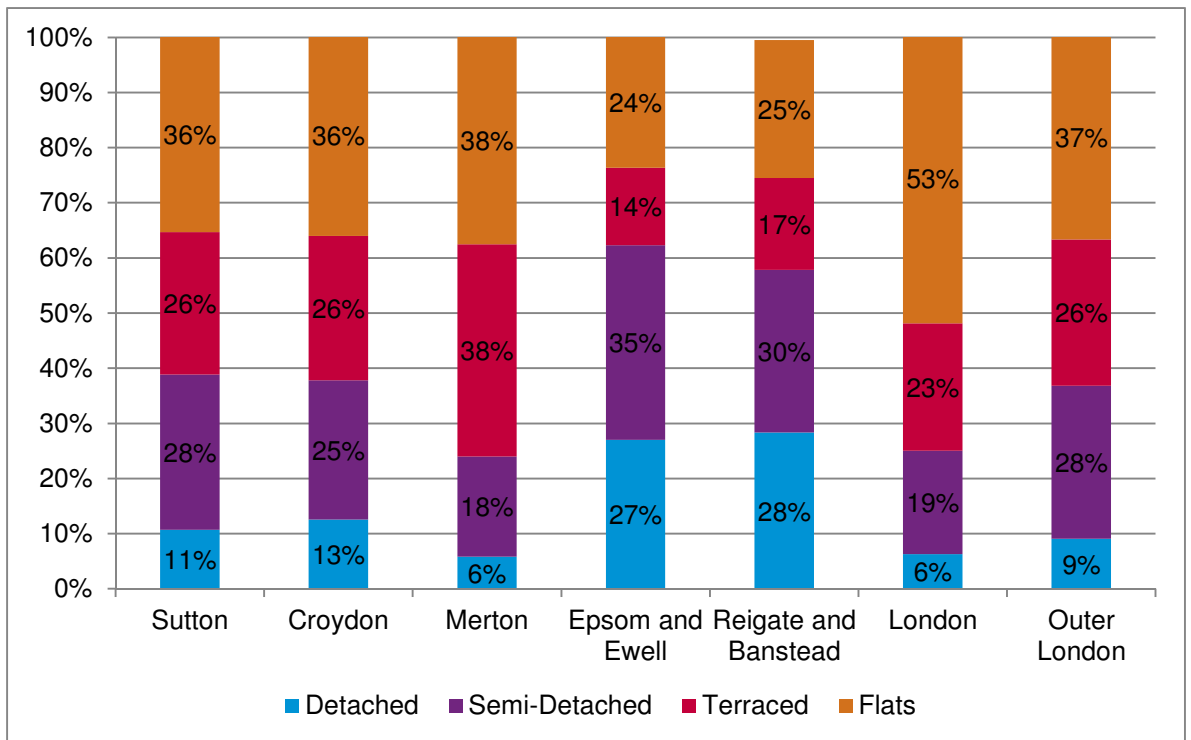
Source: 2011 Census

4.29   Sutton's housing stock is dominated by 2 and 3 bedroom properties with 67% of residential properties having 2 or 3 bedrooms, which is equal to the Outer London average. 15% of properties have 1 bedroom (principally comprising flats) and 17% have 4 or more bedrooms. London as a whole has a greater proportion of 1 bedroom properties and fewer larger properties relative to wider benchmarks, whereas the neighbouring Surrey districts have a greater proportion of larger properties (see Figure 34).

Figure 34: Home Sizes (2011)
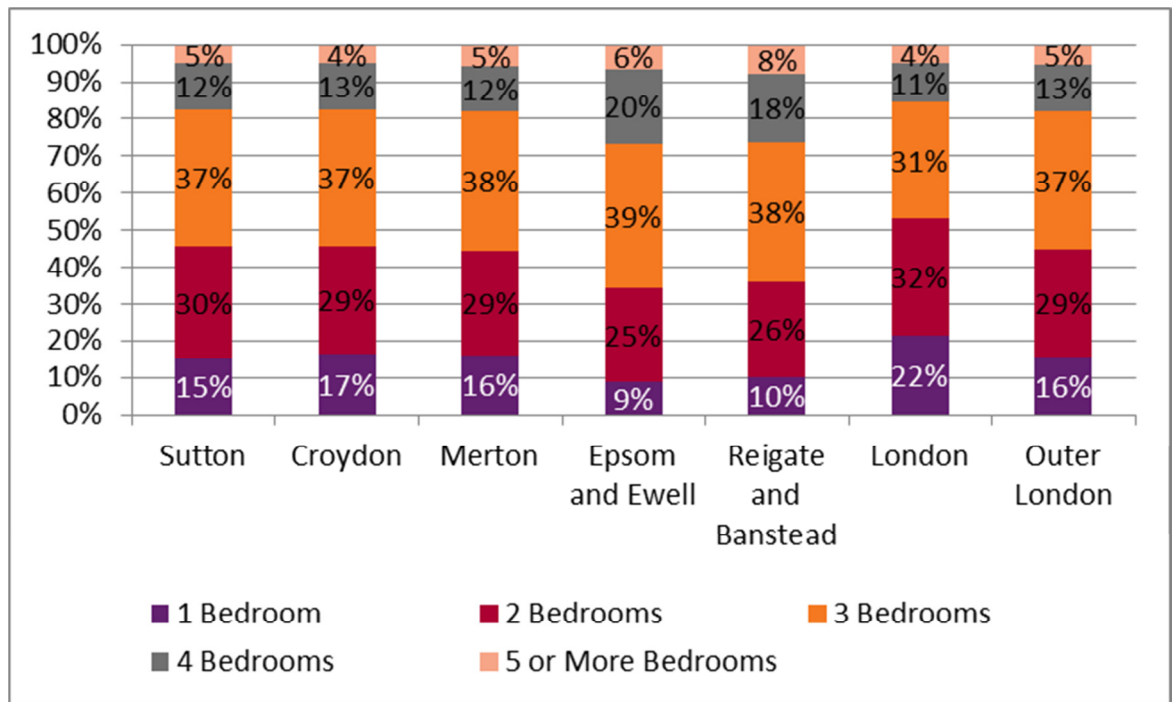
Source: 2011 Census

4.30   Figure 35 overleaf shows the sizes of properties by tenure and paints a picture of Sutton's dwelling stock as predominantly comprising 2 and 3 bedroom properties which are owned with a mortgage or loan. There are also a relatively high proportion of 1 bedroom properties, the majority of which are rented. There are much fewer rented properties with larger numbers of bedrooms and the vast majority of these are owner occupied.

Figure 35: Tenure Type by Dwelling Size, 2011

	1 bed	2 beds	3 beds	4 beds	5+ beds
Total	12,093	23,799	28,940	9,714	3,628
■ PRS or living rent free	4,162	5,789	2,317	551	170
■ Social rented	3,999	4,129	2,951	288	55
■ Owned with a mortgage or Shared Ownership	2,573	8,478	13,170	5,212	1,973
■ Owned outright	1,359	5,403	10,502	3,663	1,430
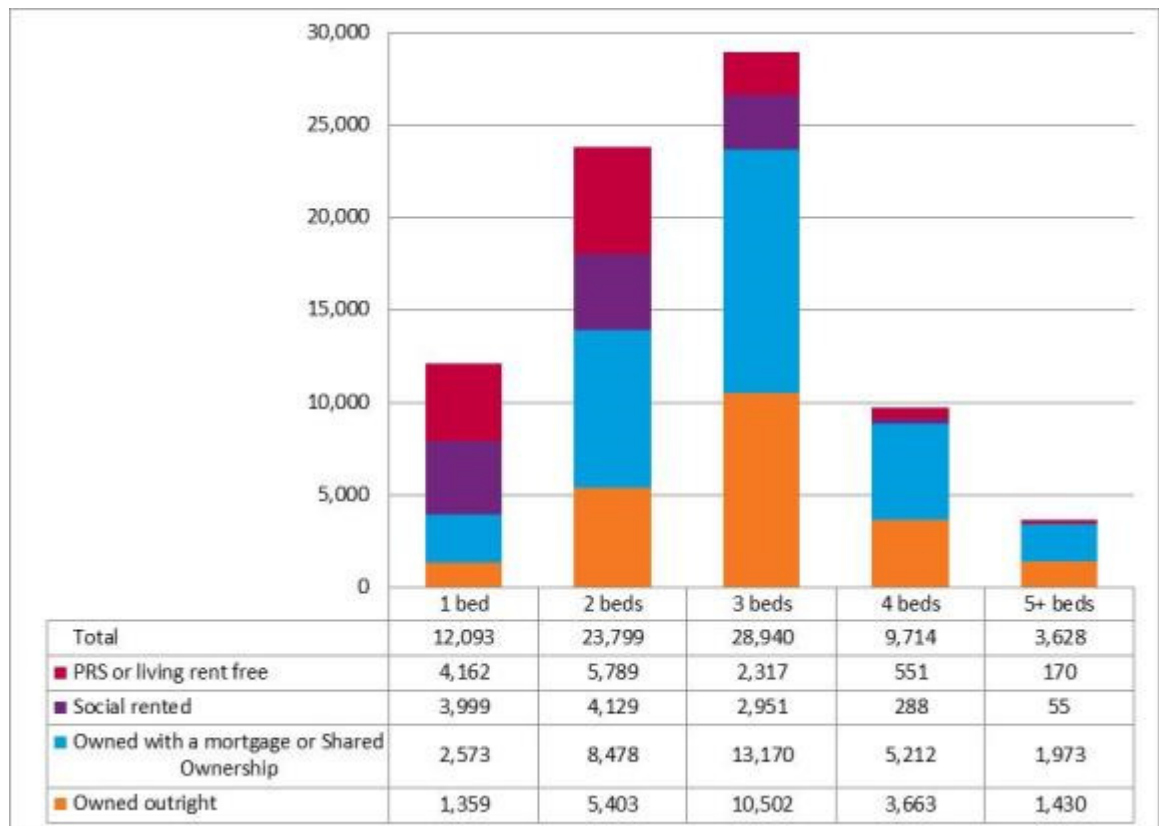
Source: 2011 Census

4.31   The majority of dwellings within Sutton fall within Council Tax bands C and D. Sutton has a slightly smaller proportion of Band A and B properties when compared to London and Outer London levels, and fewer Band F and above dwellings compared to neighbouring Surrey authorities. This is, to some extent, to be expected given the size and tenure mix of Sutton's housing stock, as set out above.

Figure 36: Dwelling % by Council Tax Band

	Sutton	Croydon	Merton	Epsom and Ewell	Reigate and Banstead	London	Outer London
■ Band H	0%	0%	2%	0%	2%	2%	1%
■ Band G	5%	5%	5%	12%	12%	6%	5%
■ Band F	8%	8%	6%	15%	12%	8%	8%
■ Band E	15%	15%	16%	25%	18%	15%	17%
■ Band D	29%	25%	34%	27%	29%	25%	29%
■ Band C	33%	31%	26%	16%	20%	27%	27%
■ Band B	9%	14%	10%	4%	6%	14%	11%
■ Band A	1%	2%	1%	0%	2%	3%	3%
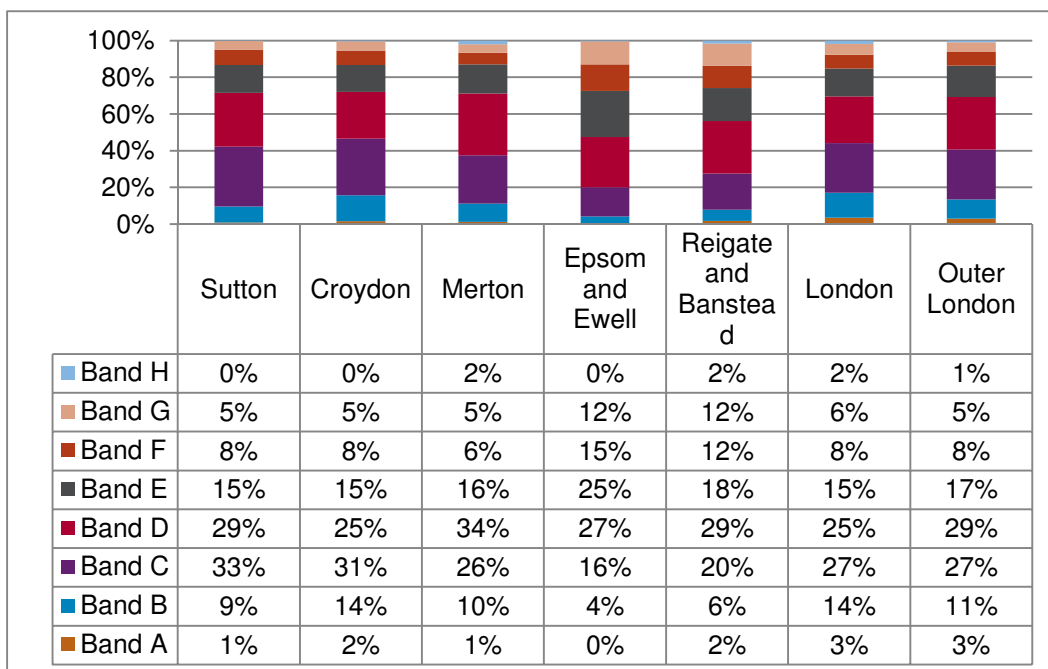
Source: 2011 Census

Implications

Sutton's housing stock is focused on two- and three-bedroom properties, with a concentration of homes in Council Tax Bands C and D. Whilst 68% of homes are owner-occupied, the levels of home ownership fell between 2001-11, with private renting growing to accommodate 16.6% of households (up from 10.3% a decade previously).

The Borough has seen modest population growth compared to other parts of London in recent years. Linked in part to this, its population structure has got older, with a growth in persons in particular between 40-74. Overall the Borough's population structure is focused on middle aged households, with adults aged 30-49, with children. The proportion of non-dependent children increased between 2001-11, suggesting more children are living with parents for longer – most likely as a result of declining affordability and access to housing.

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5 DEMOGRAPHIC PROJECTIONS AND HOUSING NEED

Introduction

5.1   The analysis in this section moves on to start to consider the overall need for housing. It considers population dynamics and how employment growth might influence future population growth.

5.2   The analysis begins by looking at the most recent household projections published by DCLG and the GLA before moving on to consider more recent demographic data to form a view about the most appropriate scenario for Sutton.

5.3   To convert population into households the concept of headship rates is used. Headship (or household formation) rates describe the proportion of households in different ages who are expected to be a 'head of a household.' Recent data about household formation rates by age and different projections scenarios are considered. Finally the section considers the interaction between population and economic growth.

5.4   The projections consider housing need over the period from 2013 to 2031. The assessment uses data (including Mid-Year Population Estimates) with a base date of 2013.

Interrogating Existing Household Projections

5.5   The Planning Practice Guidance sets out that:

> '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'.

5.6   At the time of writing the latest available household projections were the 2011-based 'interim' Household Projections from DCLG (which are directly based on the 2011-based ONS Interim Sub-National Population Projections).

5.7   These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a 'multi-regional' model that studies migratory movements by age and sex between all local authorities in England and Wales. The SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at local authority area level.

5.8   Figure 37 shows household growth from the 2011-based Household Projections. The projections cover the 10-year period to 2021. For the whole period studied this projection suggests a 12,605

increase in households (1,261 per annum) in Sutton. This represents a 16% growth in households, which is above the figure for England (10%) and the same as the London average (16%).

Figure 37: Projected Household Growth 2011-21 – DCLG 2011-based Household Projections

	Sutton
Households 2011	78,574
Households 2021	91,179
Change in households	12,605
Per annum	**1,261**
% change from 2011	16.0%

Source: DCLG 2011-based Household Projections

5.9   There are a number of key issues with the 2011-based Population and Household Projections. The population projections are based on applying estimates of births, deaths and migration from the pre-Census 2010-based SNPP to the Census population. ONS has since revised some of this data. Of particular significance is that the migration projections are thus not informed by what more recent data has shown regarding demographic trends. Furthermore, the 2011-based Household Projections are based particularly on trends in household formation between 2001-11. Declining affordability and, towards the end of the decade the economic recession, influence household formation trends over this period. These trends are projected forward.

5.10   We can look back to older series of demographic projections such as the 2008-based DCLG Household Projections. These are based principally on pre-recession trends. These projections also have the advantage of being extended beyond 2021 (which is the end date of the 2011-based version). The outputs from the 2008-based DCLG Household projections are shown in Figure 38 (covering the period from 2013 to 2031). This shows a projected household growth of 1,201 per annum – slightly lower than the 2011-based Household Projections. However a more detailed analysis shows that this reflects lower expected population growth, but higher household formation (relative to the 2011-based Projections).

Figure 38: Projected household growth 2013-31 – DCLG 2008-based Household Projections

	Sutton
Households 2013	87,814
Households 2031	109,429
Change in households	21,615
Per annum	**1,201**
% change from 2013	24.6%

Source: DCLG 2008-based Household Projections

5.11   A final set of household projections that can be considered are those published by the Greater London Authority (GLA) in their *2013 Round Population and Household Projections*. We discuss the population projections under-pinning these in the next section, but below have just provided the core outputs in terms of household growth for the purposes of comparison with the two sources studied above.

5.12   The GLA modelled three different scenarios for household growth (high, low and central). The difference between these is related to the assumptions around migration patterns, but in all cases household formation rates have been taken from the 2011-based DCLG household projections. A further population projection was subsequently developed by the GLA to adjust fertility assumptions to the Central forecast – this has not been translated into a household projection and so is not included in the Figure 39.

5.13   Figure 39 shows projected household growth in the three GLA Projections. For consistency with the projections developed for this report the period 2013-31 has been used. The data shows a growth in households varying from 763 to 1,019 per annum. This range is notably below the figures shown in the 2011- and 2008-based DCLG projections above.

Figure 39: Projected household growth 2013-31 – GLA 2013 Round Projections

Sutton	High	Low	Central
Households 2013	80,748	80,748	80,748
Households 2031	99,088	94,483	96,762
Change in households	18,339	13,734	16,013
Per annum	**1,019**	**763**	**890**
% change from 2013	22.7%	17.0%	19.8%

Source: GLA

Population projections

5.14   Guidance notes that the most up-to date projections should be used when considering what level of population (and housing) growth needs to be planned for. In Sutton we can consider projections

developed by the GLA and also recent projections from ONS (including consideration of midyear population estimates).

GLA projections

5.15   In February 2014 the GLA published a new set of population projections – the 2013 round of trend-based population projections. Three projections were developed which are described as:

1) High variant – domestic migration trends taken from the period mid-2008 to mid-2012. Rates held constant for duration of projections. Note that both in- and outflows increase over time to reflect increasing populations in London and the rest of the UK.
2) Low variant – domestic migration the same as per the High projection through to mid-2017. Beyond this point, outflows increase by ten per cent and inflows decrease by six per cent.
3) Central variant – takes the mid-point of the assumptions in the High and Low projections. That is, after 2017 outflows increase by five per cent and inflows fall by three per cent.

5.16   Subsequently a second Central variant projection was developed to update fertility assumptions in the model. Figure 40 shows the four projections developed and how these compare with past trends (for the 5- and 10-year periods to 2013). The analysis suggests that the high and central variants (updated) sit slightly above the 5-year trend in population growth with the other two core variants sitting between 5- and 10-year trends by 2031 (albeit above 5-year trends for much of the projection period). Overall the projections can be considered to show levels of population growth which are broadly consistent with the level seen in the previous five years (which is the typical period used to study future growth). It is also notable from Figure 40 that the updated Central variant projection is somewhat higher than the original Central projection and actually shows estimated population growth which is closely in line with the high variant.

5.17   In studying these projections and how they fit in with past trends our view is that any of the projections other than the low variant look to be plausible although the reducing rate of population growth over time does need to be recognised – particularly in the context of an above trend level of growth in the earlier part of the projection period.

Figure 40: Past and projected population growth – Sutton (GLA projections)
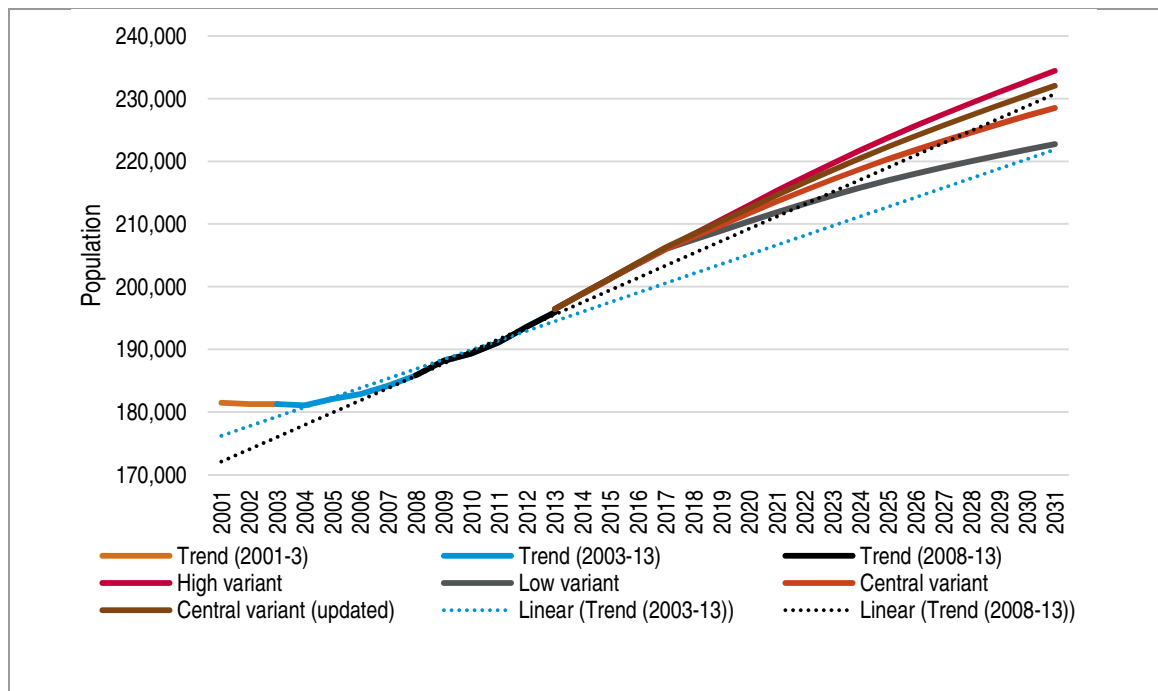
Source: ONS and GLA, JGC

5.18   In comparing projections with past trends it is also important to consider how the population is thought to have changed in the past. On this point it is interesting to note that the GLA data suggests population decline in Sutton from 2001 to 2004 with strong growth thereafter. This is a slightly different profile to that suggested in ONS population estimates although fairly rapid growth from 2004 onwards is common to both data sources. The analysis suggests that GLA trends when looking to 2013 will generally be higher than a similar plot based on ONS data (if we were to look at the past 5- or 10-years for example).

5.19   We are unable to say which of the two estimates in Figure 41 is most likely to be correct but would highlight the difference between the population estimates for certain years. In 2005, the GLA puts the population at 180,200 compared to an ONS figure of 182,100 – this is a difference of nearly 2,000 people.

Figure 41: Past population growth – Sutton (GLA and ONS)

Source: ONS and GLA

5.20   Our conclusions with regard to the GLA projections are that the most plausible are those which show higher levels of population growth looking through to 2031. The rate of growth and its 'trajectory' is however an issue which needs to be considered.

ONS projections

5.21   On the 29th May 2014 ONS published a new set of subnational population projections (SNPP). They replace the 2010- and 2011-based projections and will in due course be used to inform the next round of DCLG household projections (due in early 2015). It is therefore worthwhile to consider the likely implications of this new data on the need for housing. This includes testing whether or not these projections are a reasonable trend-based projection to use in the modelling of housing need.

5.22   The SNPP provides 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 for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends).

5.23   One observation made about recent migration trends by the GLA (noted above) is that there appears to have been a notable impact of the recession on movements to and from London. The GLA analysis suggests that the number of people leaving London to move to other parts of England

and Wales has reduced whilst the number of people moving to the capital (again from other parts of the country) has increased. In the GLA's own modelling different scenarios have been produced to consider a return back towards past trends. The GLA analysis suggests that out-migration has reduced by about 10% from longer-term averages with in-migration increasing by around 6%. Further information on migration including by age groups can be found in the appendix.

5.24   Using ONS migration data it is possible to study the extent to which the GLA observed trends also hold true for Sutton. Figure 42 plots levels of internal and international migration over the last 12 years for which data is available (i.e. from 2001/2 to 2012/13). The data shows that there has been a shift in internal in- and out-migration over time, from a position where there was a level of net out-migration to one where the figures show more people moving into the borough than out. When looking at the figures for international migration there does appear to be a fairly constant level of net in-migration for most of the period studied.

Figure 42: Past trends in in- and out-migration – Sutton
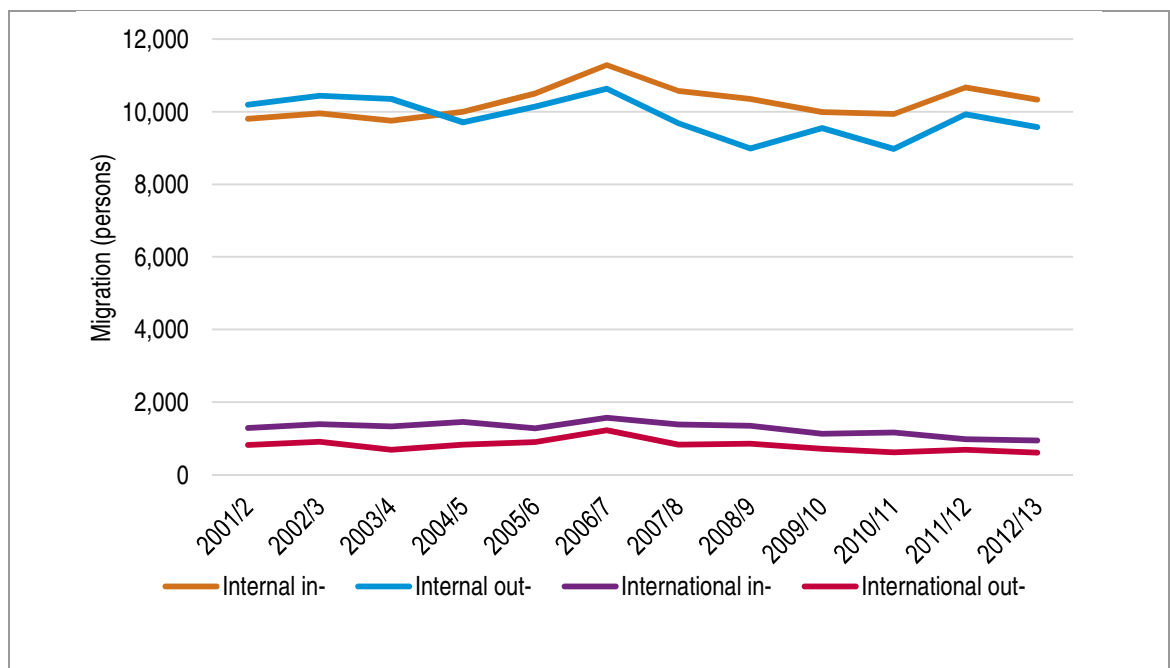
Source: ONS

5.25   It is perhaps more useful to consider the actual data behind Figure 42 and look at how this has changed from pre- to post recessionary periods. The data is shown in Figure 43 and for the purposes of analysis is has been assumed that the 2001-8 period is pre-recessionary with the past five years (2008-13) representing the impact of the recession.

5.26   The information seems to confirm the analysis by the GLA (albeit with the trends being slightly less strong). Since 2008, there has been no apparent change in average levels of domestic in-migration whilst domestic out-migration has decreased by about 7.5%. For international migration there

appears to have been a small reduction in both in- and out-migration although the percentage changes in both cases are very similar.

Figure 43: Past trends in in- and out-migration – Sutton

	Internal in-	Internal out-	International in-	International out-
2001/2	9,801	10,194	1,290	816
2002/3	9,955	10,434	1,390	906
2003/4	9,753	10,349	1,327	685
2004/5	9,995	9,708	1,455	828
2005/6	10,496	10,137	1,281	896
2006/7	11,285	10,632	1,570	1,228
2007/8	10,567	9,683	1,382	828
2008/9	10,347	8,982	1,353	853
2009/10	9,986	9,551	1,129	713
2010/11	9,937	8,977	1,161	617
2011/12	10,665	9,926	980	688
2012/13	10,330	9,574	941	611
Average (2001-8)	10,265	10,162	1,385	884
Average (2008-13)	10,253	9,402	1,113	696
Difference	-12	-760	-272	-187
% difference	-0.1%	-7.5%	-19.7%	-21.2%

Source: ONS

5.27   The analysis in the table above has been used to develop alternative demographic projections linked to the 2012-based SNPP. The scenarios used are similar to those developed by the GLA to feed into the London Plan SHMA. The scenarios can be summarised as:

High variant: 2012-based SNPP – data is taken as in the 2012-based SNPP which largely covers trends in the 2007-12 period
Low variant: Using the 2012-based SNPP as a start point but increasing internal in-migration by 0.1% and increasing internal out-migration by 7.5%. For consistency the levels of international migration have also been adjusted in line with the data in the table above although this only has a very minor impact on the figures.
Central variant: This scenario takes the mid-point of the assumptions in the High and Low projections.

5.28   In the GLA projections it is assumed that the divergence from trends begins in 2017. For the purposes of the projections in this report it has been assumed that the changes occur throughout the projection period (i.e. from 2013 onwards). It should also be noted that our projections linked to the 2012-based SNPP also include the updated fertility assumptions (as in the GLA updated Central projection).

5.29   Figure 44 shows how the projected population growth in Sutton compares with past trends (over the past 5- and 10-years). Due to publication in June 2014 of mid-year population estimates for 2013 the analysis essentially uses mid-2013 as a start point for the projections with the trend periods looking to 2031 as an end date. The analysis shows that the projections linked to the 2012-based SNPP are all above past trends in population growth (from ONS data) regardless of whether a 5- or 10-year period is studied.

Figure 44: Past and projected population growth – Sutton
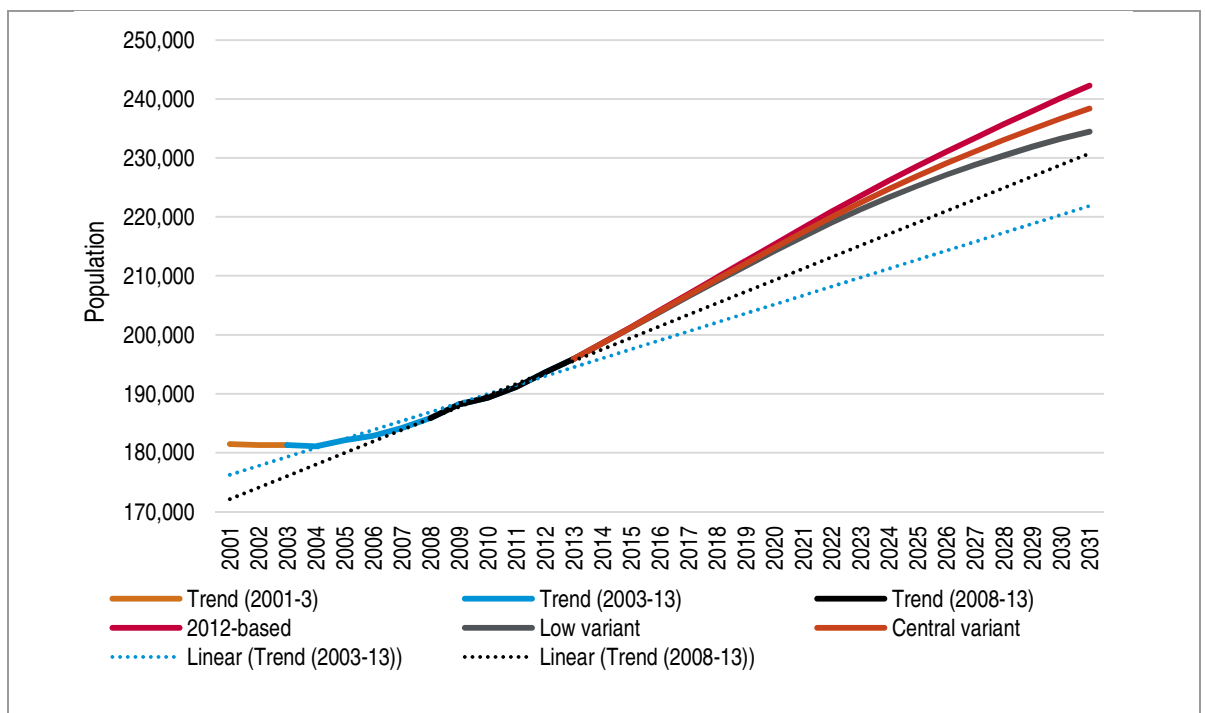
Source: ONS, GLA and JGC

5.30   Our initial conclusion from this analysis is that the 2012-based SNPP looks to be on the high side in the context of past trends. Even the lower variant projections show levels of population growth that are higher than trends over the past 5-years (with an even greater gap apparent when comparing with 10-year trends). This requires further investigation with regards to the past trends feeding into the analysis.

5.31   The data suggests that a lower level of population growth might be relevant for the projections to keep them more in line with past trends. One possible reason for the difference between trends and the projection is likely to be the recording of components of change within ONS trend data. In particular we consider that it is important to look at Un-attributable Population Change (UPC). UPC is the difference between the recorded population growth in the Census (adjusted to a mid-year figure) and the sum of the various components of population change recorded by ONS (mainly natural change and net migration). Where UPC is negative it implies that the recorded components

are higher than the actual recorded population growth with the opposite being the case where a positive figure is shown. In Sutton between 2001 and 2011 an average level of UPC of about -830 per annum is shown (more detail can be found in Appendix A).

5.32   It is not possible from the data available to be certain whether UPC is due to the poor recording of a particular component (e.g. migration) or because of problems with Census estimates (either in 2001 or 2011). It is however likely that at least some part of the UPC will be due to difficulties in recording migration (which tends to be the hardest component of population change to measure).

5.33   ONS do not take account of UPC in the 2012-based SNPP – a position which is supported by the GLA. However, there is some merit in us considering what the impact might be if some adjustment were included. For the purposes of analysis we have developed two projections – the first assumes that all of the UPC is due to a mis-recording of migration/population growth and the second to sensitivity test an adjustment for half UPC (which might be relevant if there was evidence of errors in either the 2001 or 2011 Census population figures). The adjustments have been applied to the 2012-based SNPP.

5.34   Figure 45 shows that with a UPC adjustment to the 2012-based SNPP we get a lower level of population growth; but one which largely tracks 5-year trends (up until about 2025/26 when the rate of growth starts to decrease slightly). With an adjustment equivalent to half if the UPC it can be seen that population growth is still some way above either 5- or 10-year trends. With the full UPC adjustment the level of population growth is still shown to be notably higher than longer-term (10-year) trends.

Figure 45: Past and projected population growth – Sutton (with UPC adjustment)
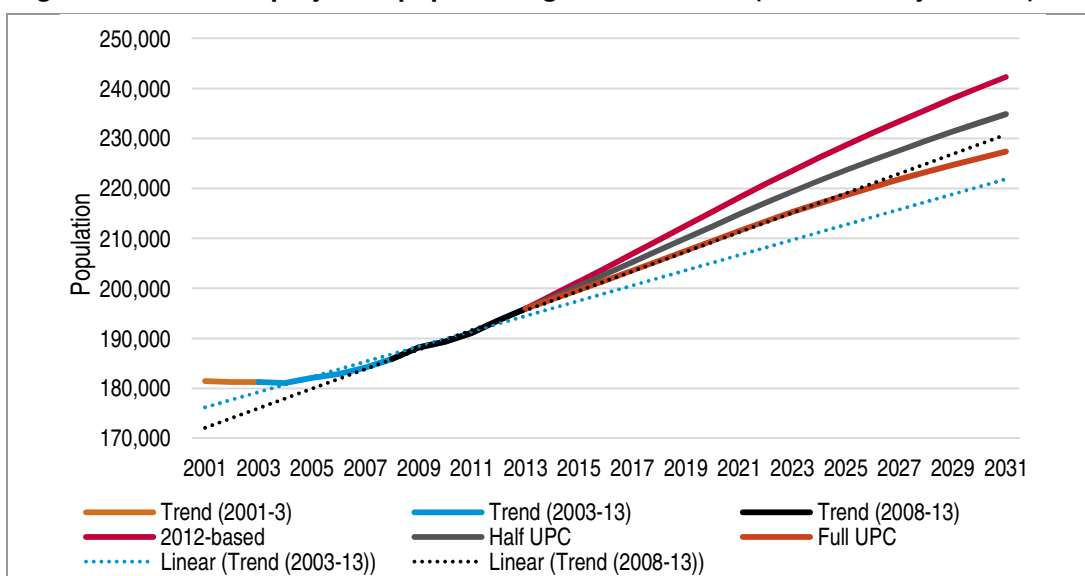
Source: Derived from ONS data

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CORE CONCLUSION – POPULATION PROJECTIONS

Bringing together all of the above data we consider that the most plausible population projection to take forward into an analysis of housing need is one using on the 2012-based SNPP with a downward adjustment to take account of the full amount of Un-attributable Population Change (UPC). Whilst the use of UPC in population projections is not part of the ONS or GLA methodology it is clear from the above that projections excluding this factor run the risk of being unrealistically high when contrasted with either short- or long-term trends in population growth in the Borough.

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Considering Household Formation

5.35   Whilst the analysis above points to the 2012-based SNPP (adjusted for UPC) as being a broadly reasonable population projection we also need to convert the population data into household estimates and hence into housing need. Population data is converted into households by using the concept of headship rates (essentially the changes of a person in any particular age band being the head of household). There are two main sources of data for headship rates; these are the 2011- and 2008-based DCLG household projections. Generally, the 2011-based projections are criticised for including an element of suppression moving forward whilst the 2008-based projections are less constrained.

5.36   For our analysis here we have looked in some detail at the specific headship rates in each of these sources and how this might change in the future. Figure 46 shows:

   a)   Headship rates in the 2011-based DCLG projections
   b)   Headship rates in the 2008-based DCLG projections (including a time series back to 2001)
   c)   The trends if headship were to 'track' the 2008-based figures from 2011 onwards

5.37   There are a number of observations which can be made; these are most easily done on an individual age band basis:

   •   15-24 and 25-34 – the 2011-based rates go down whilst the 2008-based rates go up from 2011. The 2011-based rates imply that additional suppression is expected in the future. These age groups are two which may well have been impacted by housing market factors (such as lack of mortgage availability) and to plan positively in the future we might expect improved affordability to see some increase. Hence the trends shown in the 2011-based projections do look to be a bit pessimistic.
   •   35-44 – the 2011-based rates are fairly constant moving forward whereas the 2008-based rates shown some positive increases. Whilst we do not consider the flat-rate in the 2011-based projection to be unrealistic some increases in the future would mean that more households are able to form.

- 45-54 and 55-64 – both of these age groups are expected to see some increases moving forward in the 2011-based projections. Some small increases are not unrealistic although we would expect the headship rates of these groups to be more constant over time given that people in these age groups are likely to be in more established families/households (particularly the 55-64 age group).

- 65-74 – the 2011-based figures go down over time whereas the 2008-based projections are fairly flat over time (albeit from a different base position in 2011). Generally we would expect this age group to have a fairly constant headship rate over time.

- 75-84 and 85+ - both of these groups show similar patterns in the 2011- and 2008-based projections (from different baseline positions). As with other older age groups it is considered that relatively little change in the future is probably the most realistic scenario.

Figure 46: Projected household formation rates by age of head of household – Sutton
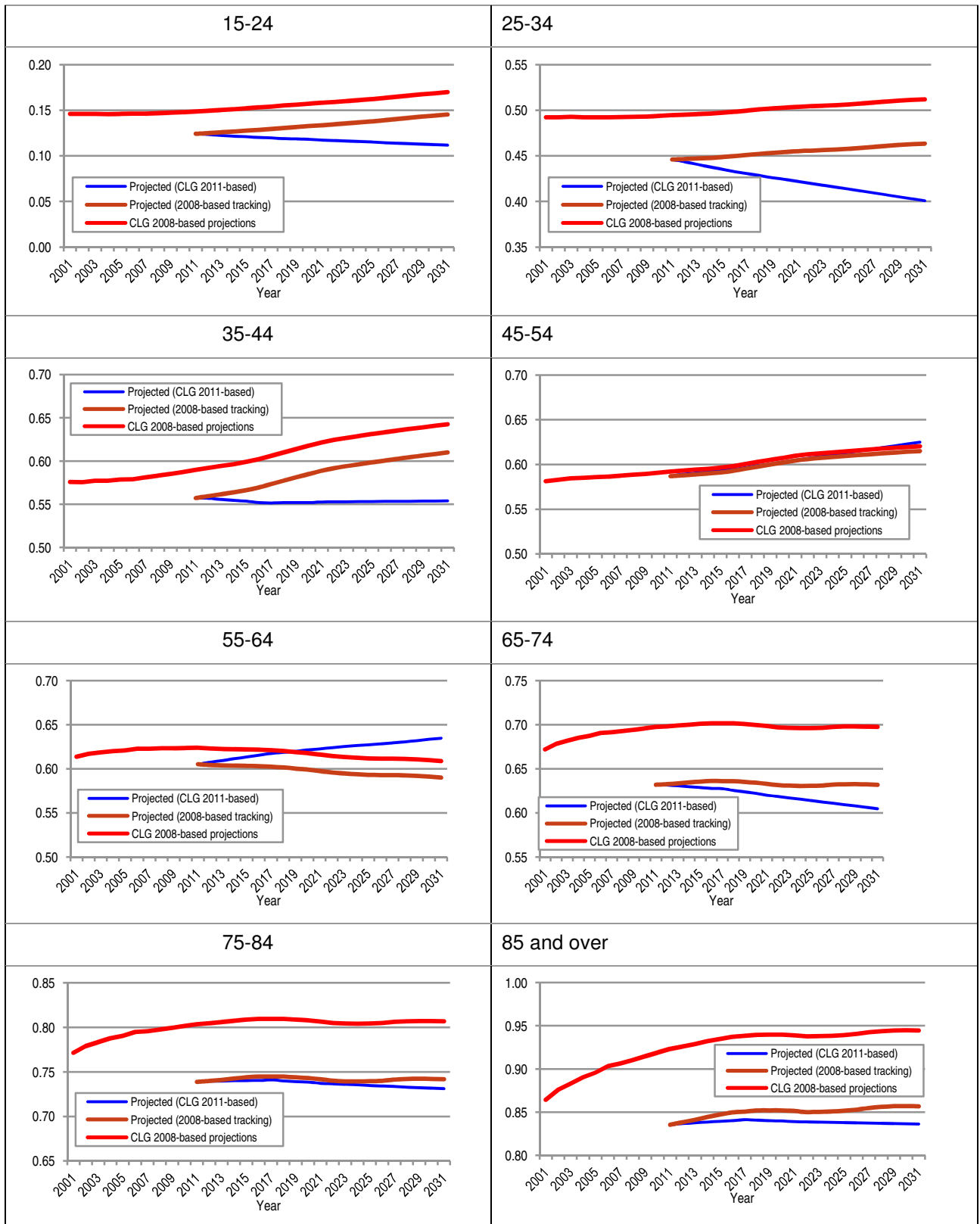
Source: Derived from DCLG data

5.38   Figure 47 shows how the number of households in Sutton would be expected to increase under scenarios linked to both the 2011-based DCLG headship rates and when tracking 2008-based figures. Using the 2011-based headship rates sees the number of households increase from 80,700 to 96,800 – a 16,100 increase (20%) – over the 18-year period from 2013 to 2031. When tracking the 2008-based rates the data shows a higher increase in households (of about 19,300) over the same period; this is a 24% increase in households over 18-years.

Figure 47: Projected growth in households under two different headship scenarios
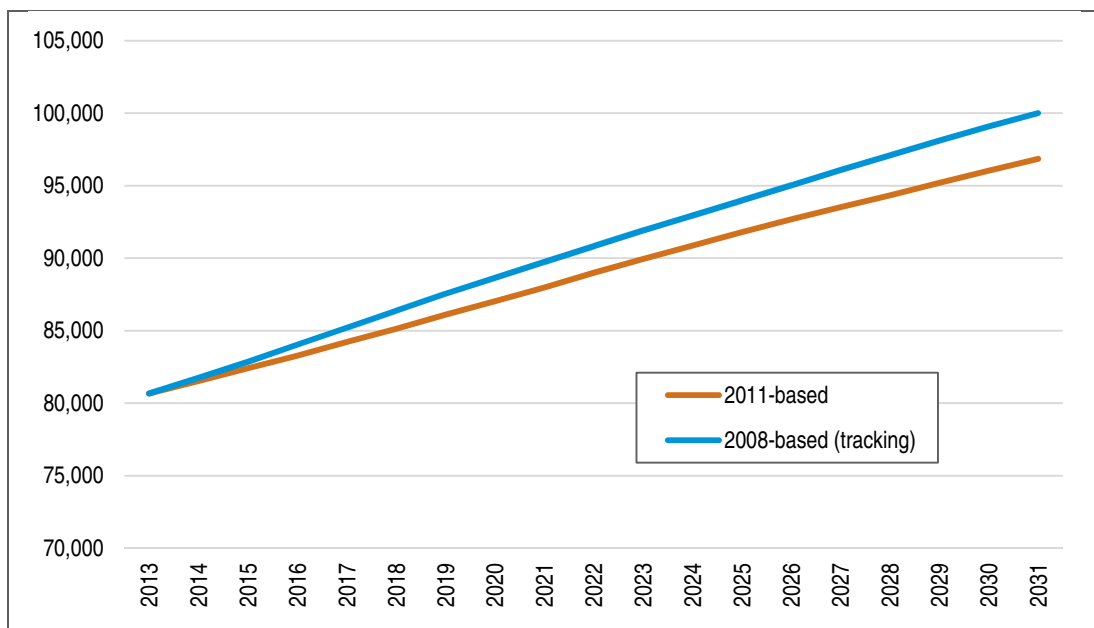
Source: Derived from ONS and DCLG data

5.39   Overall, studying the various headship rate data tends to point us towards the use of 2008-based trends. For younger age groups this would see improving levels of household formation whilst the 2011-based data for older age groups are not dissimilar to the trends in the 2008-based data. However, it will be noted for most age groups that the start point of headship rates in 2011 is below the figures expected in the 2008-based projections. This leads us to further consider the extent to which household formation in Sutton may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance and more importantly how any constraint is being projected forward. This is a key part of the NPPG which says:

'… formation rates may have been suppressed historically by under-supply and worsening affordability of housing [and] … 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'.

5.40   Given changes in the profile of the population of Sutton over the last decade it is hard to say how much of the difference between the 2011 start point figures is due to constrained household formation. A September 2013 study produced by the (Cambridge Centre for Housing & Planning

Research CCHPR) on behalf of the Town and Country Planning Association does shed some light on this issue, stating:

"The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse."

5.41   On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). To look at how this is relevant to Sutton analysis has been carried out to look at the growth in the BME population relative to the growth seen nationally to see what the likely relative impact of housing market factors is. Figure 48 shows the key analysis for this.

5.42   The data shows that growth in the BME community (taken to be the non-White (British/Irish) population) in England was 115% of all population growth. In Sutton this figure is significantly higher (at 255% of population growth). If it is assumed that nationally 0.53 of movement away from long-term trends is due to international migration (taken here to be BME growth) then the analysis suggests that over 100% of movement away from long-term trends is due to BME growth (and not housing market factors).

Figure 48: Growth in BME population (2001-11)

	Sutton	England
BME population (2001)	25,589	5,767,580
BME population (2011)	52,073	10,216,219
Change (2001-11)	26,484	4,448,639
Total population growth	10,378	3,873,625
BME growth as % of total growth	255%	115%
Variance from national position	2.22	1.00
Part return adjustment factor	1.18	0.53

Source: Census 2001 and 2011

5.43   Whilst in reality, there are likely to have been some housing market factors impacting household formation in the past it is also clear that there has been a significant change in the profile of the population in the Borough. Given that the 2008-based DCLG projections have improving formation for younger age groups and fairly flat trends for older groups it is considered that 'tracking' the

2008-based rates would be an appropriate way to model data for household formation. Therefore data has been modelled on the basis of this scenario (as shown in Figure 47).

5.44   To get a simple comparison of the different headship assumptions Figure 49 shows how these will pan out in terms of average household size estimates. The figure also shows the trend that would have been observed if the 2008-based projections had been followed back to 2001 and moving forward. The data clearly shows movement away from the 2008-based trends in 2011 but the 2008-based tracking methodology would be expected to substantially reverse this and start to see average household sizes decrease notably in the future. The data for 2011 recognises that there have been changes in household structures linked to international migration and growth in BME communities but that in the future patterns of household formation will return towards longer-term trends.

Figure 49: Past and projected trends in Average Household Size – Sutton
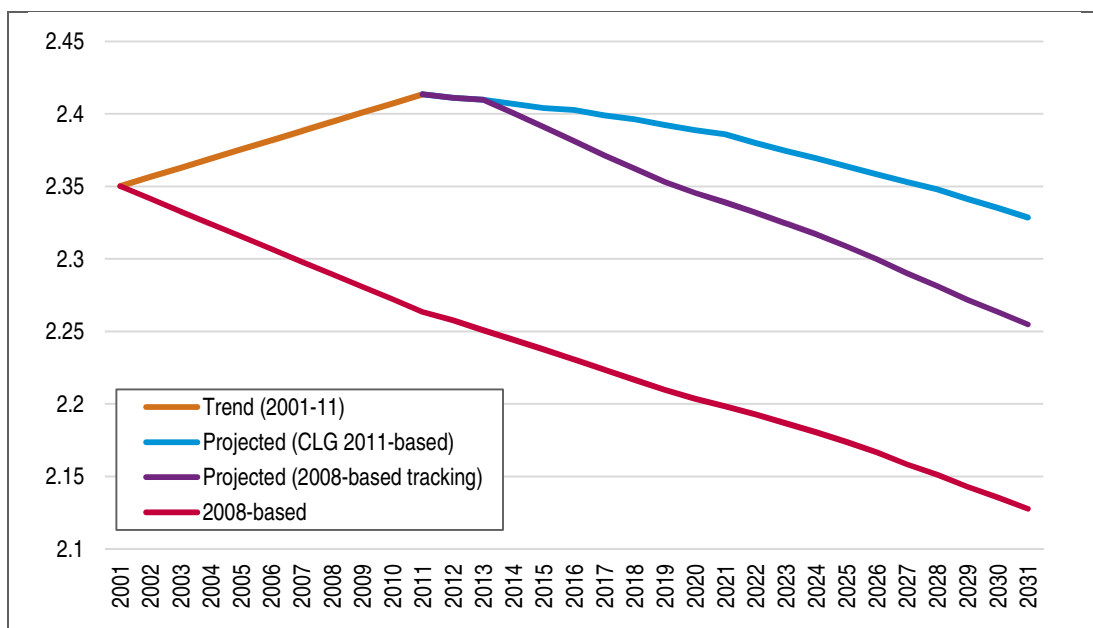
Source: Derived from ONS and DCLG data

CORE CONCLUSION – HOUSEHOLD FORMATION (HEADSHIP) RATES

The analysis shows that average household sizes have dramatically departed from long-term trends in the 2008-based projections. However, this seems likely to largely be due to changes in the population profile of the Borough (a large increase in BME communities which have different household structures). Moving forward however, both the 2011- and 2008-based DCLG projections would expect household sizes to start to fall. The 2008-based 'trends' in particular look sound in improving formation rates for younger people and it is considered that a methodology of 'tracking' the 2008-rates from a 2011 start point is the most robust method for studying headship rates.

5.45   Using the 2008-based DCLG household projections we have therefore developed a series of headship rates to apply to our demographic data (from the 2012-based SNPP). This suggests a housing requirement of 1,098 dwellings per annum from 2013 to 2031 – this includes a small uplift from household estimates to take account of vacant homes (a figure of 2.3% has been used; derived from 2011 Census data).

5.46   It will be noted that the estimated number of households in 2013 in Figure 50 is different from previous tables (where a range of figures have been quoted – including 78,574 from the 2011-based DCLG projections, 87,814 from the 2008-based CLG projections and 80,748 from GLA data). The differences are mainly due to the different population assumptions in each source for 2013; although figures are also impacted by the assumptions made about headship rates in 2013. The figures in our analysis and those of the GLA are quite similar, this will reflect the data inputs for 2013 in each of these cases being broadly similar.

Figure 50: Projected household growth 2013-31 – 2012-based SNPP (as amended) and 'tracking' 2008-based DCLG headship rates

	Sutton
Households 2013	80,677
Households 2031	100,005
Change in households	19,328
Per annum	1,074
Dwellings (per annum)	1,098

Economic-led Housing Requirements

5.47 As well as looking at demographic trends when considering what the housing requirement should be DCLG advice suggests considering economic (job growth) forecasts. In particular the guidance states that:

'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'

5.48 To look at the economic future of Sutton we have drawn on a GLA forecast for jobs growth in the Borough. This is shown in Figure 51 – from 2011 to 2031 the number of jobs in the Borough is projected to increase by around 7,000 with fairly steady growth post-2016 following a decline in the 2011-16 period.

Figure 51: Projected number of jobs – Sutton
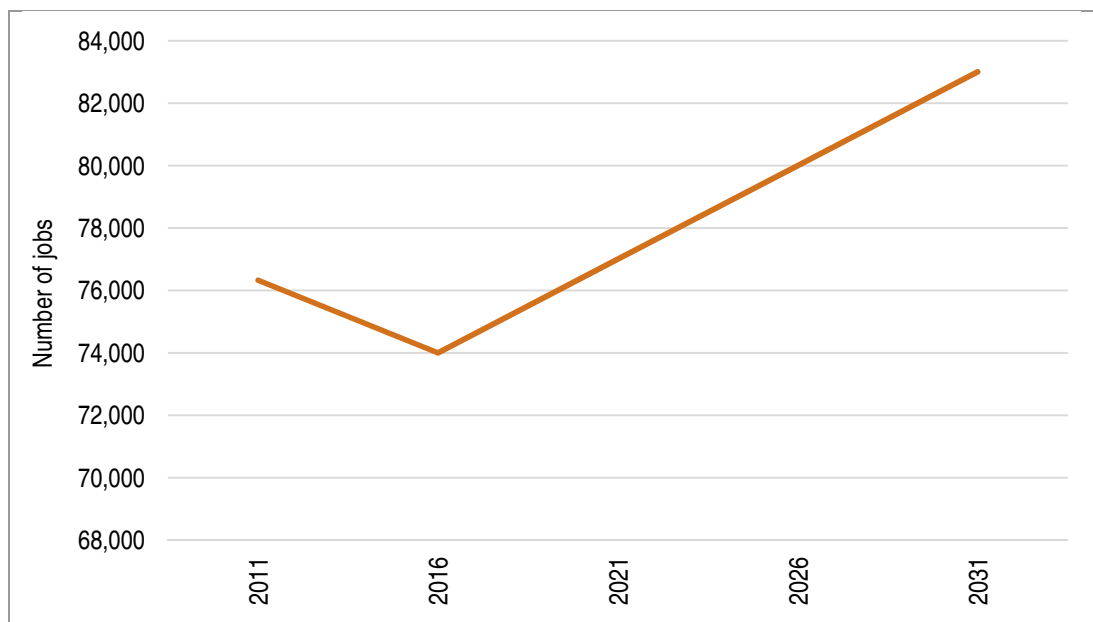
Source: Experian

5.49   As well as studying job growth we can also consider commuting patterns to understand whether or not the growth in the working population might be expected to be higher (or lower) than the job growth figures. To study this we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in Figure 52 and has been taken from the 2011 Census.

5.50   The data shows that there are around 43% more people who live in the area (and are working) than currently work in the area. Sutton therefore sees a level of net out-commuting.

Figure 52: Commuting patterns in Sutton (2011)

	Sutton
Live and work in Borough	23,989
Home workers	8,882
No fixed workplace	10,050
Out-commute	55,070
In-commute	29,863
Work offshore or abroad	216
Total working in Borough	72,784
Total living in Borough (and working)	98,207
Commuting ratio	1.35

Source: 2011 Census

5.51   As well as commuting patterns we can also consider 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 Borough divided by the number of jobs. According to the Census travel to work data this is 72,784/76,319= 0.95.

5.52   Hence to work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs. This is shown in Figure 53 – Overall, the GLA forecasts expect an increase of 6,700 jobs; if commuting patterns and levels of double jobbing remain the same then this would require growth in the resident workforce of about 8,600 people.

Figure 53: Jobs growth and change in resident workforce (2011-31)

	Change in jobs	Change in resident workforce
2011-16	-2,319	-2,974
2016-21	3,000	3,848
2021-26	3,000	3,848
2026-31	3,000	3,848
TOTAL	6,681	8,568

Source: GLA and 2011 Census

5.53   As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2031. Full details can be found in Appendix A.

5.54   The outputs from the economic based projection is outlined in Figure 54 and shows that for the resident workforce to increase in line with the forecast number of jobs would require 751 homes per annum to be delivered – this is some way below the projection linked to the 2012-based SNPP (as amended). The outputs are again based on household formation rates linked to tracking the 2008-based DCLG headship rates from 2011.

Figure 54: Meeting job growth forecasts

	Sutton
Households 2013	80,677
Households 2031	93,905
Change in households	13,228
Per annum	735
Dwellings (per annum)	751

Summary and Conclusions

5.55   The conclusions are drawn on the basis of an assessment process which interrogates demographic information under a range of different scenarios and thus provides recommendations about what might be a reasonable level of future housing provision. The methodology follows the series of steps set out in DCLG advice of March 2014. The projections cover the period from 2013 to 2031.

5.56   The analysis begins by looking at the most recent nationally published projections – these are the 2011-based 'interim' projections from DCLG which cover the period from 2011 to 2021. This projection suggests household growth of 1,261 per annum across the Borough. This figure is slightly above that contained in the previous (2008-based) DCLG projections which put annual household growth (in the 2011-31 period) at 1,201.

5.57   The next stage of the process was to consider the validity of the 2011-based projections, more recent 2012-based subnational population projections (SNPP) and the 2013 midyear population estimates. Overall, the analysis supports the 2012-based SNPP with an adjustment for Un-

attributable Population Change (UPC) as being broadly reasonable as a demographic projection. When comparing future growth with past trends this projection sits very slightly below the population trend of the past 5-years and above a longer-term (10-year) trend.

5.58   The next step was to consider the most reasonable set of household formation rates. Across the Borough the evidence would suggest that there has been some suppression in the past although there has also been a significant change in the population profile in the area (notably very large growth in BME communities). Moving forward it is however the case that the 2011-based projections are expecting household sizes to begin falling again. However, closer investigation of the 2011-based data suggested that some of the trends in relation to the younger population (aged up to 45) were on the pessimistic side.

5.59   A set of headship rates were therefore developed which took 2011-based rates as a start point and projected forward in terms of the trends contained in the 2008-based projections. **Carrying out the projection on this basis suggests household growth of 1,074 per annum and a housing requirement for 1,098 additional homes per annum (once a vacancy allowance has been included).**

5.60   It is also important to consider age structure changes; in particular whether the population growth will support the required increase in the workforce to meet employment growth trends/forecasts. In looking at a GLA economic forecast it was established that an increase in the number of residents in employment of around 8,600 could be expected in the 2013-31 period. Running this figure through the demographic model shows that annual housing requirement for 751 would be appropriate to ensure labour-force growth. This is some way below the demographic projection.

5.61   The PPG however does not allow for a provision below the demographic assessment of need. It would therefore be inappropriate to plan on the basis of economic need.

5.62   Overall, the analysis suggests that the housing requirement once rounded in Sutton is for around 1,100 net new dwellings per annum. Over the 18-year period from 2013 to 2031 this would represent 19,800 additional homes.

5.63   If this level of need is not delivered within the housing market then it may impact the local population in a number of areas. Firstly it would decrease affordability which in turn may force local residents looking to form a household out of the area, most likely to the wider South East. By delivering less than 751 dwellings per annum this could impact the ability for local businesses to maintain a labour force and thus impact local economic output. Alternatively, and probably more likely, it may result in further increases to long distance commuting. This would produce a further strain on local infrastructure.

6 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

6.1 In line with the Planning Practice Guidance, we have sought to analyse in detail the housing market dynamics. This section, initially reviews housing market dynamics including national and macro-economic drivers. This is then developed at a HMA and Borough level with quantitative analysis of local prices, sales volumes and affordability.

Overview of the Housing Market and Economy

Conceptual Framework

6.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in Figure 55:

Figure 55: Understanding Housing Demand Drivers
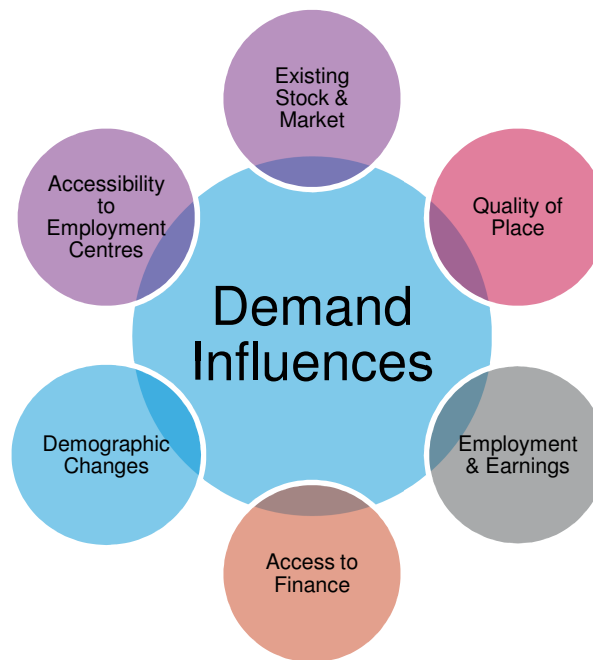
Source: GLH

6.3 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.

6.4 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas

to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).

6.5   Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.

6.6   There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The importance of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. Local factors include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

6.7   These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforce to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

6.8   Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Local Demand Indicators and Market Signals

House Prices

6.9   This section follows on from additional house price analysis set out in Paragraphs 3.34-3.36. As shown in Figure 56, the average (mean) house price (Jan 2013 – June 2014) in Sutton is slightly below £300,000 whilst the median is £260,000. These figures are below the average values across the outer London boroughs where the mean house price is slightly above £373,000 and the median is £305,000. Sutton ranks 15th out of the 19 Outer London boroughs for mean and median values. Median values range from £194,000 (Barking and Dagenham) to £497,000 (Richmond on Thames) with mean values ranging from £197,500 to £679,000 respectively.

Figure 56: Average House Prices in Outer London Boroughs (Jan 2013 - June 2014)

	Median House Prices	Mean House Prices	Lower Quartile
Lowest of the Outer London Boroughs	£194,000	£197,503	£162,500
Sutton	£260,000	£299,146	£199,950
Average of the Outer London Boroughs	£305,125	£373,310	£228,175
Highest of the Outer London Boroughs	£496,975	£678,522	£337,625
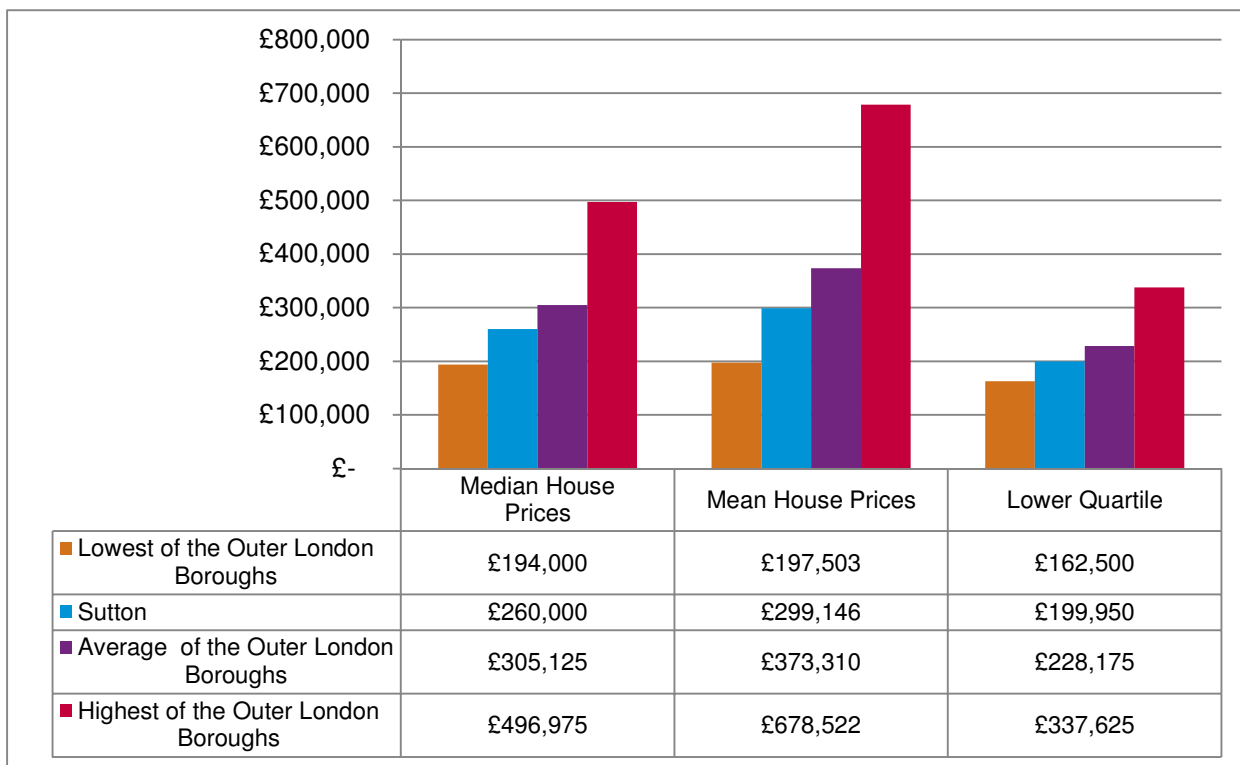
Source: GLH Analysis: Land Registry Price Paid Data

6.10   Lower quartile prices, which reflect entry level housing costs, follow a similar pattern with Sutton (£195,500) below the Outer London average (£228,175). The minimum Outer London lower quartile prices is again Barking and Dagenham (£162,500) and the highest Richmond upon Thames (£337,625).

6.11   Figure 57 profiles house prices in Sutton the Outer London boroughs, and London as a whole from 1998 to 2007 (i.e. the pre-recession decade). This shows that house price levels in Sutton have been consistently below those seen elsewhere in London. Over the decade median prices in Sutton have risen from £81,250 to £247,973 – an increase of £165,723 (204%). Over this period, median prices across outer London rose by £165,000 (194%), across London as a whole by £180,000 (200%), and across England by £117,000 (186%). The result has been a widening of the gap in house prices between these areas during this period.

Figure 57: Median House Price (1998-2007)
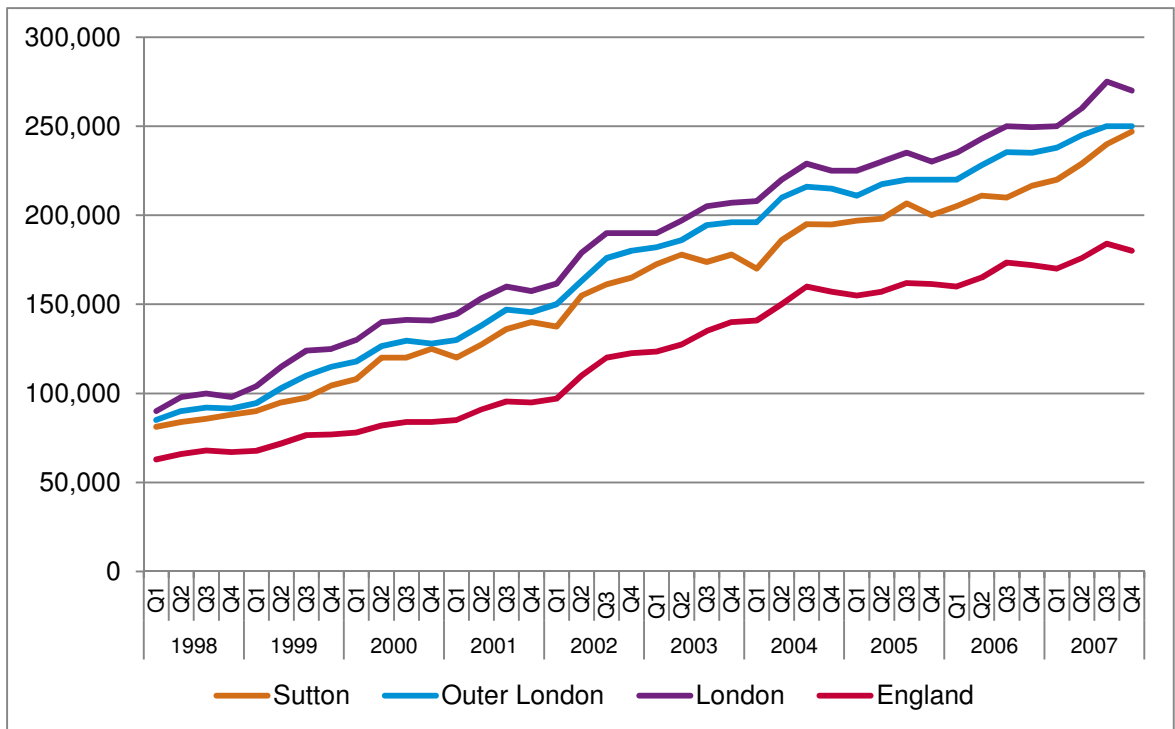
Source: DCLG Live Tables: Land Registry Data

6.12 Since 2007, trends in house prices have understandably been very different due to the economic backdrop. Sutton posted notable price falls in late 2008 into 2009 at the onset of the recession, as was the case regionally and nationally. However, as prices in other areas started to 'bounce back' in 2009, the Sutton market was slower to recover reaching pre-recession levels by late 2012. By comparison house prices across outer London reached pre-recession levels by early 2010, while prices across London as a whole reached pre-recession levels by late 2009. Further to this, figure 58 shows that prices in these areas have continued to grow.

6.13 Prices in Sutton remained around the 2007 levels at the second quarter of 2013 are the same as Q1 2008 levels. The result has seen the price gap between Sutton and other London boroughs widen further. However all three areas have seen significant growth in median house prices since Q3 2013. As a result the most recent median sales date in Sutton (Q2 2014) show prices higher than they have ever been before (£280,000).

Figure 58: Median House Price (2008-2014)
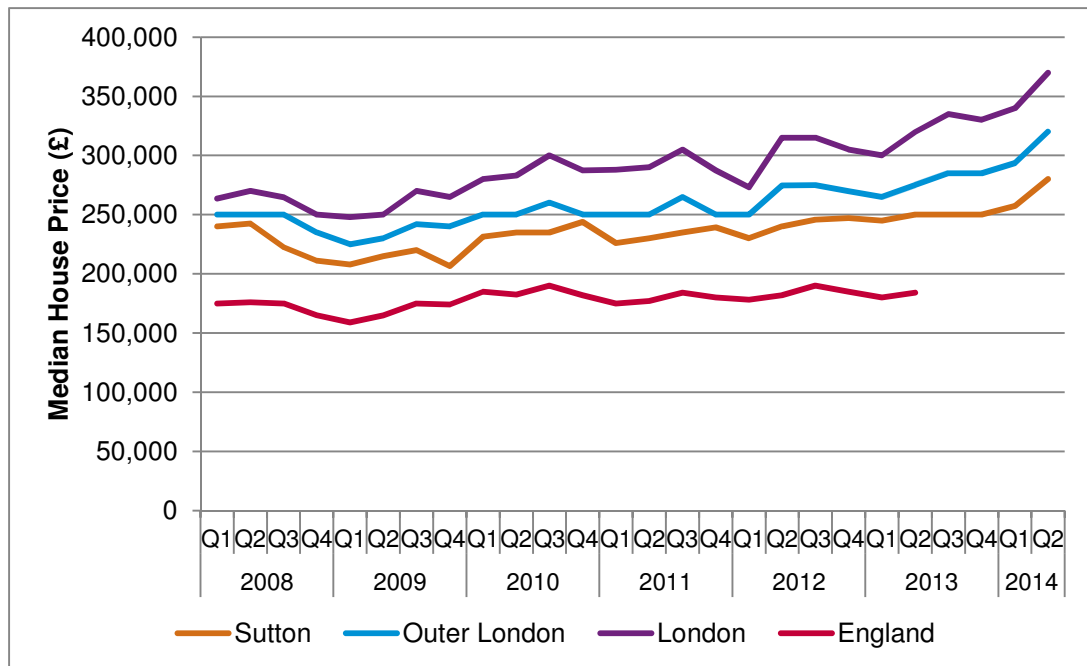
Source: DCLG Live Tables: Land Registry Data

Sales Volumes and Effective Demand

6.14   Sales volumes are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. Figure 59 benchmarks annual sales across Sutton, London, and nationally over the period 1998 to 2012. It uses an index where 1 is the average annual sales over the pre-recession decade 1998-2007.

6.15   As illustrated in figure 59 sales volumes nationally experienced a significant drop between 2007 and 2008. Whilst the general trend in London has seen sales volumes 'bounce back' slightly, sales volume in Sutton has remained roughly level since 2008.

6.16   Although taken from a separate data set, sales over the last 18 months (January 2013 to April 2014) across the HMA numbered almost 3,826, indicating a slight improvement on recent years, although still well below the pre-recession peak.

Figure 59: Indexed Analysis of Sales Trends (1998 – 2012)
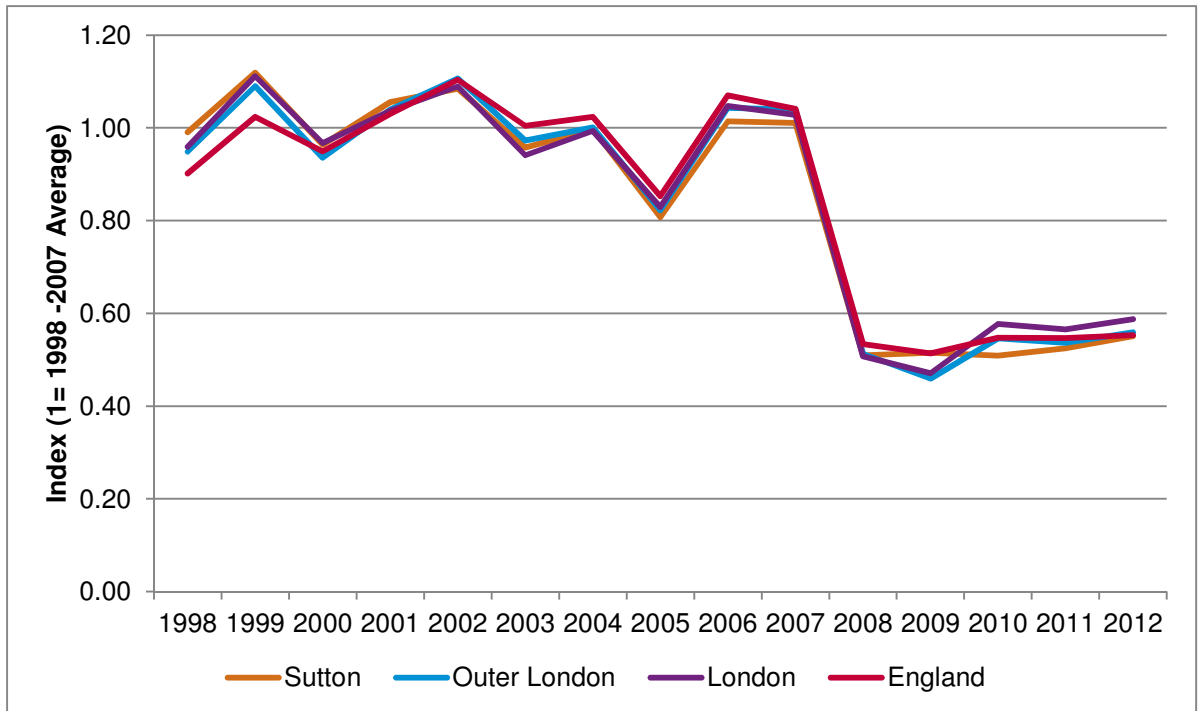
Source: DCLG Live Tables

6.17   We have also analysed house prices achieved over last 18 months (January 2013 to June 2014) in more detail to gain an understanding of the latest dynamics for different property types within the Sutton, Outer London, and London.

Figure 60: Median House Prices (Jan 2013- June 2014)

	Detached	Semi-Detached	Terrace	Flats	Overall
Sutton	£520,000	£358,000	£279,950	£190,000	£260,000
Outer London	£575,000	£368,500	£297,500	£230,000	£292,500
London	£595,000	£380,000	£344,750	£305,000	£337,500
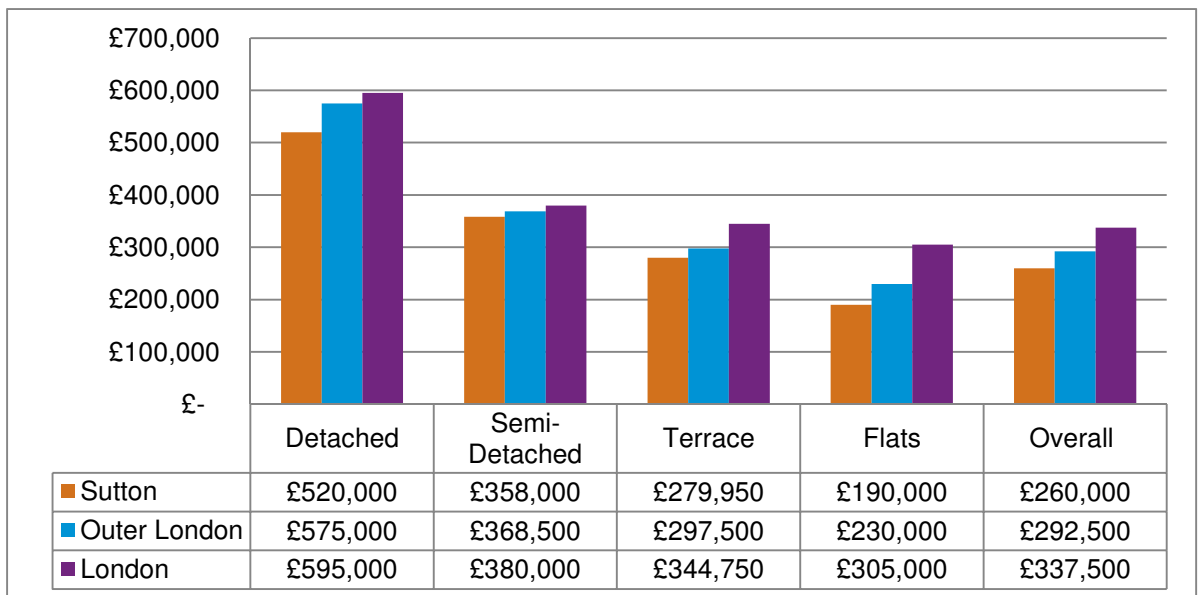
Source: GLH Analysis: Land Registry Price Paid Data

6.18   As can be seen in Figure 61 median house prices in Sutton are considerably below not only the London average but also below the Outer London averages for all dwelling types. Median prices in Sutton are on average 89% of the levels seen across the outer London boroughs and 77% of levels seen across London as a whole.

6.19   This is skewed slightly by the proportion of each dwelling type being sold during this period. Sutton has seen a greater proportion of sales of detached houses, which generally command a higher price than other dwelling types. When comparing like-for-like values it is notable that the median price of detached properties in Sutton is well below (90%) the Outer London median. It is also clear that flats in Inner London command a disproportionately higher median price than Outer London and Sutton.

Figure 61: Sales by Dwelling Type (Jan 2013- April 2014)

	Sutton	Outer London	London
■ Flats	39%	39%	54%
■ Terrace	29%	31%	27%
■ Semi-Detached	22%	22%	14%
■ Detached	10%	8%	5%
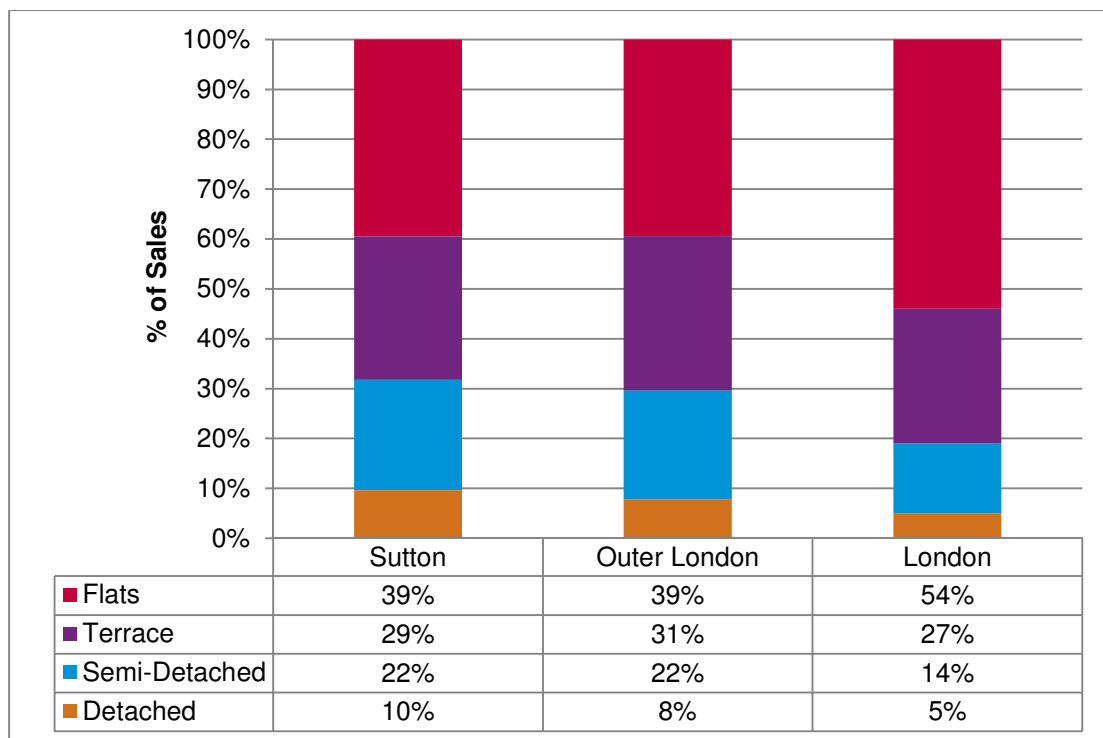
Source: GLH Analysis: Land Registry Price Paid Data

Ward Based Analysis

6.20   We have also reviewed the median house values for all sales on a ward by ward basis. This illustrates a substantial variance across the Borough. The highest prices achieved are found in the Carshalton South and Clockhouse Ward and with the lowest in St Helier Ward.

Figure 62: Median House Price by Ward and By Type (2013)

Ward	Detached	Semi-Detached	Terraced	Flats	Overall
Sutton Central	£ 362,000	£ 317,250	£ 265,000	£ 180,000	£ 225,000
Sutton West	£ 443,000	£ 379,000	£ 293,000	£ 210,000	£ 250,000
Sutton North	£ 337,500	£ 325,000	£ 287,000	£ 195,000	£ 269,950
Stonecot	£ 366,500	£ 335,000	£ 310,475	£ 192,500	£ 309,950
Cheam	£ 850,000	£ 398,000	£ 322,500	£ 219,500	£ 370,000
The Wrythe	£ 330,000	£ 301,000	£ 264,975	£ 180,000	£ 235,000
St. Helier	£ 355,000	£ 248,000	£ 229,950	£ 162,000	£ 219,950
Carshalton Central	£ 470,000	£ 341,750	£ 315,000	£ 190,750	£ 295,850
Sutton South	£ 660,000	£ 458,750	£ 419,000	£ 210,000	£ 225,000
Belmont	£ 570,000	£ 471,500	£ 317,500	£ 190,000	£ 264,750
Nonsuch	£ 460,000	£ 421,500	£ 365,000	£ 214,375	£ 366,000
Worcester Park	£ 370,000	£ 380,000	£ 289,950	£ 224,500	£ 289,950
Wandle Valley	£ 248,000	£ 246,000	£ 236,000	£ 158,500	£ 220,000
Wallington North	£ 447,500	£ 326,000	£ 272,000	£ 182,500	£ 238,000
Carshalton South & Clockhouse	£ 532,500	£ 408,750	£ 294,950	£ 199,000	£ 372,958
Wallington South	£ 530,000	£ 400,000	£ 279,950	£ 184,950	£ 239,950
Beddington South	£ 497,500	£ 395,000	£ 237,000	£ 177,000	£ 366,250
Beddington North	£ 407,250	£ 305,000	£ 265,000	£ 174,000	£ 273,500

Source: GLH Analysis: Land Registry Price Paid Data

6.21   By type the highest prices achieved are across different wards. The highest detached costs are seen in Cheam, the highest semi-detached and terraced in Sutton South, and flats in Worcester Park.

Rental Trends

6.22   Median rental values in Sutton are (as of Sept 2014) £950 per calendar month (pcm). This ranks Sutton 15th out of the 19 Outer London boroughs with only Barking and Dagenham, Bexley, Havering and Croydon having lower median rents.

6.23   Average rents in the Borough are slightly higher at around £1,003 per calendar month again this is lower than the London (£1,530) and Outer London (£1,276) equivalent but above the England average (£730).

Figure 63: Average, Median and Lower Quartile Rental Costs (2014)
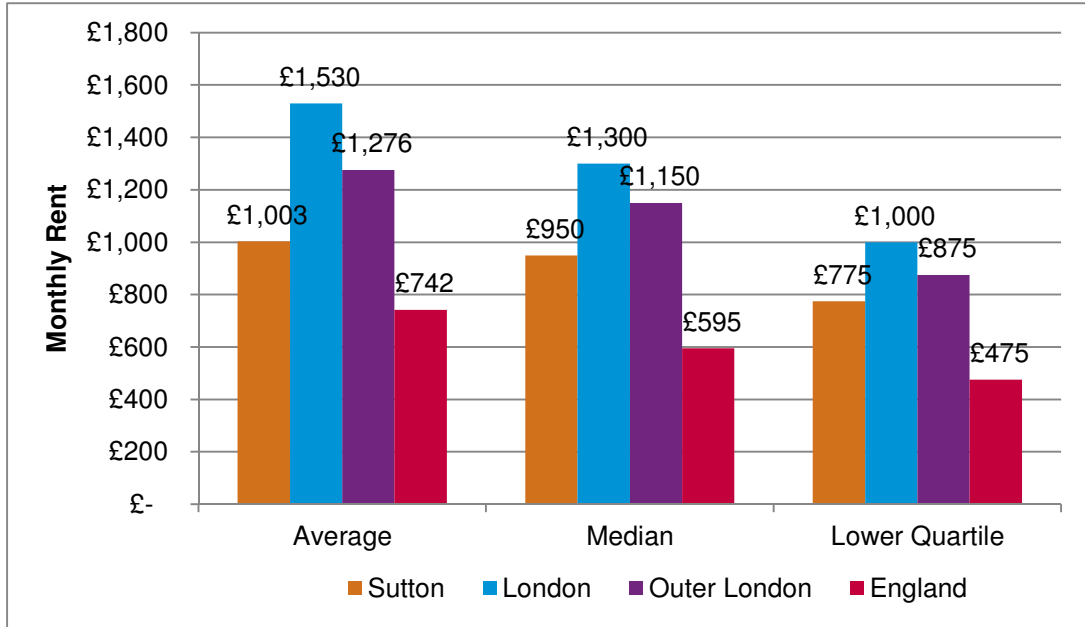
Source: VOA, 2014

6.24   Similarly the lower quartile price in the Borough (£750) is below the London and Outer London averages (£1,000 and £875 respectively), but above the £475 per month for England. We can see in Figure 64 that for all but studio flats Sutton is below the wider London prices.

Figure 64: Median Rental Costs by BRMAs and by size
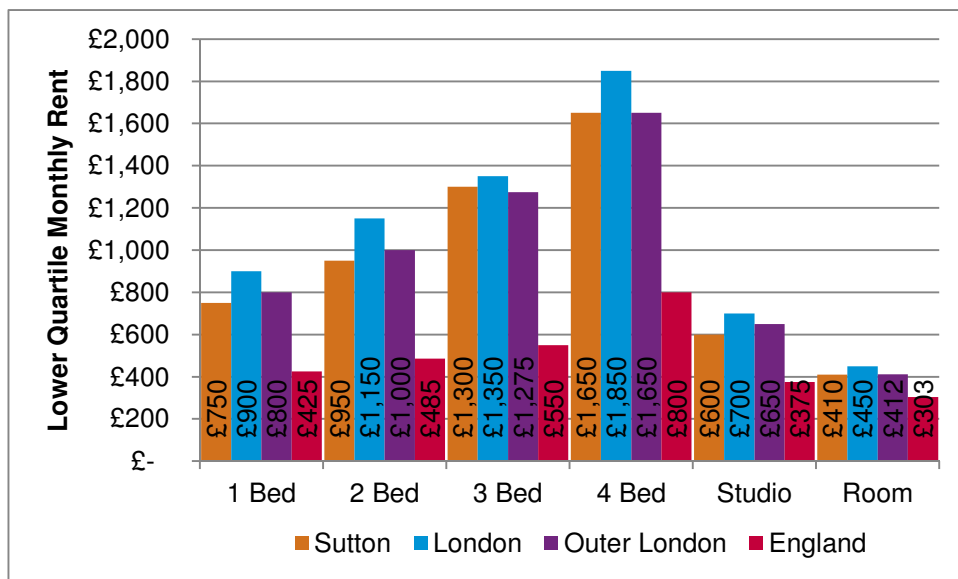
Source: VOA, 2014

6.25   Median rental values in Sutton have grown over the last 3 years. In October 2011 median rental values were £775 pcm. By December 2013 this had grown to £925 pcm. Median rental values for Outer London have grown from £938 to £1,100 over this period and median values for London as a whole have grown from £1,095 to £1,300. These values are considerably higher than the England average which was grown from £575 to £595 over this period.

6.26   Figure 65 shows the average rental values benchmarked to 2011 values. Average rental values in Sutton have increased by 16% over the last 3 years. By comparison, rental values in Outer London have increased 19% during this period, values in London as a whole by 14%, and England by 3%. Although there has been a slight decline in the last 12 months (-£7 per month).

Figure 65: Benchmarked trend in average private rental values (2011-2014)
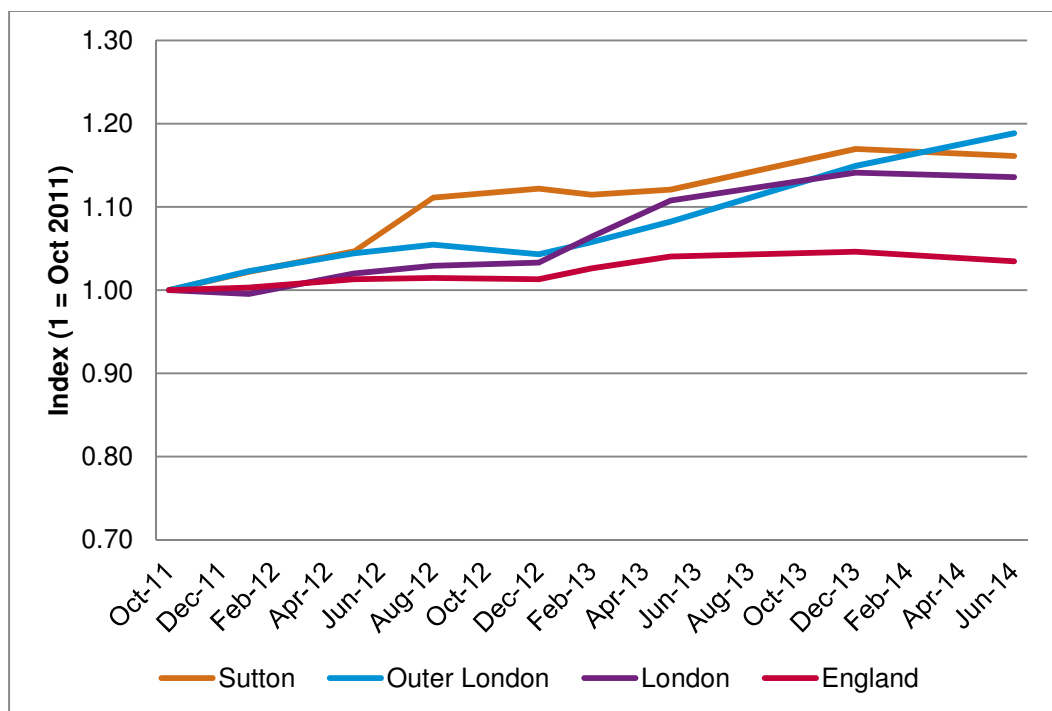
Source: VOA Private Rental Data

6.27   Figure 66 shows trends in the number of rents recorded by the VOA, indexed against October 2011 figures. This shows a general downward trend (although there has been a more recent recovery) in the count of rents over this period which is an indication of households moving to owner occupation as a result of improved mortgage availability and the impact of Government schemes such as Help to Buy. The greater volatility in the Sutton figures is due to the smaller number of transactions overall.

Figure 66: Trend in private rental transactions (September 2011 to June 2014)
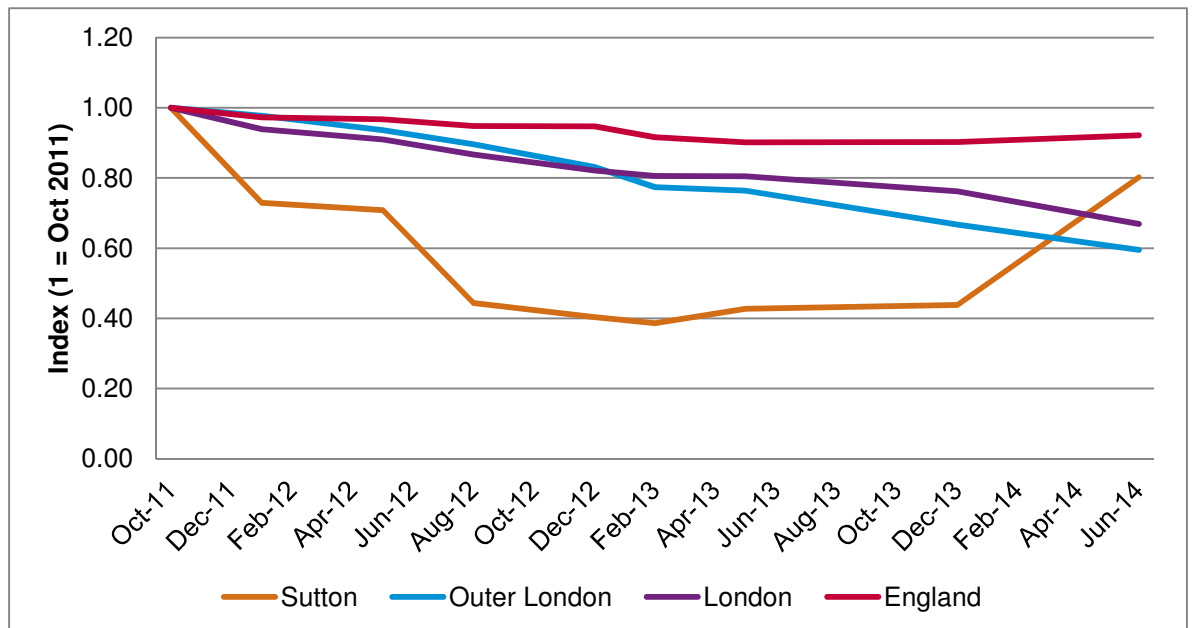
Source: VOA Private Rental Data

Affordability of Market Housing

Price-income ratios

6.28 In line with the Planning Practice Guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and individual gross full-time earnings.

6.29 As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years; however, the issue has been continually more acute across London. Nationally, the ratio of affordability peaked in 2007 before experiencing a post-recession slump in 2009. Affordability ratios have since plateaued with current affordability ratios lower than the 2007 peak.

6.30 London follows the national trend, albeit with a consistently higher affordability ratios, indicating a greater gap between average house prices and earnings. Sutton tracked the London ratio closely although the fall was not so severe after the crash in 2007-08. Over the last year London affordability decreased while Sutton's has increased. As a result lower quartile affordability in Sutton is slightly better than levels seen in Outer London and London as a whole. However, affordability in Sutton remains considerably worse than the national average.

Figure 67: Lower Quartile Affordability Trend (1997-2013)
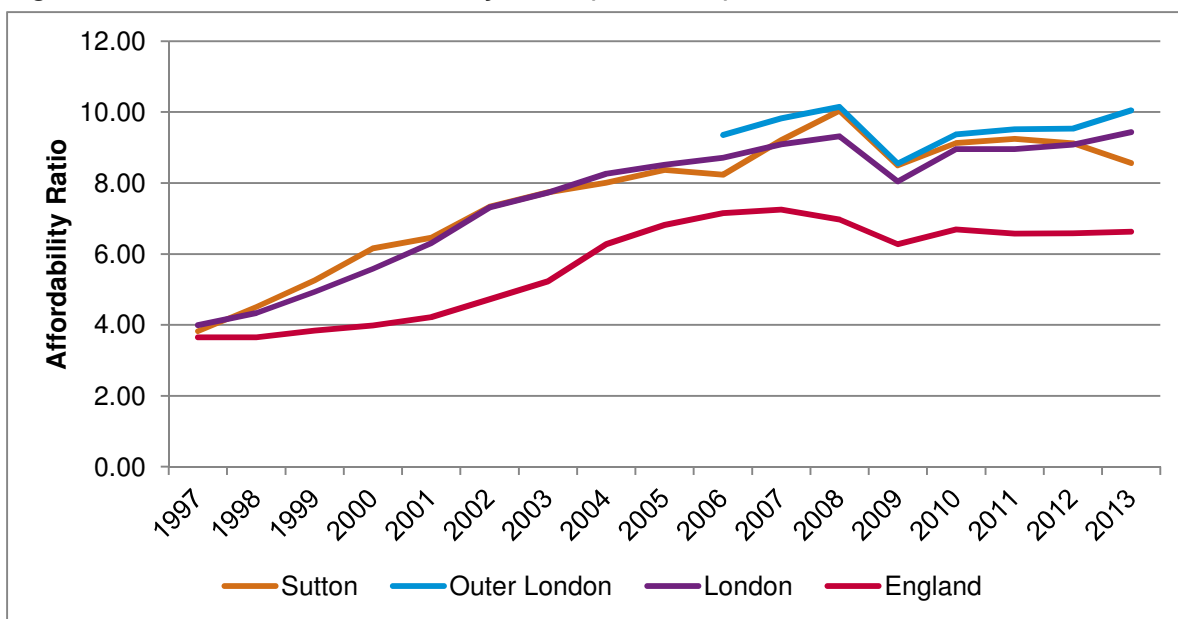
Source: GLA London Datastore, 2014

6.31   We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. As shown in Figure 68 in Sutton the median ratio is equal to the lower quartile ratio, indicating that the problem of affordability in Sutton is across the market. However over the three years previous to this the lower quartile affordability has been more acute than median indicator, thereby indicating more issues at the lower end of the market. This phenomenon is seen across London as a whole and is the case in the majority of London Boroughs.

Figure 68: Comparison of lower quartile and median affordability (2013)

	Lower Quartile Ratio	Median Ratio	Difference	Lower Quartile Prices/Median Income
Sutton	8.56	8.56	-0.01	6.03
Outer London	10.05	9.28	-0.77	6.66
London	9.44	9.11	-0.33	7.23
England	6.62	6.83	0.21	4.66

Source: GLA London Datastore, 2014

6.32   Perhaps a more realistic assessment of affordability, particularly in London is the ratio between median earnings and lower quartile house prices. This is more realistic in that the Lower Quartile ratio is so high it is likely to preclude anyone on a lower quartile from buying a property. This measure shows a similar pattern in that affordability in Sutton (6.03) is better compared to London (7.23) but worse than the national comparator (4.66).

6.33   A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent for longer.

6.34   As illustrated in Figure 69 owner occupation, and in particular those who owned with a mortgage or loan has fallen in Sutton between 2001 and 2011 while there was a substantial growth in the private rented sector and some growth in the social rented sector over this period. This trend was seen across London and was the case nationally although evidence shows that this phenomenon has been less pronounced in Sutton.

Figure 69: Change in Households by Tenure in HMA, 2001-11

	Owned outright	Owned with a mortgage	Shared ownership	Social rented	Private rented
■ Sutton	1%	-6%	0%	-1%	7%
■ Outer London	-1%	-7%	0%	0%	9%
■ London	-1%	-6%	0%	-2%	10%
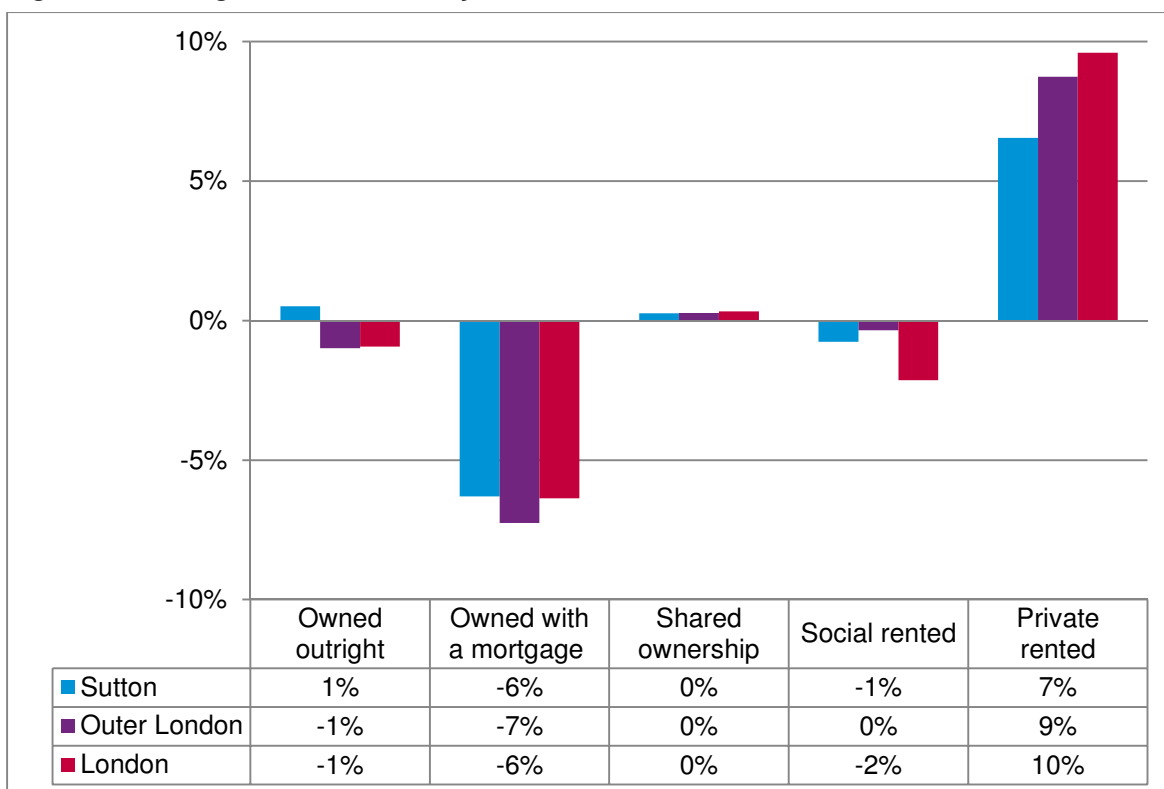
Source: 2001 & 2011 Censuses

Past Housing Supply vs. Targets

6.35   Figure 70, taken from Sutton Council's latest Annual Monitoring Report, shows housing completions and the adopted housing target in Sutton since 1997. Over the period 2001 – 2013 there were 4,669 new dwellings built in Sutton. This represents a 6% increase on 2001 figures. As can be seen in Figure 70, Sutton has a mixed history in terms of meeting its housing target (green line) which

has decreased incrementally over this period and now stands at 210 dwellings per annum. The draft FALP further increases the target for the Borough to 363 dwellings.

6.36   The target was consistently exceeded between 2004 and 2008/09, but in recent years the levels of delivery have dropped and then recovered and in the last two years the annual target has been exceeded by over 90%.

Figure 70: Housing Supply vs. Past Targets
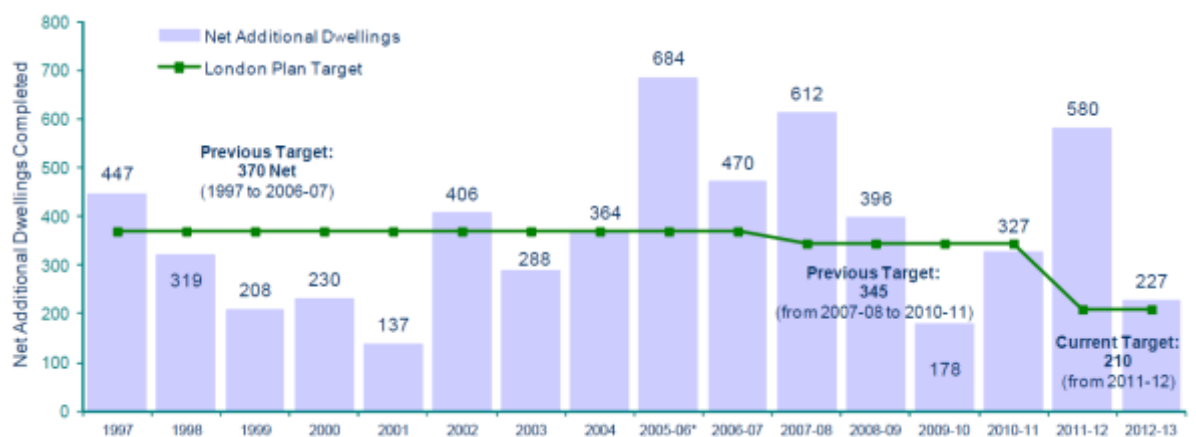
Source: The Sutton Annual Monitoring Report: Homes, 2012-13

6.37   Figure 71 plots the growth of total dwellings in Sutton against the growth in Outer London and London as a whole. The figures are indexed to 2001 figures. As Illustrated the delivery of new dwellings over this period has been lower in Sutton than seen across the Outer London Boroughs and London as a whole. Between 2004 and 2009, housing delivery in Sutton repeatedly exceeded target. This is reflected in figure 71 where the rate of growth over this period is higher than seen elsewhere with the exception of 2011-12.

Figure 71: Growth in Dwelling Stock (Estimate), 2001 – 2013
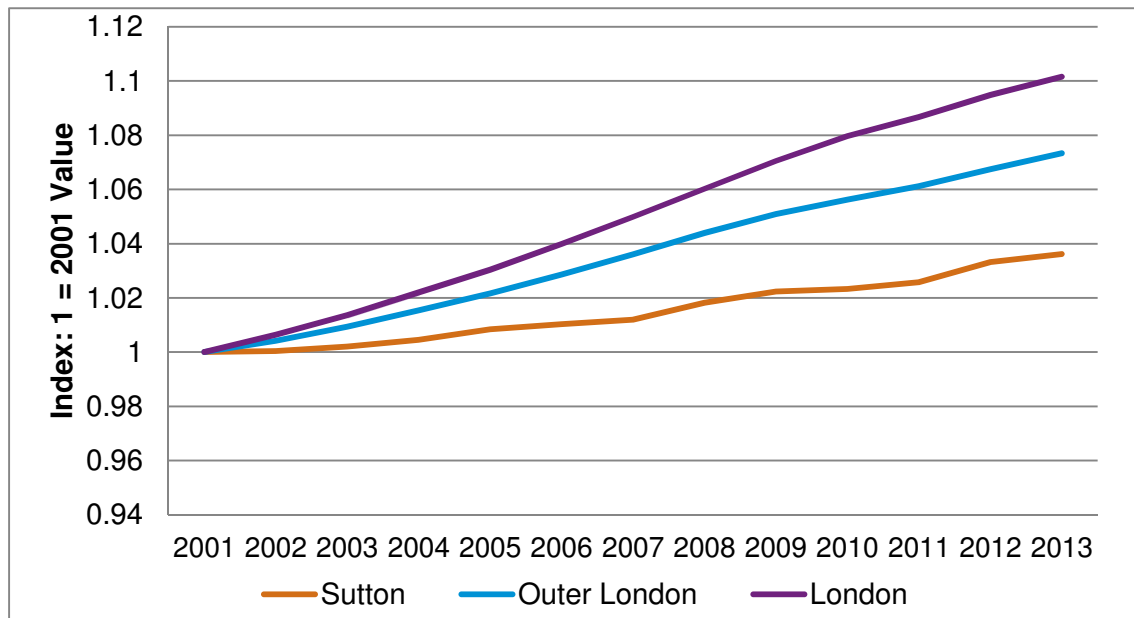
Source: DCLG, 2013

6.38   The impact of growing in-affordability and access to mortgage restrictions brought on by tighter regulation, has resulted in constrained household formation rates and contributed to the current need for affordable housing. Both the affordable housing evidence, and the demographic evidence, point to a shortfall in housing delivery against need as opposed to the target which has been exceeded.

6.39   A symptom of the under-provision of housing need is increased over-crowding and a growth of multi-family households[15] (this can be taken as a proxy for Houses in Multiple Occupation HMO) as households fail to form properly. Across Sutton we have seen the number of over-occupied properties increase by 27% between 2001 and 2011.

6.40   The increase in the number of people living in multi-family households also grew by 27% over this period. The levels of growth in these sectors in Sutton is below the levels seen in London as a whole indicating the situation in Sutton is less acute than elsewhere in the capital.

6.41   It should be noted that the Councils own HMO figures (from the Local Housing Statistics) put this figure significantly lower at 207 for the period 2011-12. By comparison the figures in Croydon is around 3,000 with around 5,000 in Merton and 22,000 in Southwark. This raises the question of consistency in how they are defined across the Local Authorities.

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[15] Classified as Other Households: Other in the Census. This is defined as "All households in the area at the time of the 2001 Census, other than 'one family and no others' households, that have no dependent children, and are no all student or all pensioners".

Figure 72: Changes in Over Occupied and Houses in Multiple Occupation (2001-2011)

	Over Occupied			Multi Family Households		
	2001	2011	% Change	2001	2011	% Change
Sutton	6,495	8,316	27%	7,954	10,089	27%
Outer London	221,878	317,629	48%	310,705	437,325	41%
London	522,471	707,437	48%	672,978	961,710	43%
England	1,457,512	1,928,596	32%	2,175,391	3,012,146	38%

Source: 2001 & 2011 Censuses

6.42   Conversely we have also looked at the change in houses which are under occupied (one or more rooms more than required) and how this has changed between 2001 and 2011. This shows that under occupancy in the Borough as with London as whole has decreased between the censuses (-1.9%).

Figure 73: Changes in Under Occupied Homes (2001-2011)

	2001			2011			Difference	
	All Households	Under Occupied	% of Households	All Households	Under Occupied	% of Households	Households	% Change
Sutton	76,402	52,577	68.8%	78,174	51,105	65.4%	-1472	-1.9%
Outer London	1,685,740	1,098,465	65.2%	1,782,440	1,062,715	59.6%	-35750	-2.1%
London	3,015,997	1,705,027	56.5%	3,266,173	1,666,514	51.0%	-38513	-1.3%
England	20,451,427	15,274,290	74.7%	22,063,368	16,027,853	72.6%	753,563	3.7%

Source: 2001 & 2011 Censuses

6.43   However, the London pattern is very detached from that seen in the rest of England. England has seen a 3.7% increase in the number of homes which have at least 1 more room than required. In comparison this decreased in London by 1.3% and more so in Outer London (1.9%). This highlights the challenges in London in terms of housing a growing population during a time of housing under delivery.

Summary and Implications

6.44   There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Since the recession the housing market in Sutton has steadied but has shown little sign of improvement. House prices have remained fairly constant during this period and have only recently breached pre-recession levels. Since 2007 sales volumes in Sutton have plateaued and have remained fairly level. In recent years private rental values have increased slightly but there has been a general decline in the proportion of rental transactions in the borough.

6.45   The trends in Sutton roughly match the trends seen across the outer London boroughs and London as a whole, indicating that the capital is the biggest influence on the local market. However, the evidence consistently shows the housing market in Sutton is less buoyant than seen elsewhere in London and shows the Sutton housing market is performing less well than many of the other outer London boroughs. In general, sales and rental values in Sutton are below the average of the outer London boroughs. Conversely, levels of affordability are good relative to London levels but still less affordable than the national benchmark. The evidence shows that this is a long term trend, and predates the 2007 recession.

6.46   More recently, the housing market in Sutton has benefited from some post-recession 'bounce back' as was seen in other boroughs of Outer London and seen across London as a whole, which has resulted in the performance gap (wages, affordability, house prices etc.) remaining broadly stable.

6.47   This paints a picture of the Sutton housing market within the London context. However, when considered within the national context, sales and rental values are higher than the national average and the trend for sales and rental transactions shows Sutton performing worse than the national average. Affordability in Sutton, although better than the majority of London boroughs, is much worse than the national average – the evidence shows affordability ratio in Sutton is closer to London average than the national average. As a result, over the past decade Sutton has experienced a growth in the number of residents living in over occupied accommodation and Multi-Family Households (or HMOs). While the increase in Sutton is less severe than seen in other London boroughs, it is notably above the national trend.

6.48   Sutton has a mixed record of delivering dwellings, exceeding target from 1997 to 2012/13 but in recent years delivery has been impacted. When compared to other parts of London it is clear that the rate of delivering additional housing stock in Sutton is worse than the Outer London and London averages.

7 AFFORDABLE HOUSING NEED

Introduction

7.1 In this section we discuss levels of affordable housing need in Sutton. Housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

7.2 Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been retained in the DCLG advice of March 2014 and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

7.3 It should be recognised that in establishing affordable housing requirements, evidence of both housing need and demand should both be considered. This section, addressing housing need specifically, should be considered alongside the evidence of demand presented; and the demographic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), a sustainability appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy. It is not a simple predict and provide issue.

7.4 The 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 housing need. On this basis, estimates of housing need are provided in this section for the 18 year period between 2013 and 2031.

Key Definitions

7.5 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

7.6 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

7.7   Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CoRe along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

7.8   An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

7.9   Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including the data company CACI, Annual Survey of Hours ad Earnings (ASHE), the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the DCLG's SHMA guidance) and are summarised below:

  A. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs no more than 3.5 times the gross household income – DCLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;

  B. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. DCLG guidance suggests that 25% of net income is a reasonable start point but suggests that a higher figure could be used. A review of SHMAs carried out across England suggests that 30% has been established as the benchmark figure to be used in such assessments. Analysis has also been carried out to test the sensitivity of affordable need at different percentages (from 25% to 50%).

7.10   It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-

occupied sector although at present this is likely to be limited (although the impact of recent extensions to this scheme to include the second-hand market should be monitored moving forward). In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of affordable housing need is limited. It does however need to be recognised that deposits are also required to access the private rented sector (albeit smaller deposits) – this may impact on the ability of some households to access this sector.

Affordable Housing

7.11   The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

"Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."*

7.12   Within the NPPF definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant."

7.13   Affordable rented housing is defined as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."

7.14   The definition of intermediate housing is shown below:

"Intermediate affordable housing is 'Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing."

7.15   As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Sutton.

Local Prices & Rents

7.16   An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a 'housing need.'

7.17   In this section we establish the entry-level costs of housing to both buy and rent across the Council area. Our approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with DCLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

7.18   Figure 74 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £170,000 for a flat and rising to £430,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £203,000.

Figure 74: Lower quartile sales prices by type (Q1 and Q2 – 2014)

Dwelling type	Lower quartile price
Flat	£171,500
Terraced	£250,000
Semi-detached	£325,000
Detached	£431,200
All dwellings	£203,000

Source: Land Registry (2013)

7.19   A similar analysis has been carried out for private rents using VOA data – this covers a 12-month period to March 2014 (see Figure 75). For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of around £775 per month.

Figure 75: Monthly Private rents by size and location (year to Sept 2014)

Dwelling size	Lower Quartile	Mean Average	Median
Room only	£410	£478	£465
Studio	£600	£632	£650
1 bedroom	£750	£790	£795
2 bedrooms	£950	£1,061	£1,050
3 bedrooms	£1,300	£1,374	£1,375
4+ bedrooms	£1,650	£2,017	£1,900
All dwellings	£775	£979	£950

Source: Valuation Office Agency

7.20   In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

7.21   The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office).

7.22   Most of Sutton falls into the Outer South London BRMA with a very small part being in the Outer South West London BRMA (see Figure 7). The Outer South London BRMA does however extend beyond the Council boundary and into Croydon and parts of Surrey. Below we have therefore provided details for the Outer South London BRMA. The data suggests some differences between LHA rates and our analysis based on VOA data with actual lower quartile rents for all dwelling sizes being above the levels available for LHA. This suggests that some households seeking benefit supported private rented housing in Sutton might find it difficult to secure accommodation at or below the maximum they can claim in benefits.

Figure 76: Maximum LHA payments by Size and BRMA

Size	Outer South London BRMA		Lower Quartile private sector rent	Mean private sector rent
	Per week	Per month	Per month	Per Month
Room only	£79	£344	£410	£465
1 bedroom	£161	£697	£750	£795
2 bedrooms	£202	£877	£950	£1,050
3 bedrooms	£268	£1,163	£1,300	£1,122
4 bedrooms	£331	£1,435	£1,650*	£1,900*

Source: VOA data (October 2014) *Lower Quartile for +4 Bedrooms

Cost of Affordable Housing

7.23 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CoRe) - a national information source on social rented lettings. Figure 77 illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a significant gap between the social rented and market sectors. This gap increases for larger properties. Figure 77 include service charges.

Figure 77: Monthly social rent levels

Size	Monthly Rent	Weekly rent
1 bedroom – average (mean)	£426	£98
2 bedrooms – average (mean)	£504	£116
3+ bedrooms – average (mean)	£549	£127
Lower quartile (all sizes)	£444	£102

Source: CoRe (2014)

7.24 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*. In the short-term it is likely that this tenure will replace social rented housing for new delivery.

7.25 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value

of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than those for equivalent properties within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

7.26   Figure 78 estimates how current prices and rents in Sutton might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 78: Indicative income required to purchase/rent without additional subsidy
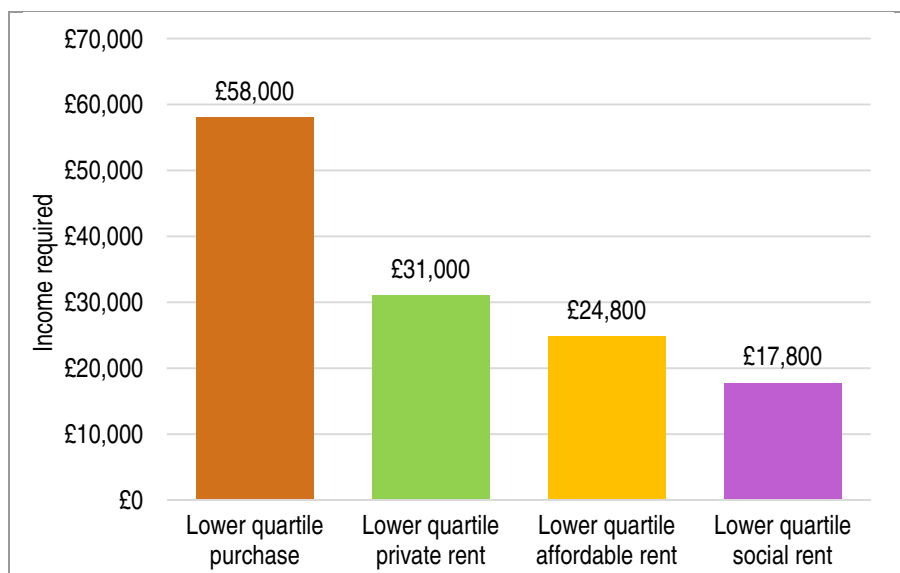
Source: Land Registry, VOA and CoRe

Income levels and affordability

7.27   Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information

to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from Wealth of the Nation 2012 – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (no change was identified from this source for London)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for Sutton Borough)

7.28   Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Sutton for 2013. Figure 79 shows the distribution of household incomes for the whole of the Borough. The data shows that over a quarter (26%) of households have an income substantially below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the Borough was estimated to be around £33,900 with a mean income of £44,500.

Figure 79: Distribution of Household Income in Sutton
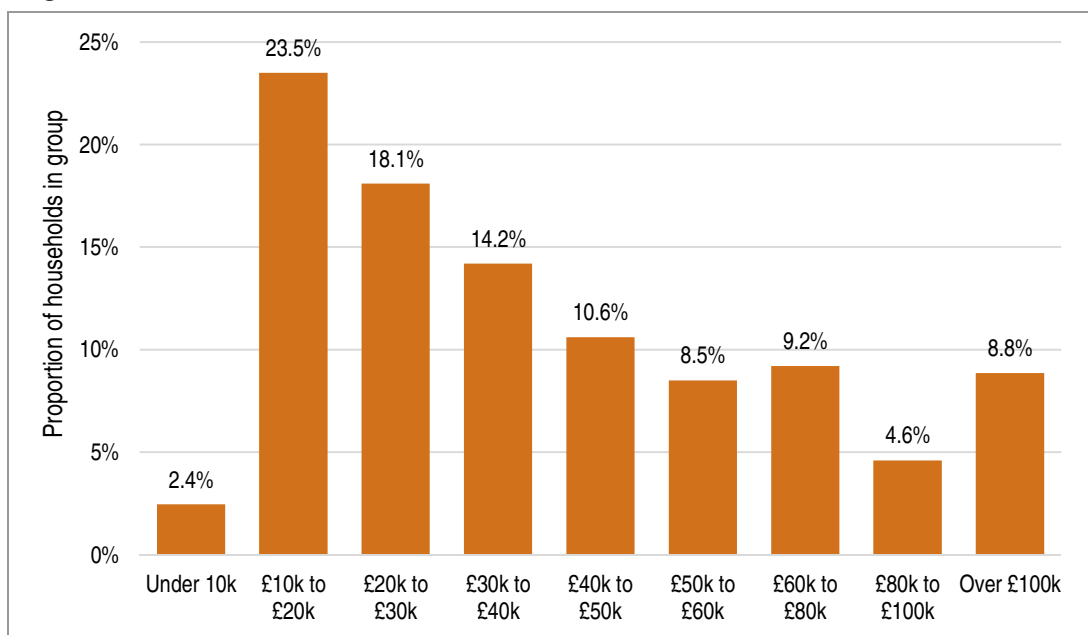
Source: Derived from ASHE, EHS, CACI and ONS data

7.29   To assess affordability we have looked at household's ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes.

This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

7.30   Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

7.31   Data relating to savings and deposit levels are not published nor readily available therefore the calculations above do not take these into account. The calculations for mortgages assume 100% mortgages are provided. This is largely academic however as the affordable needs calculations are based on the more accessible (i.e. lower) rental costs.

Housing Needs Assessment

7.32   Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the DCLG Practice Guidance. This model is summarised in Figure 80.

Figure 80: Overview of Basic Needs Assessment Model
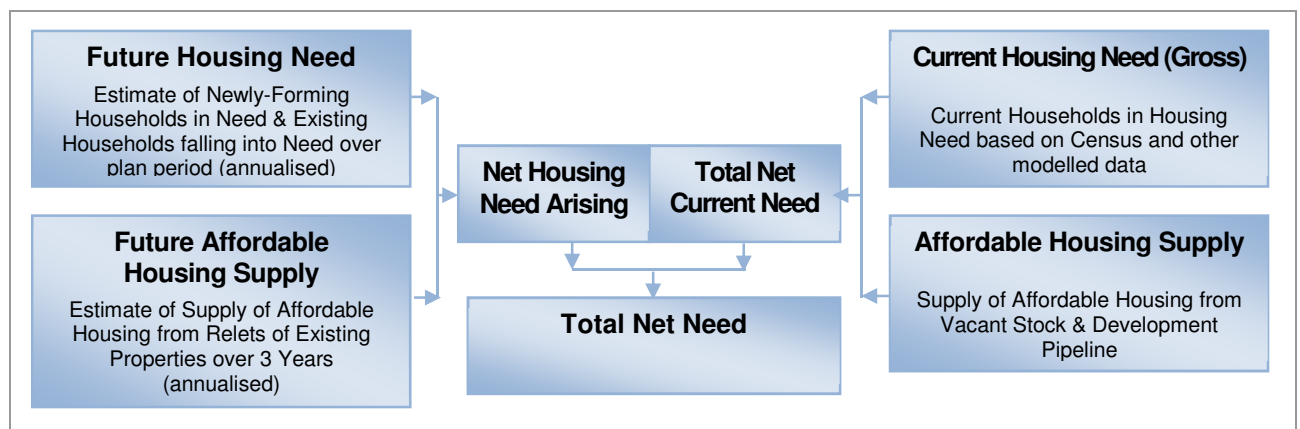
7.33   The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for a five year period (which is then annualised). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need

7.34   In line with DCLG guidance, the current need for affordable housing has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of other needs which have been modelled

by comparing the tenure profile in the area with information from previous surveys about households in need. Many of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

7.35   The analysis shows some 4,306 overcrowded households (using the bedroom standard) along with an estimated 2,074 households with other needs such as insecure tenancies or significant problems in relation to housing costs. In total it is therefore estimated that around 6,380 households are currently living in unsuitable accommodation – this represents 7.9% of the estimated number of households in Sutton in 2013.

7.36   In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing (6,380) households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which is fairly small in Sutton) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need.

7.37   At the time of the assessment there were an estimated 2,819 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 3.5% of all households in the Council area – this data is shown in Figure 81.

Figure 81: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Sutton	2,819	80,677	3.5%

Source: Census (2011) and data modelling

7.38   Our estimated level of current need is therefore 2,819. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 69% of the figure for all households has been used. Overall, around 64% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total current need is reduced to 1,794 households (see Figure 82).

Figure 82: Estimated Current Need

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Sutton	2,819	63.6%	1,794

Source: Census (2011), data modelling and income analysis

7.39   DCLG guidance also suggests that the housing register can be used to estimate levels of housing need. Our experience working across England is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred.

Newly-Arising Need

7.40   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the DCLGs SHMA guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

7.41   For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2013-31 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households are limited to households forming who are aged under 45 – this is consistent with DCLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households. Our approach is also consistent with the PPG.

7.42   The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent

across areas (and is also consistent with analysis of English Housing Survey data at a national level).

7.43   We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 55% of newly-forming households will be unable to afford market housing and that a total of 1,053 new households will have a need on average in each year to 2031.

Figure 83: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Sutton	1,931	54.5%	1,053

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

7.44   The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

7.45   This method for assessing existing households falling into need is consistent with the 2007 SHMA guidance which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.

7.46   Following the analysis through suggests a need arising from 226 existing households each year – this is about 0.3% of all households living in the Borough (in 2013). The figure of 226 is based on an estimate of 268 existing households accessing social housing each year along with an estimate that around 84% of such households do not have sufficient income to access market housing.

Supply of Affordable Housing

7.47   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

7.48   This is slightly separate from the estimated new supply of affordable homes. The latest data, provided by the Council on which suggests that there is a pipeline supply of approximately 572 additional units. This can be further disaggregated to:

- 120 Affordable Rental units;
- 192 – Intermediate Rental units; and
- 260 – Social Rental units.

7.49   The practice guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

7.50   On the basis of past trend data is has been estimated that 352 units of social/affordable rented housing are likely to become available each year moving forward.

Figure 84: Analysis of past social/affordable rented housing supply (per annum – past 3 years)

	Sutton
Total lettings	799
% as non-newbuild	83.7%
Lettings in existing stock	669
% non-transfers	52.6%
Total lettings to new tenants	352

Source: CoRe

7.51   The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Sutton is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. re-sales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock). From this it is estimated that around 9 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 361 per annum (see Figure 85).

Figure 85: Supply of affordable housing

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Sutton	352	9	361

Source: Derived from CoRe and Census (2011) analysis

Net Housing Need

7.52   Figure 86 shows the overall calculation of net housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting housing need over the 18-year period from 2013 to 2031. Whilst most of the data in the model are annual figures the current need has been divided by 18 to make an equivalent annual figure.

7.53   The data shows an overall net need for affordable housing of 18,300 units over the next 18-years (1,018 per annum). The net need is calculated as follows:

Net Need = Current Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Figure 86: Estimated level of Affordable Housing (2013-31)

	Per annum	18-years
Current need	100	1,794
Newly forming households	1,053	18,960
Existing households falling into need	226	4,074
Total Gross Need	1,379	24,828
Supply	361	6,506
Net Need	1,018	18,322

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

7.54   If the supply of affordable housing in the pipeline (572 units) is included within the figures then the net need would reduce to 17,750 (986 per annum). We consider it more useful to look at the need excluding the pipeline, this is to allow a consistent approach with the demographic modelling (noting for example that there will also be a pipeline of market units)

Sensitivity to Income Thresholds

7.55   Whilst a 25% is the threshold suggested by 2007 SHMA guidance in relation to renting, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the Sutton population, particularly with respect to earnings and the cost of housing, in practice, many households locally will choose to spend a greater proportion of their income on housing.

7.56 A 30% threshold has been used in the main modelling for consistency with general practice nationally although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. Figure 87 summarises the findings. We can see that with an assumption of households spending 40% gross income on housing costs that the need falls to 694 households per annum (down from 1,018 using a 30% threshold). With a 50% figure the need drops even further, to 457 per annum.

Figure 87: Estimated level of Housing Need (per annum) at Variant Income Thresholds

	@ 25%	@ 30%	@ 35%	@ 40%	@50%
Current Need	114	100	89	78	61
Newly forming households falling into need	1,216	1,053	899	779	588
Existing households falling into need	238	226	213	198	169
Total Need (per annum)	1,567	1,379	1,201	1,055	818
Supply	361	361	361	361	361
Net Need	1,206	1,018	839	694	457

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

Role of the Private Rented Sector in Meeting Housing Need

7.57 As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 5,110 housing benefit claimants in the private rented sector; this is 11% higher than the number observed three years earlier (in May 2011).

7.58 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 664 private sector lettings per annum to new LHA claimants in the Council area. This figure is

derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector).

7.59   The overall estimated number of lettings in the LHA part of the PRS can therefore be seen to be around two-thirds of the total net need derived through housing needs analysis. Furthermore, if this 'supply' were netted off from the overall affordable need (of 1,018 per annum) then there would be a net need for 354 dwellings (32% of the overall need shown through demographic modelling (for 1,098 dwellings per annum)).

7.60   It should be recognised that neither the SHMA guidance (DCLG, 2007) nor the NPPF (DCLG, 2012) recognise this sector as affordable housing. However, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

7.61   However it should be recognised that the PRS does not provide secure tenancies and that standards within the sector may be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the PRS. For these reason the Council should continue to seek to provide as much affordable housing as is feasible on individual sites (subject to viability considerations for example).

7.62   We are also mindful that the recently introduced benefit cap will have an impact on what households can claim in terms of housing benefit among other benefits. This is currently set at £500 per week for couples or households with children and £350 for single person households.

7.63   This may impact on the abilities of these households to rely on the Private Rental Sector to meet their housing need. Particularly in a location like Sutton or indeed Greater London where housing costs are relatively high. Subsequently these households may need to be housed in affordable/social accommodation if they cannot negotiate a lower rental level. As at November 2014 there were 101 households in Sutton which were subject to this cap. The majority of those capped were capped at the lowest level of up to £50 per week.

Impact of Benefits Cap

7.64   According to statistics released by the Department of Work and Pensions there are 101 households in Sutton whose benefits have been capped (as of November 2014). The majority of these (78 households) are comprised of single parent families.

7.65   Around 90 of the affected households are have 3 or more children. Only 5 households have no children at all.   The number of households affected peaked at 121 in December 2013.

Understanding the Context to the Housing Needs Assessment

7.66   The housing needs analysis concludes that there is a shortfall of 18,300 affordable homes over the period from 2013 to 2031 (1,018 per annum). However there are a number of things that need to be remembered in interpreting the housing needs analysis.

7.67   The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.

7.68   The needs assessment therefore does not look at all housing needs, but specifically the needs of those who cannot afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all other households are adequately housed in a home that they can afford.

7.69   The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Sutton, the stock of affordable housing (social rented) houses about 15% of the total number of households – this is notably below the equivalent figure for London (24%). This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.

7.70   Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

7.71   In reality, there are two key factors which need to be considered:

- Many households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

7.72   It is estimated that there are currently around 5,100 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming housing benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting housing benefit (although other benefits such as working tax credits will kick in below this level))

7.73   As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

7.74   Due to the role of the private rented sector in meeting housing need there is no evidence of a significant shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling and so no additional uplift is required to take account of affordability issues.

7.75   Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. However it is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Need for Different Types of Affordable Housing

7.76   Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

7.77   Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

7.78   For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution.

7.79   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In

reality, as long as the rent to be paid can be supported by housing benefit then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A small amount of affordable housing delivery is however through developer contributions (Section 106 Agreements).

7.80   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect in terms of affordability there is a degree of overlap between different affordable housing tenures, as Figure 88 shows.

Figure 88: Overlap between Affordable Housing Tenures
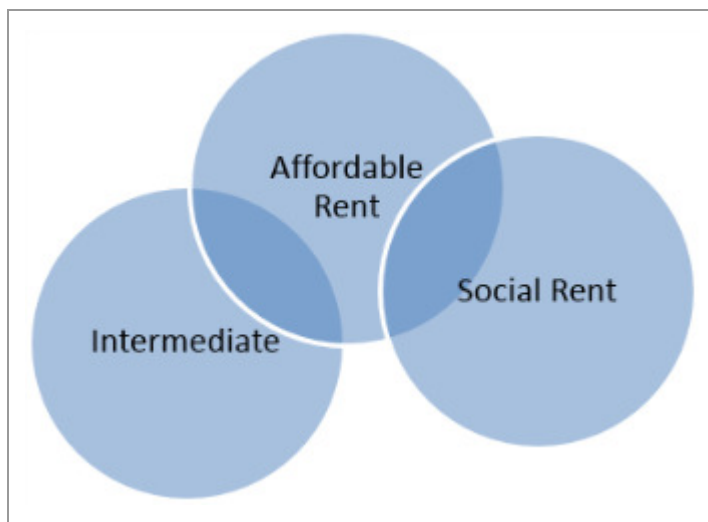
7.81   Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who can afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

7.82   In terms of the products suitable for the first of these categories these would include equity-based intermediate products such as shared ownership and shared equity homes but could also include intermediate rented housing. The latter two categories are both limited to rented housing and in reality can be considered together (both likely to be provided by Registered Providers/Housing

Association (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

7.83   Taking the gross numbers for housing need (Figure 86) and comparing this against the supply from relets of existing stock (361), the following net need arises within the different categories. Overall the analysis suggests around 24% of housing could be intermediate with the remaining 76% being either social or affordable rented.

Figure 89: Estimated level of Housing Need (per annum) by type of affordable housing

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Sutton	255	9	246	1,124	352	772
% of total	24%			76%		

Source: Housing Needs Analysis

7.84   In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Housing Need – Summary of the Evidence

7.85   An assessment of housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Sutton. This has estimated current housing need in 2013 of 1,794 households, excluding existing social housing tenants where they would release a home for another household in need.

7.86   The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 1,280 households are expected to fall into housing need and 361 properties are expected to come up for re-let.

7.87   Overall, in the period from 2013 to 2031 a net deficit of 18,300 affordable homes is identified (1,018 per annum). There is thus a requirement for new affordable housing in the Council area and the Council is justified in seeking to secure additional affordable housing.

7.88   While a deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing

benefit, It seems likely that the Private Rented Sector will continue to be used to make up for any shortfall of affordable housing.

7.89   We have also estimated the proportion of affordable housing need that should be met through provision of different housing products. Using income information the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable has been calculated.

7.90   It should be reiterated that the calculation of affordable housing need should be taken in isolation of that for overall housing need. The two use different models and cannot be compared like for like.

7.91   Overall the analysis suggests around 24% of housing could be intermediate with the remaining 76% being either social or affordable rented.

8 NEED FOR DIFFERENT TYPES OF HOUSING

Introduction

8.1   There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

8.2   Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2031.

Methodology

8.3   Figure 90 describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and the demographic projections.

Figure 90: Stages in the Housing Market Model
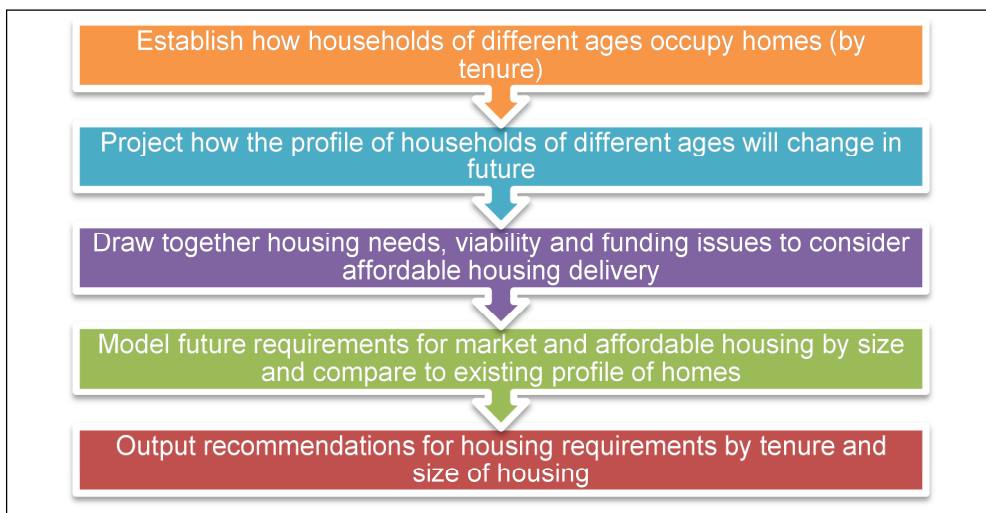
Source: GL Hearn and JGC

Understanding how Households Occupy Homes

8.4   Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households

in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

8.5   For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.

8.6   The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups).

8.7   Figure 91 shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 50-59 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 91: Average Bedrooms by Age, Sex and Tenure
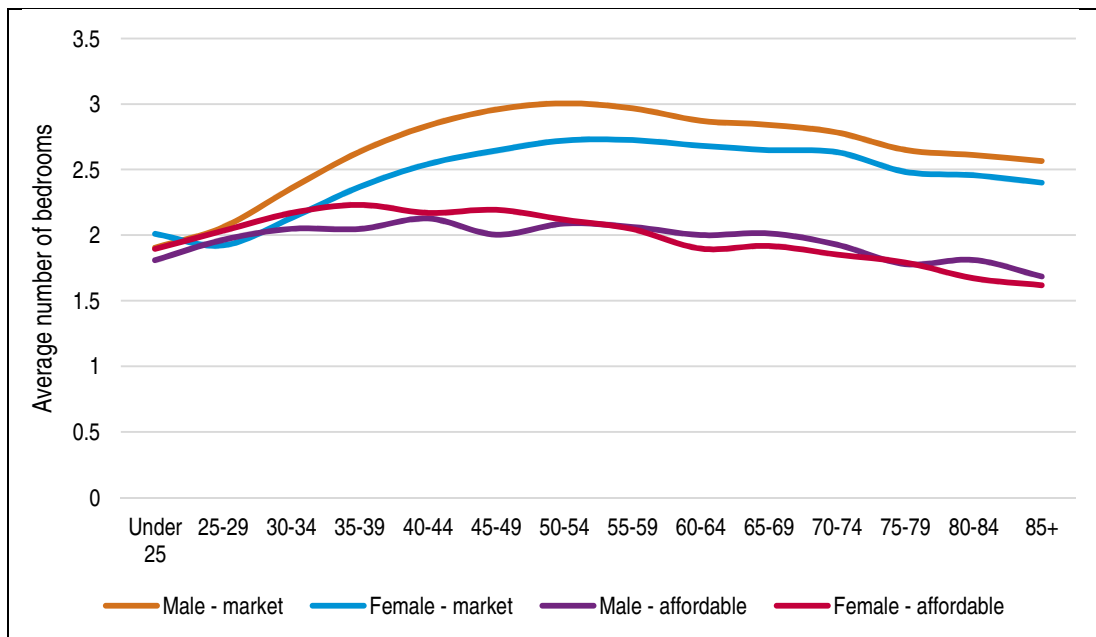
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

8.8   As of 2013 it is estimated that there were 80,677 households living in the Borough. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock that they occupy in 2013, as shown in Figure 92. The table shows that an estimated 15% of households live in affordable housing with 85% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 58% having three or more bedrooms compared to 29% for affordable housing.

8.9   These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outcome. We have however translated the household projections into dwelling figures by including a 2.3% vacancy allowance when studying the final outputs of the market modelling.

Figure 92: Estimated Profile of Dwellings in 2013 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	8,323	12.1%	4,213	35.0%	12,536	15.5%
2 bedrooms	20,228	29.5%	4,350	36.1%	24,577	30.5%
3 bedrooms	26,726	38.9%	3,109	25.8%	29,835	37.0%
4+ bedrooms	13,367	19.5%	361	3.0%	13,729	17.0%
Total	68,644	100.0%	12,033	100.0%	80,677	100.0%
% in tenure	85.1%		14.9%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

8.10   The housing market model has been used to estimate future requirements for different sizes of property over the 18-year period from 2013 to 2031. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

8.11   The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis in the SHMA provides evidence of notable housing need although the viability of providing affordable housing will limit the amount that can be delivered. We believe that 40% is probably an achievable level of affordable housing delivery and this figure has been applied to the modelling. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

8.12   As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 18-year period from 2013 to 2031.

8.13   Figures 93 -94 shows estimates of the sizes of market housing required from 2013 to 2031 based on our main demographic projection for the whole of the Council area (using the 2012-based SNPP with an adjustment for Un-attributable Population Change and linked to the 2008-based tracking headship methodology see Paragraph 5.45). The data suggests a requirement for homes for 11,597 additional households with the majority of these being two- and three-bedroom homes.

Figure 93: Estimated Size of Dwellings Required 2013 to 2031 – Market Housing

Size	2013	2031	Additional households 2013-2031	% of additional households
1 bedroom	8,323	9,235	911	7.9%
2 bedrooms	20,228	23,424	3,196	27.6%
3 bedrooms	26,726	31,822	5,096	43.9%
4+ bedrooms	13,367	15,761	2,393	20.6%
Total	68,644	80,241	11,597	100.0%

Source: GLH/JGC Housing Market Model

8.14   Figure 94 shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 2.6% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for larger dwellings relative to the distribution of existing housing. This is driven by particularly large increases in age groups that tend to occupy larger homes (notably those aged 55 to 74). This finding is despite the fact that household sizes are expected to fall slightly in the future.

Figure 94: Impact of Demographic Trends on Market Housing Requirements by House Size, 2013 to 2031
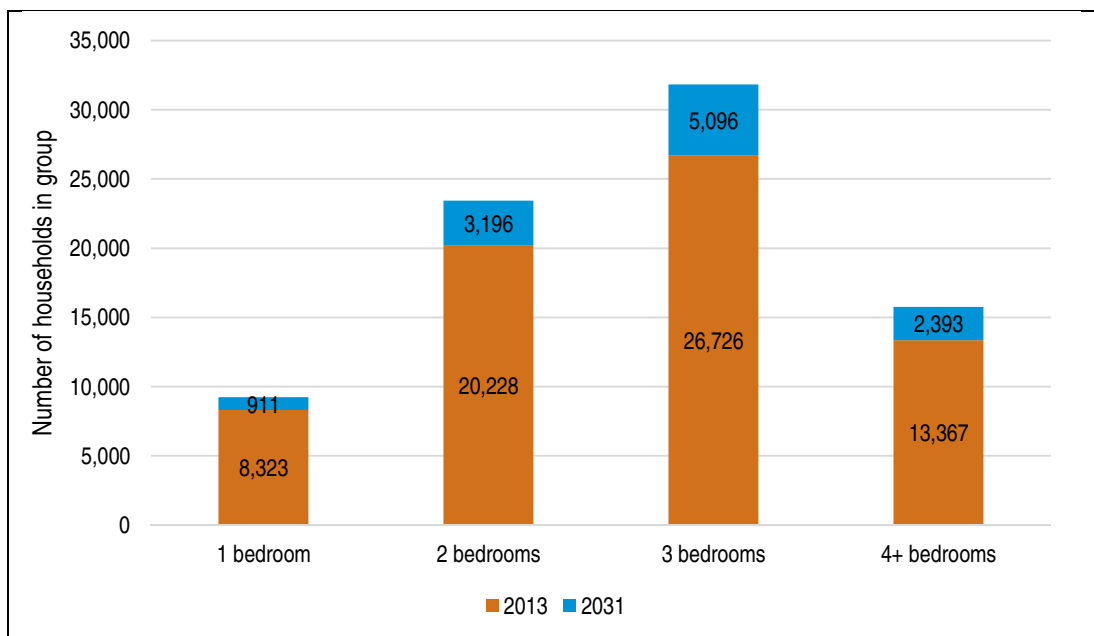
Source: Housing Market Model

8.15   The graphs and statistics are based upon our modelling of demographic trends. It should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the

private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

8.16   In the short-term we would expect stronger demand in relative terms for larger family homes as the market for smaller properties may continue to be restricted by mortgage finance constraints. Over the 18-year projection period it is anticipated that there will be a continuing market for family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

8.17   As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.

8.18   We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'.*

8.19   At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

8.20   Figures 95-96 show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2031 that around three-quarters of the requirement is for homes with one- or two-bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

8.21   This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Figure 95: Estimated Size of Dwellings Required 2013 to 2031 – Affordable Housing

Size	2013	2031	Additional households 2013-2031	% of additional households
1 bedroom	4,213	7,205	2,992	38.7%
2 bedrooms	4,350	7,029	2,679	34.7%
3 bedrooms	3,109	4,947	1,839	23.8%
4+ bedrooms	361	583	222	2.9%
Total	12,033	19,764	7,731	100.0%

Source: Housing Market Model

8.22   Figure 95 shows how our estimated affordable requirement compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a vacancy allowance). In this case, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required (particularly one bedroom homes) – this makes sense given that unlike in the market sector some of the key growth age groups tend to live in smaller dwellings with a general decline in dwelling sizes as people move beyond the age of about 40. Older person households in the affordable sector (as shown earlier) are more likely to occupy smaller dwellings (For further information on how this figure was derived please refer back to paragraphs 8.3 – 8.11).

Figure 96: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2013 to 2031
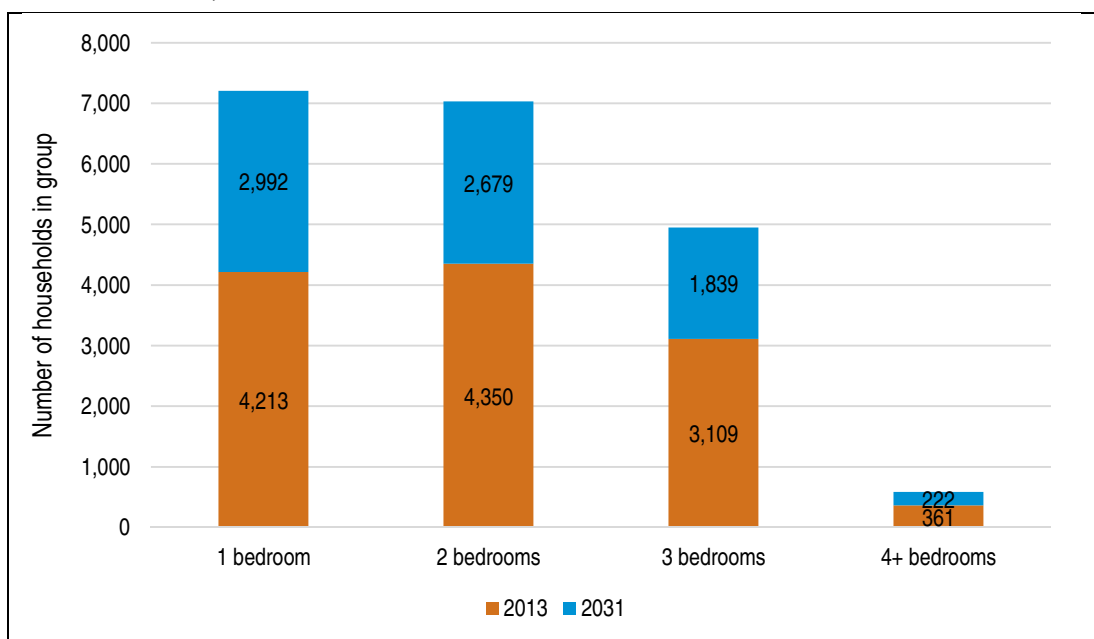
Source: Housing Market Model

Indicative Targets by Dwelling Size

8.23   Figures 97 and 98 summarise the above data in both the market (Figure 93) and affordable (Figure 95) sectors under the modelling exercise. We have also factored in a 2.6% vacancy allowance in moving from household figures to estimates of housing requirements.

Figure 97: Estimated dwelling requirement by number of bedrooms (2013 to 2031)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	911	932	7.9%	2,992	3,060	38.7%
2 bedrooms	3,196	3,269	27.6%	2,679	2,740	34.7%
3 bedrooms	5,096	5,212	43.9%	1,839	1,880	23.8%
4+ bedrooms	2,393	2,447	20.6%	222	227	2.9%
Total	11,597	11,859	100.0%	7,731	7,906	100.0%

Source: Housing Market Model

Figure 98: Size of housing required 2013 to 2031
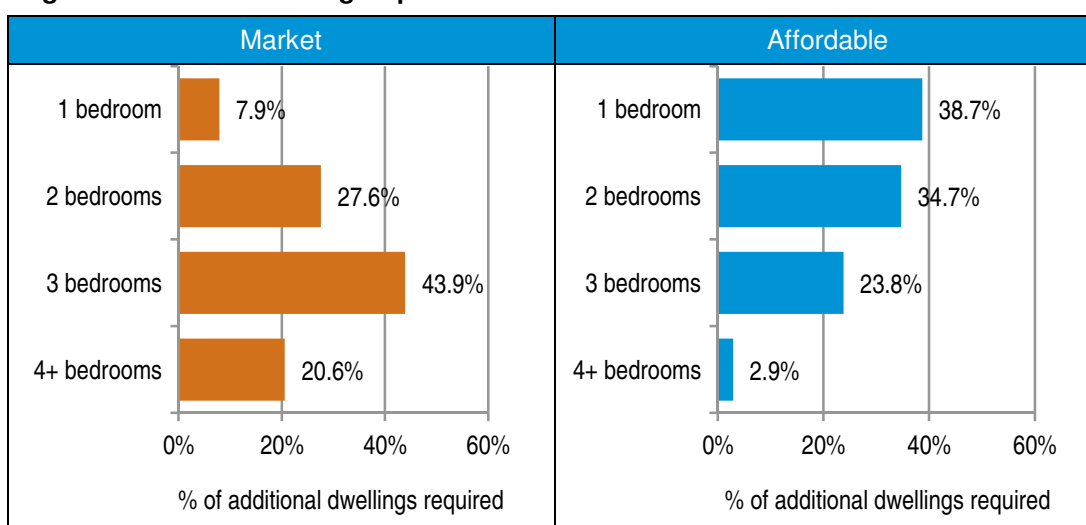
Source: Housing Market Model

8.24   Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided for both market and affordable housing there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

8.25   It should also be recognised that the greatest demand from households which are statutory homeless are from families with children. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.

8.26   For these reasons we would suggest converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

8.27   There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Council area-wide level, the analysis would support policies for the mix of affordable housing of:

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

8.28   Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.29   The need for affordable housing of different sizes will vary by area across the Council area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

8.30   In the market sector we would suggest a profile of housing that closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).

8.31   On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:

- 1-bed properties: 5%-10%
- 2-bed properties: 25%-30%
- 3-bed properties: 40%-45%
- 4-bed properties: 20%-25%

Summary

8.32   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (18-year) demographic change concludes that that set out in Figure 99 represents an appropriate indicative mix of affordable and market homes.

Figure 99: Appropriate Indicative Mix for Market and Affordable Housing

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Affordable	30-35%	30-35%	25-30%	5-10%
All dwellings	20%	30%	35%	15%

8.33   Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

8.34   The mix identified above should inform strategic Council area-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

8.35   Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

8.36   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

8.37   The Council should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). It should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in certain parts of the Borough.

9   HOUSING NEEDS OF PARTICULAR GROUPS

Introduction

9.1   We have established overall housing requirements for different sizes of properties over the next 18-years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

9.2   Estimates of household groups who have particular housing needs is a key output of the SHMA guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

9.3   The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children
- Young people
- Custom/Self-Build
- Service Families
- Students

Housing Needs of Older People

9.4   The SHMA guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-years is expected to be the growth in the population of older persons.

9.5   Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

9.6   The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing and requiring higher levels of support. Many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.7   Below we have provided some baseline population data about older persons and compared this with other areas. The data has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards.

9.8   The data shows, when compared with London that the Borough has a relatively old population – some 15% of people are aged 65 and over compared with 11%. However, when compared with national data the population of Sutton is quite young; nationally an estimated 17% of people are aged 65 and over. Looking at specific age groups beyond 65 the data again shows higher proportions than in London but notably lower figures when compared with data for England (see Figure 100).

Figure 100:   Older person population (2013)

Age group	Sutton		London	England
	Population	% of popn	% of popn	% of popn
Under 65	166,495	85.0%	88.6%	82.7%
65-74	15,446	7.9%	6.1%	9.3%
75-84	9,792	5.0%	3.8%	5.7%
85+	4,181	2.1%	1.5%	2.3%
Total	195,914	100.0%	100.0%	100.0%
Total 65+	29,419	15.0%	11.4%	17.3%

Source: ONS 2013 mid-year population estimates

Future Changes in the Population of Older Persons

9.9   As well as providing a baseline position for the proportion of older persons in the Borough we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below is based on the 2012-based SNPP which is the latest source available consistently across areas. Data for Sutton is based on our main demographic projection (using 2012-based SNPP with an adjustment to take account of Un-attributable Population Change).

9.10   As shown in Figure 101, Sutton (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 46% over the next 18-years. This figure is slightly lower than projected for London but above the equivalent national figure. These findings are to a considerable degree influenced by the size of the population in older age groups in 2013.

Figure 101:   Projected Change in Population of Older Persons (2013 to 2031)

Age group	Sutton			London (population in thousands)			England (population in thousands)		
	Popn (2013)	Popn (2031)	% change	Popn (2013)	Popn (2031)	% change	Popn (2013)	Popn (2031)	% change
Under 55	146,532	156,737	7.0%	6,732	7,713	14.6%	38,493	39,840	3.5%
55-64	19,963	27,526	37.9%	729	1,023	40.3%	6,047	7,049	16.6%
65-74	15,446	21,665	40.3%	510	763	49.7%	5,018	6,529	30.1%
75-84	9,792	14,217	45.2%	319	461	44.6%	3,043	4,598	51.1%
85+	4,181	7,199	72.2%	128	224	74.4%	1,242	2,403	93.4%
Total	195,914	227,345	16.0%	8,418	10,184	21.0%	53,843	60,419	12.2%
Total 65+	29,419	43,082	46.4%	957	1,448	51.3%	9,303	13,530	45.4%

Source: ONS 2012-based SNPP and projection modelling

Characteristics of Older Persons Households

9.11   We have used 2011 Census data to explore in more detail the characteristics of older person households in Sutton (based on the population aged 65 and over). Figure 102 shows the number of households compared with London and England. The data shows that in 2011 around 18% of households were comprised entirely of people aged 65 and over. This is notably above the figure for London but below the equivalent figure for England.

Figure 102:   Pensioner households (Census 2011)

Pensioner households	Sutton		London		England	
	Households	% of households	Households	% of households	Households	% of households
Single pensioner	9,203	11.8%	312,022	9.6%	2,725,596	12.4%
2 or more pensioners	5,193	6.6%	142,723	4.4%	1,851,180	8.4%
All households	78,174	100.0%	3,266,173	100.0%	22,063,368	100.0%
All pensioner households	14,396	18.4%	454,745	13.9%	4,576,776	20.7%

Source: 2011 Census

9.12   Figure 103 shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation

(71%) and are more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 16% of all households in the Borough).

9.13   There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

9.14   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

Figure 103:   Tenure of older person households – Sutton
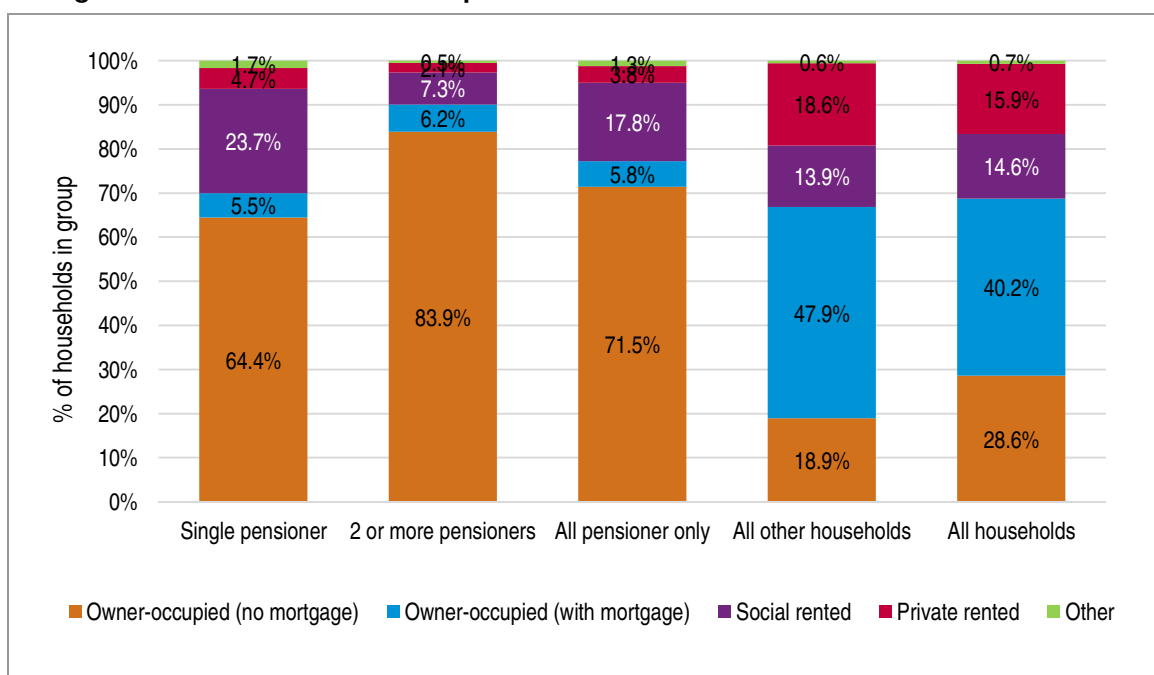
Source: 2011 Census

9.15   A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data does indeed suggest that older person households are more likely to under-occupy their housing than other households in the Borough. As illustrated in Figure 104, in total 52% of all pensioner only households have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 23% for non-pensioner households. Further

analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 104:   Occupancy rating of older person households – Sutton
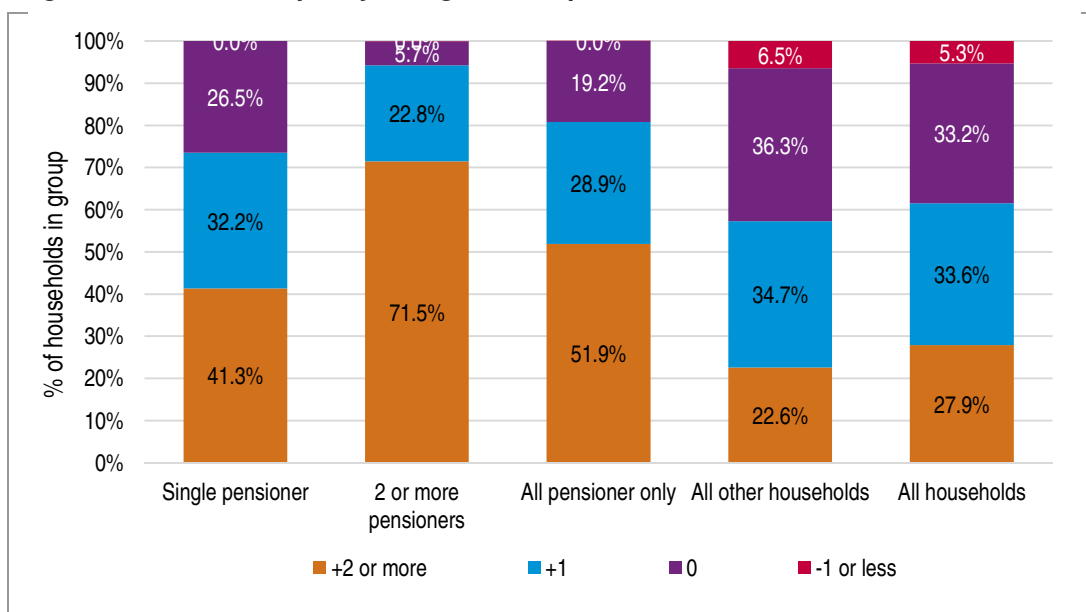
Source: 2011 Census

9.16   It is of interest to study the above information by tenure. Figure 105 shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were over 300 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Figure 105:   Pensioner households with occupancy rating of +2 or more by tenure in Sutton

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	3,437	3,435	6,872
Social rented	247	88	335
Private rented	118	38	156
All tenures	3,802	3,561	7,363

Source: 2011 Census

9.17   It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a

larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay. Data about household ages and the sizes of homes occupied in the previous section does indicate that some households do typically downsize, however, a cautious view should be taken about the willingness of households to move to smaller homes and the extent to which this can be influenced through policy.

Health-related Population Projections

9.18   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focused on estimates of the number of people with dementia and mobility problems.

9.19   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

9.20   Figure 106 shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 66%) along with a 59% increase in the number with mobility problems.

Figure 106: Estimated population change for range of health issues in Sutton (2013 to 2031)

Type of illness/disability	2013	2031	Change	% increase
Dementia	2,033	3,376	1,343	66.1%
Mobility problems	5,240	8,341	3,101	59.2%

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing

9.21   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. Such housing can broadly be split into three categories; sheltered, extra-care and residential care (in addition, there is older persons general needs accommodation available in the current stock).

9.22   Over the past few years there has generally been a move away from providing sheltered and residential care housing towards extra-care housing (ECH). We would consider moving forward that the majority of additional specialist housing is likely to be of ECH. In Sutton, data from the Housing Learning and Improvement Network (Housing LIN) website indicates that there is currently a significant supply of sheltered housing (particularly in the affordable sector) and also of Registered Care (Residential and Nursing Homes).

9.23   Hence the analysis that follows is designed to estimate requirements for ECH in the period from 2013 to 2031. It inherently assumes that there is no requirement for increases in the stock of other types of specialist housing. The methodology employed uses prevalence rates to estimate the number of people requiring ECH. In addition, assumptions have been made about the proportion of this that should be in each of the social/affordable and market sectors (including shared ownership). This recognises that a large proportion of older persons are owner-occupiers who will be able to access specialist market housing given the levels of equity built up in their existing homes. The key assumptions are:

- 125 people per 1,000 population aged 75 and over will require ECH; and
- A tenure split of 30% social/affordable housing and 70% market (including shared ownership)

9.24   This methodology is broadly consistent with that utilised in other areas and also in line with that used on the Housing LIN website (which is specifically set up to study older persons housing needs). The tenure split chosen is consistent with the split between owner-occupied and rented housing when studying pensioner only households.

9.25   Additionally, a vacancy allowance has been added to the derived household figures to make a dwelling estimate (this figure being consistent with that used in the main projections). Whilst we would consider the assumptions above to be sound, the outputs should be treated as indicative - in the longer-term changes to the age structure with more people in 'older' age groups (e.g. 85+, 90+) could see requirements increase.

9.26   Figure 107 shows estimated levels of need for ECH by applying the above assumptions. In addition we have taken a supply estimate from the Housing LIN website (which looks to be mainly in the affordable sector). The data is shown for the whole 18-year period from 2013 to 2031. The data shows a requirement for 755 units of ECH up to 2031 – equivalent to about 42 units per annum.

Figure 107:   Estimated Need for Specialist (Extra-Care) Housing in Sutton

	Total need (2013-2031)		
	Market	Affordable	Total
Need	666	285	952
Supply	57	140	197
Net need	609	145	755

Source: Demographic modelling and Housing LIN

9.27   We would recommend that the above figures are treated as indicative and the Council might want to consider further research to identify the types of market specialist housing best suited to meet the requirements of an ageing population.

9.28   The data above can be brought together to consider the annual need for Extra Care Housing. The figures are also compared with the assessed overall housing need. The proportion of additional housing the analysis suggests should be ECH is 4% with around a fifth of this to be in the affordable sector.

Figure 108:   Annual Extra-Care Housing Requirements (by tenure)

Area	Market	Affordable	Total	% affordable	Housing requirement	% ECH
Sutton	34	8	42	19%	1,098	4%

Source: Demographic modelling and Housing LIN

9.29   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 1,185 spaces in nursing and residential care homes. Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

9.30   Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

People with disabilities

9.31   This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although it should be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

9.32   Figure 109 shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Sutton some 22% of households contain someone with a LTHPD. This figure is lower than the equivalent figure England and in-line with the London average.

9.33   Similarly the figures for the population with a LTHPD again show a lower proportion when compared with national figures. An estimated 14% of the population of Sutton have a LTHPD compared to 17.6% nationally.

Figure 109:   Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Sutton	17,375	22.2%	27,189	14.3%
London	732,552	22.4%	1,157,165	14.2%
England	5,659,606	25.7%	9,352,586	17.6%

Source: 2011 Census

9.34   It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore Figure 110 shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 79% of people aged 85 and over have a LTHPD. It should be noted that the base for Figure 110 is slightly different to the above table in that it excludes people living in communal establishments.

9.35   When compared with other areas it is notable for the key age groups from 50 and over that levels of LTHPD are relatively low and so the finding that a slightly higher proportion of the population has a LTHPD in Sutton (compared to London) is down to age structure differences rather than a higher underlying rate of disability.

Figure 110:   Population with LTHPD in each Age Band
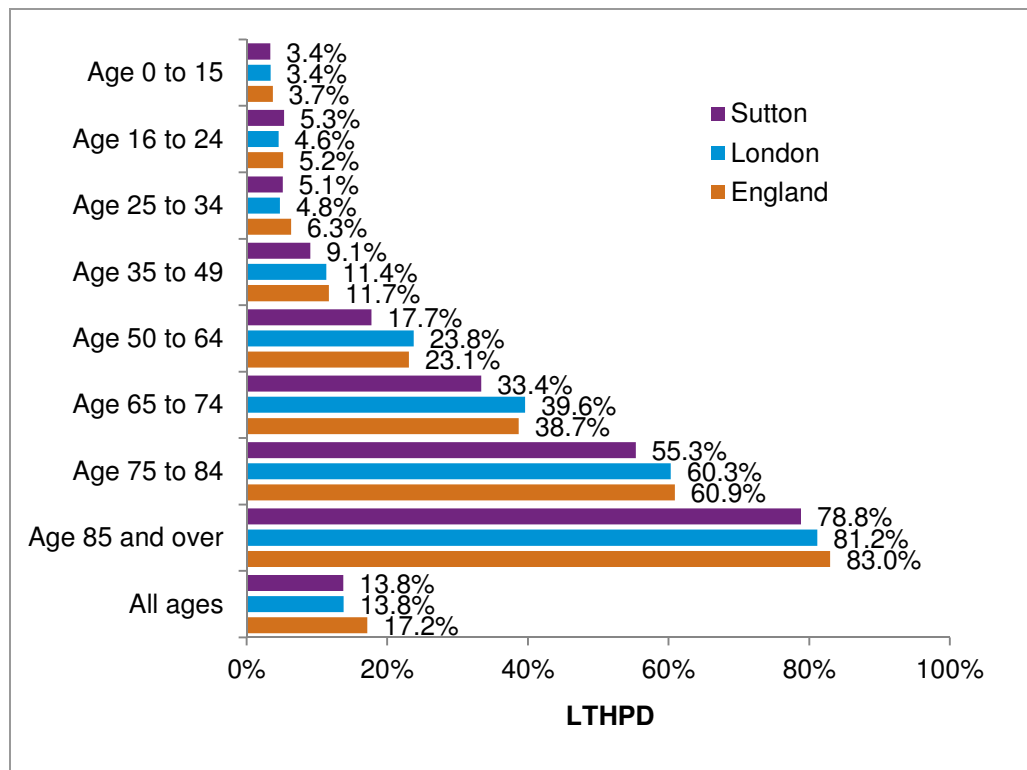
Source: 2011 Census

9.36   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. In applying this information to our projection linked to the 2012-based SNPP (with UPC adjustment) it is estimated that the number of people with a LTHPD will increase by around 9,100 (a 33% increase) from 2013 to 2031. Most of this increase (76%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 29% of the total increase in the population projected by the demographic modelling.

9.37   Figure 111 shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households and is therefore not comparable with other tenure analysis provided in this section. The analysis clearly 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).

Figure 111:   Tenure of people with LTHPD – Sutton
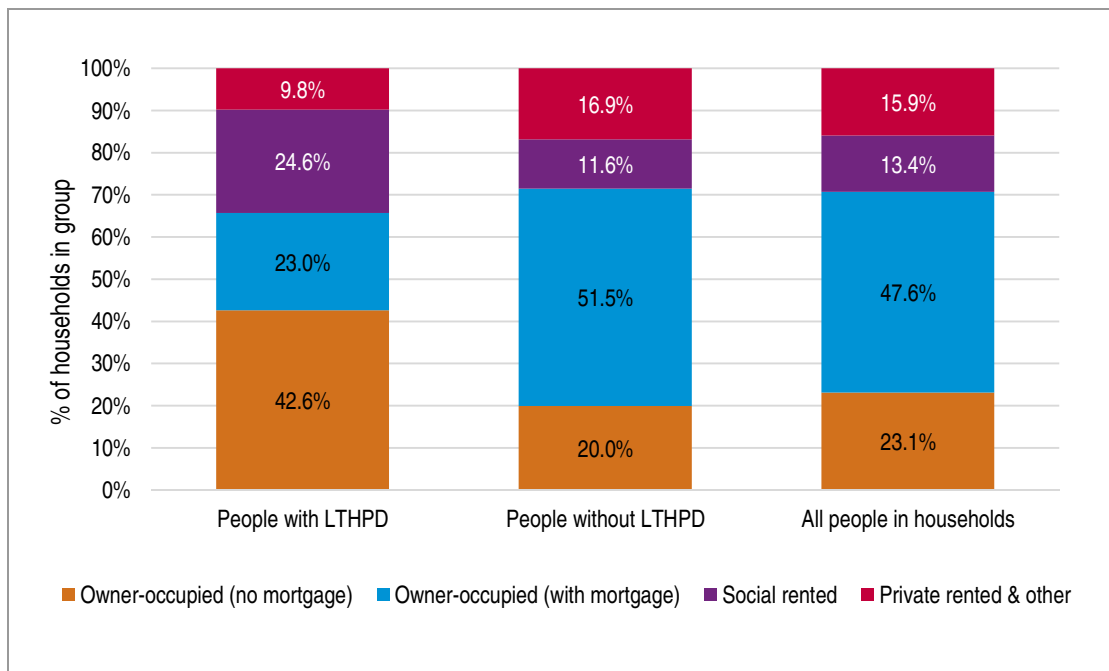
Source: 2011 Census

BME Households

9.38   Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

9.39   As set out in Figure 112, from 2011 Census data we find that around 27% of the population of Sutton came from a non-White (British/Irish) background. This figure is above that found nationally (figure for England of 19%) but significantly below the London average (of 53%). The key BME group in Sutton is Other: White, which makes up 5.9% of all people in the Borough. Other notable groups are Asian: Other Asian (5.0%), Asian: Indian (3.4%) and Black: African (2.9%).

Figure 112:   Black and Minority Ethnic Population (2011)

Ethnic Group	Sutton	London	England
White: British	70.9%	44.9%	79.8%
White: Irish	1.7%	2.2%	1.0%
White: Gypsy or Irish Traveller	0.1%	0.1%	0.1%
White: Other White	5.9%	12.6%	4.6%
Mixed: White and Black Caribbean	1.2%	1.5%	0.8%
Mixed: White and Black African	0.4%	0.8%	0.3%
Mixed: White and Asian	1.2%	1.2%	0.6%
Mixed: Other Mixed	0.9%	1.5%	0.5%
Asian: Indian	3.4%	6.6%	2.6%
Asian: Pakistani	1.4%	2.7%	2.1%
Asian: Bangladeshi	0.6%	2.7%	0.8%
Asian: Chinese	1.2%	1.5%	0.7%
Asian: Other Asian	5.0%	4.9%	1.5%
Black: African	2.9%	7.0%	1.8%
Black: Caribbean	1.4%	4.2%	1.1%
Black: Other Black	0.5%	2.1%	0.5%
Other ethnic group: Arab	0.5%	1.3%	0.4%
Any other ethnic group	0.8%	2.1%	0.6%
Total	100.0%	100.0%	100.0%
Total population	190,146	8,173,941	53,012,456
% non-White (British/Irish)	27.4%	53.0%	19.3%

Source: 2011 Census

9.40   Since 2001 the BME population in the Borough can be seen to have increased significantly as can be seen in Figure 113. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of Sutton has increased by 10,400 over the 10-year period there has been a notable increase in BME groups (all groups other than White (British/Irish)) of 26,500. The White (British/Irish) population has decreased by 10% compared to an increase of 103% in BME groups (all combined).

9.41   Looking at particular BME groups we see that the largest rise has been for the Asian or Asian British population – increasing by 12,300 over the ten years.

Figure 113:   Change in BME groups 2001 to 2011 – Sutton

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	154,179	138,073	-16,106	-10.4%
White - Other	6,172	11,376	5,204	84.3%
Mixed	3,725	7,134	3,409	91.5%
Asian or Asian British	9,711	22,035	12,324	126.9%
Black or Black British	4,601	9,120	4,519	98.2%
Other	1,380	2,408	1,028	74.5%
Total	179,768	190,146	10,378	5.8%

Source: Census 2001 and 2011

BME Household Characteristics

9.42   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the Borough. Figure 114 looks at the population age structure of six broad age groups using data from the 2011 Census.

9.43   The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 24% of White; British/Irish people being aged 60 or over compared with all BME groups showing proportions of no more than 11%.

Figure 114:   Population age profile (2011)
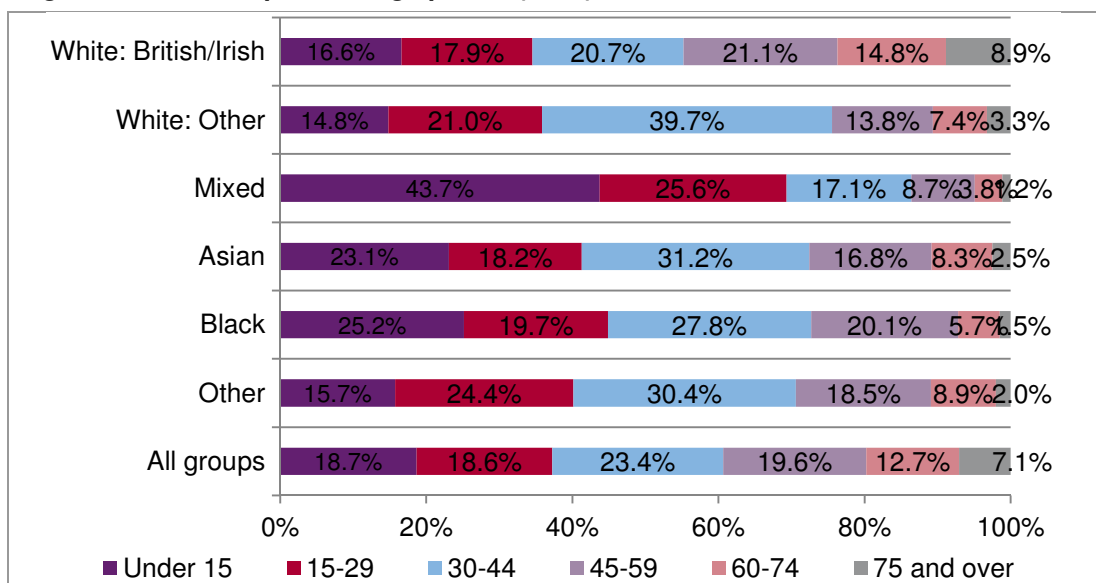
Source: Census (2011)

9.44   There are notable differences between the household characteristics of BME households compared with the White: British population. Figure 115 indicates that all BME groups (with the exception of Asian) are significantly less likely to be owner-occupiers and all groups are far more likely to live in private rented accommodation. Arguably the starkest trend is the 38% of White (Other) households living in the private rented sector.

Figure 115:   Tenure by ethnic group – Sutton
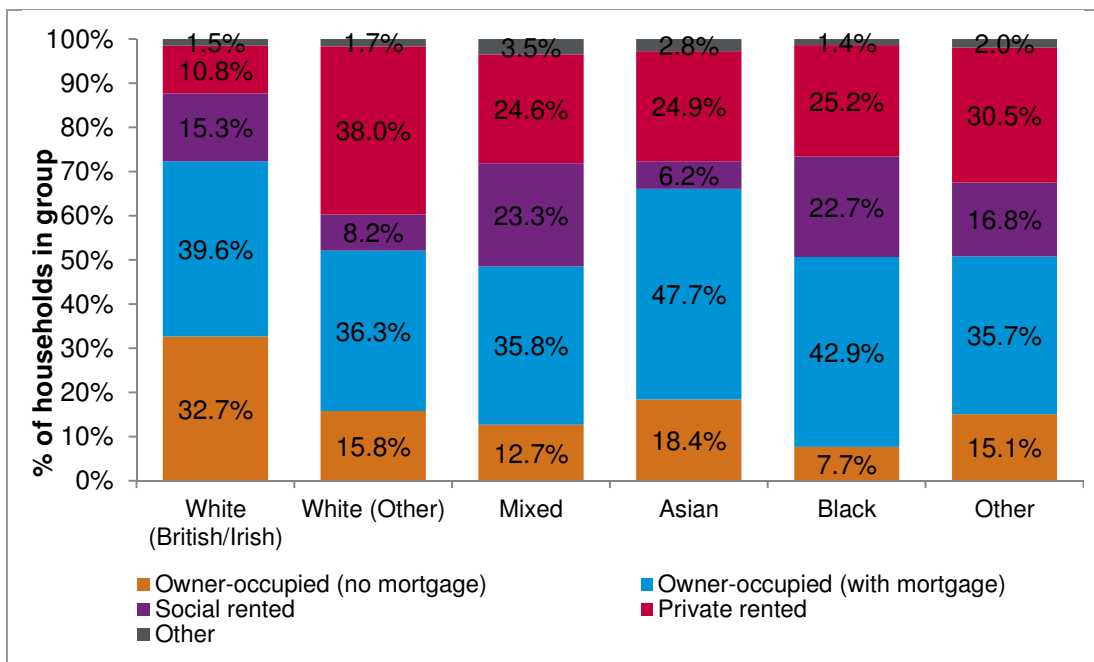
Source: 2011 Census data (from NOMIS)

9.45   The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the Borough shows a strong representation of LHA Claimants).

9.46   As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

9.47   Figure 116 shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 12% of Black households are overcrowded along with 11% of the Asian group – this compares with only 4% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 116:   Occupancy rating by ethnic group – Sutton
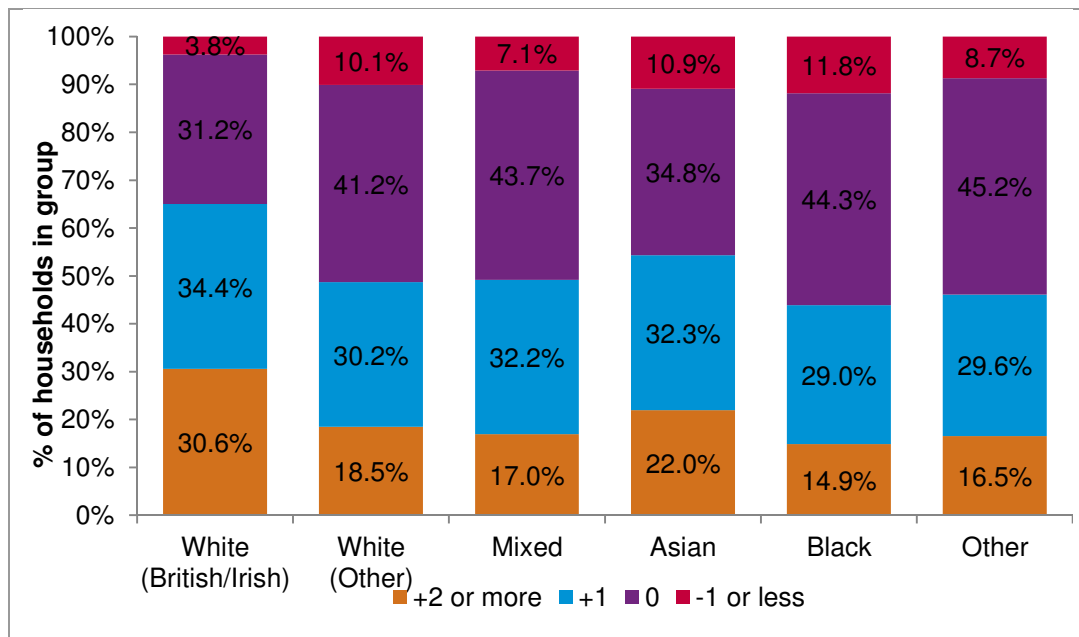
Source: 2011 Census data (from NOMIS)

Households with children (family households)

9.48   The number of families in Sutton (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 25,400 accounting for 32% of households – a notably higher figure than seen across both London and England. The demographic projection (linked to the 2012-based SNPP with UPC adjustment) suggests that the number of children (aged Under 15) is expected to increase by 13% from 2013 to 2031 (an increase of around 5,000).

9.49   When compared with other areas the proportion of married couple households is notably high (18.4%) with other household type categories not showing particularly great differences from regional and national averages.

Figure 117: **Households with dependent children (2011)**

Household Type	Sutton		London	England
	Number	%	%	%
Married couple	14,401	18.4%	15.3%	15.0%
Cohabiting couple	3,081	3.9%	4.0%	2.8%
Lone parent	5,559	7.1%	7.1%	8.5%
Other households	2,322	3.0%	2.6%	4.6%
All other households (no dependent children)	52,811	67.6%	70.9%	69.1%
Total	78,174	100.0%	100.0%	100.0%
Total with dependent children	25,363	32.4%	29.1%	30.9%

Source: ONS (2011 Census)

9.50   Figure 118 shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around 33% of lone parent households are owner-occupiers compared with 78% of married couples with children.

Figure 118: **Tenure of households with dependent children – Sutton**
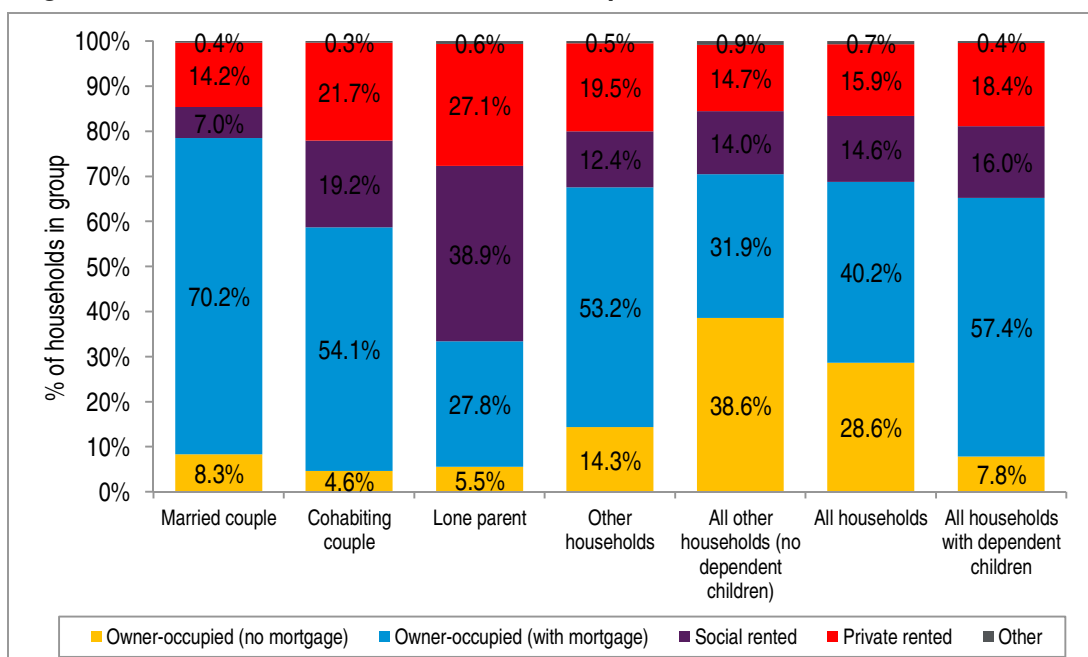
Source: 2011 Census

9.51   Overcrowding is often a key theme when looking at the housing needs of households with children and Figure 119 shows that households with children are about six times more likely than other households to be overcrowded. In total, some 12% of all households with dependent children are overcrowded and included within this the data shows 14% of lone parent households are

overcrowded along with 38% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 119:   Occupancy rating and households with dependent children
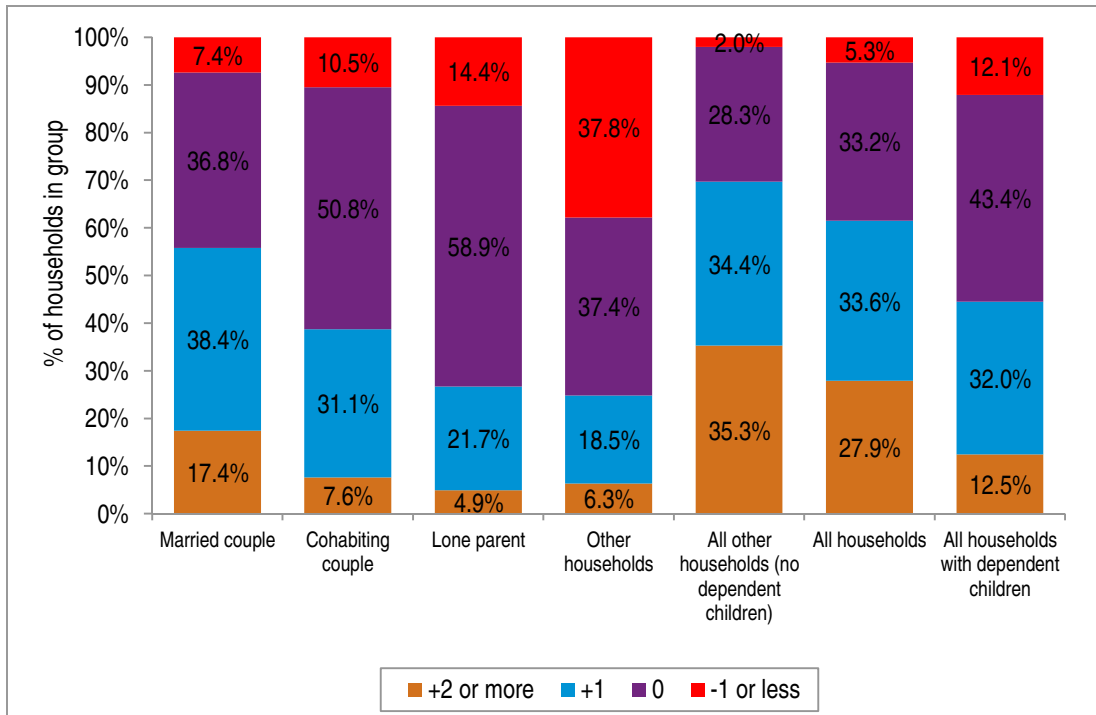
Source: 2011 Census data (from NOMIS)

9.52   It is not possible to accurately determine the reasons for disproportionately high number of 'other' households with an occupancy rating of -1 or less. This possibly reflects the nature of such households (i.e. multigenerational) which by their nature are larger and subsequently over-crowded.

Young people

9.53   As well as considering households with children the analysis considers the housing and socio-economic situation of young people (generally considered in this analysis to be those aged 16-34). Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.

9.54   The demographic projections (linked to the 2012-based SNPP with a UPC adjustment) suggest that in 2013 there were around 15,100 households headed by someone aged under 35 and that this is expected to remain largely unchanged over the period 2031.

9.55   As well as households headed by a younger person there will be others living as part of another household (typically with parents). Figure 120 shows the number of households in the Borough with non-dependent children. In total, some 11% of households (8,200) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Young people may be less likely to be eligible for social housing, have lower household incomes and have difficulty in accessing the owner-occupied sector due to mortgage constraints and deposit requirements. All of these factors contribute to the current trend for young people moving in with or continuing to live with parents.

Figure 120:   Households with non-dependent children (2011)

Household Type	Sutton		London	England
	Number	%	%	%
Married couple with NDC	4,893	6.3%	5.6%	4.8%
Cohabiting couple with NDC	407	0.5%	0.5%	0.4%
Lone parent with NDC	2,943	3.8%	3.5%	4.1%
Total with non-dependent children	**8,243**	**10.5%**	**9.6%**	**9.3%**
All other households	69,931	89.5%	90.4%	90.7%
Total	78,174	100.0%	100.0%	100.0%

Source: ONS (2011 Census)

9.56   When considering households that are currently headed by a younger person we can use 2011 Census data to look at some key characteristics (see Figure 120). Figure 121 shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 121: **Tenure by age of HRP – Sutton**
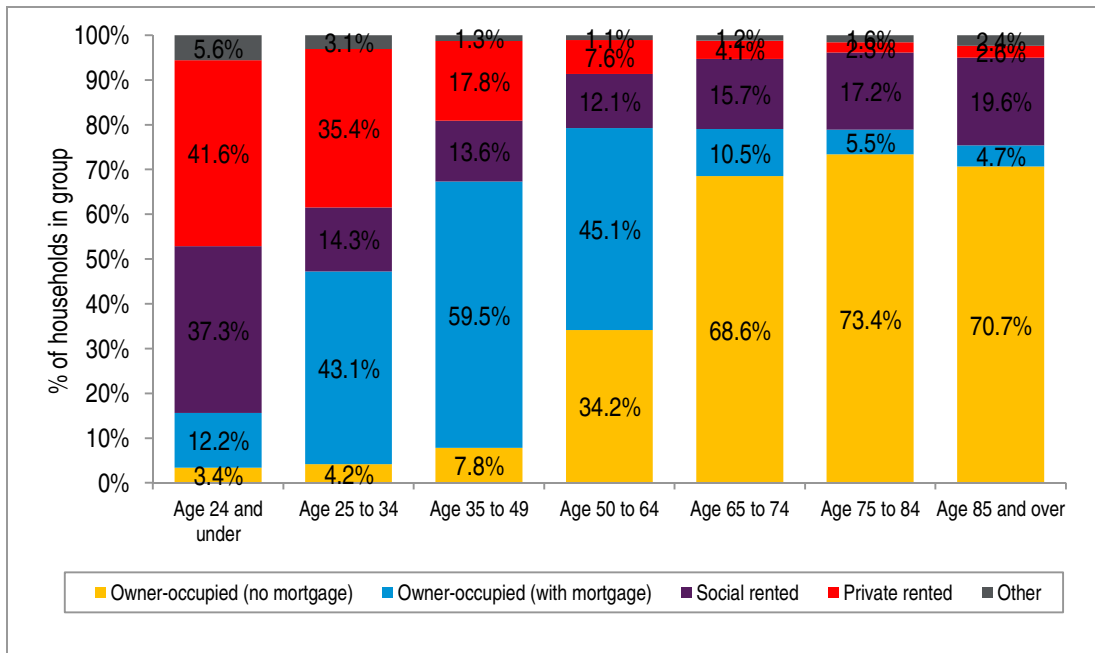
Source: 2011 Census

9.57   Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in Figure 122. The data shows that younger people are far more likely to be unemployed than other age groups. The data shows that of the population aged 16-34 some 7% are unemployed – included within this we see an unemployment rate of 12% for those aged 16-21 and 12% in the 16-19 age group (see figure 122).

Figure 122: **Economic activity by age – Sutton**
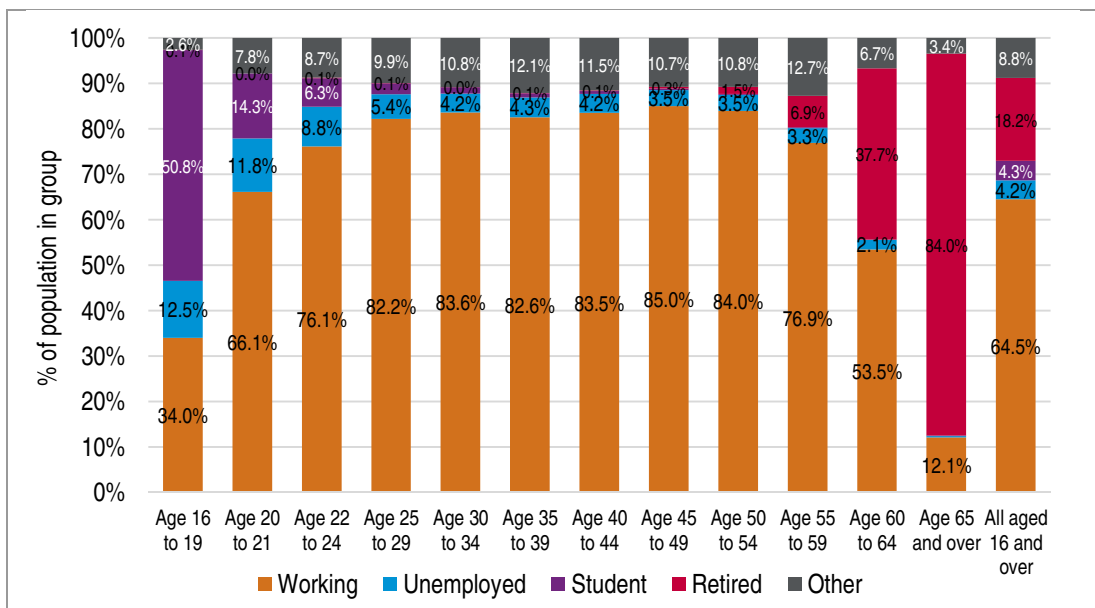
Source: 2011 Census

Custom/Self-Build

9.58   SHMAs need to investigate the contribution that self-builds makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

9.59   Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

9.60   Quantitative information regarding levels of self-build is hard to come by. Information from local authority planning officers is therefore anecdotal. We have therefore reviewed a number of websites dedicated to advising and assisting people to self-build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering. Their websites show very few opportunities for self-build within Sutton. Indeed across London only 8 plots were being advertised. These will be stand-alone, self-contained dwellings and are often constructed for employees or family members some of whom may be frail or disabled in some way.

9.61   Local estate agents tell us that they are rarely asked to sell plots within the Borough for self-build. Those plots which do appear tend not to be for single unit development and demand for plots are from small developers rather than self-build individuals.

9.62   From a development point of view, key issues with this market are associated with skills and risk: whist there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

9.63   We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.

Service Families

9.64   From what we are aware there are no substantive MOD bases within Sutton, however, there are a notable number of bases in Surrey and Central London which are close to the Borough, but these are unlikely to impact the Sutton housing market.

9.65   The Army is in the process of reorganising resources across the UK. This includes the creation of a 'super garrison' focused on Aldershot with satellite establishments in Surrey. The concentration of MOD resources in the wider area will have little impact on the housing market in regard to MOD personnel seeking accommodation within the wider housing market.

9.66   Our research in other areas suggests that there is demand from service personnel for homes to buy; including for owner occupation and investment purchases. This has been recently supported by the Forces Home Ownership (Help-to-Buy) Scheme, however funding came to an end in March 2014.

Students

9.67   There has however been a significant increase in the number of full-time students residing in the Borough (10,268 up from 6,836 in 2001). This represents a 50% growth although still only represents around 18% of all residents in the Borough. This also includes students in further education and those at sixth form colleges. As there are currently no major high education establishments located within Sutton the majority of students may still live with their parents.

9.68   A further indication of this is that as of 2011 there were only 25 all student households in the Borough. The current level represents only 0.03% of all households in the Borough. This is also down from 43 households in 2001.

9.69   Clearly the impact of student households on the Borough at the present time is limited, however the Council should be responsive to the demands for this particular group if new higher education facilities are located in the Borough.

9.70   There may also be some demand from private halls of residence operators for sites in the Borough, however these are classed as C2 residential institutions and would therefore not be part of the general housing need but could be counted as general housing supply.

Policy Implications: Specific Groups of the Population

9.71   This section of the report has studied the housing circumstances of various different groups of the population. These are:

- Older people
- People with disabilities
- The Black and Minority Ethnic population
- Households with children (family households)
- Young households
- Custom/Self-Build Service Families
- Students

9.72   Older persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 13,700 (46%) from 2013 to 2031. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors – it is estimated that around 4% of new provision should be Extra-Care for older people.

9.73   People with disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 72% increase in the population aged over 85 from 2013 to 2031 with Census data suggesting that 79% of this age group have some level of disability.

9.74   BME groups – the BME population of Sutton is relatively large in national terms but quite small in the context of London. It has however grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

9.75   Family households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the Borough over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met.

9.76   Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of

unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

9.77   Neither students, those wishing to custom build nor service families are likely to have a material impact on the demand for general residential properties in the London Borough of Sutton.

10   CONCLUSIONS

Housing Market Area

10.1   The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). However, as the Planning Practice Guidance recognises, there is no "hard and fast" approach for defining a housing market area and, in practice, many housing market areas overlap.

10.2   From our analysis of market dynamics, migration patterns and commuting there is clearly a complex set of relationships at play across London and more locally South London. Triangulation of the evidence converges upon a London-wide Strategic Housing Market Area.

10.3   The London Borough of Sutton sits within this London Housing Market Area. It is characterised by lower house prices than a number of surrounding areas, particularly those to the North and West. It is likely that house price differentials are one of the drivers of movement to the Borough, with households able to 'trade up' to larger family homes.

10.4   It is however important to recognise overlaps between these surrounding authorities and markets in this area. In the context of the Duty to Cooperate, the authorities with the strongest localised links should be engaged in considering current strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies.

10.5   The strongest housing market links are with the adjoining authorities of Croydon and Merton, and Reigate and Banstead and Epsom and Ewell. In planning for housing provision, engagement with these authorities will be important in view of the Duty to Cooperate and represents good practice.

Overall Housing Need

10.6   The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. Planning Practice Guidance sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.

10.7   In accordance with the Planning Practice Guidance, the latest population projections have formed the starting point for our assessment, these are the 2012-based Sub-National Population Projections (SNPP) and related DCLG Household Projections.

10.8   The latest 2011-based interim household projections indicate household growth of 1,261 households per annum across the Borough between 2011 and 2021. However these projections

assume that household formation rates seen over the 2001-11 period continue moving forward. These trends arguably build in a degree of suppression of household formation, a point which is acknowledged by DCLG in the Planning Practice Guidance on *Assessment of Housing and Economic Development Needs.*

10.9   We have analysed the various population projections produced by the GLA and ONS and the assumptions that sit behind them. We consider that the most plausible population projection to take forward into an analysis of housing need is one using on the 2012-based SNPP with a downward adjustment to take account of Un-attributable Population Change (UPC).

10.10   We also undertook some sensitivity analysis exploring different projections of household formation rates and to take account of the latest migration data. This analysis concludes that the most appropriate means of projecting household formation would be based on a set of headship rates which took 2011-based rates as a start point and projected forward in terms of tracking the trends contained in the 2008-based projections.

10.11   Carrying out the projection on this basis suggests household growth of 1,074 per annum and a housing requirement for 1,098 additional homes per annum (once a vacancy allowance has been included) for the period 2013-31.

10.12   The guidance then sets three key tests which should be applied in order to identify whether there is a case to adjust the starting point. We see these tests as:

- Do market signals point to a need to increase housing supply in order to address affordability and high demand?
- Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?
- Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

Test 1: Do market signals point to a need to increase housing supply in order to address affordability and high demand?

10.13   The Planning Practice Guidance sets out that the housing need suggested by household projections should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of homes. It sets out that the more significant the affordability constraints (in terms of rising housing costs and worsening affordability) the larger the additional supply response required.

10.14   The market analysis undertaken indicates that house prices across Sutton are significantly below the London-wide level, although still above national trends. The median house price across the

Borough is around £260,000 compared to £337,500 across London for the period January 2014 to June 2014.

10.15   Despite the relatively low house price in the Borough lower quartile prices are still at 8.6 times the lower quartile wages. This makes accessing the housing market difficult for most first time buyers to enter the housing ladder without a sizeable deposit.

10.16   Since 2001 Sutton has delivered almost 5,900 additional homes. The housing target was consistently exceeded between 2004 and 2008/09 although this was a capacity led target and did not necessarily reflect need.

10.17   Against this context there is some basis for considering an upwards adjustment to housing provision in order to improve the affordability of market housing. However, the use of household formation rates which track the more positive 2008-based household formation rates within the demographic projections address this. Any further adjustment on this basis may be viewed as being overly optimistic.

Test 2: Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?

10.18   The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Affordable housing is defined as including social rented, affordable rented and intermediate housing. Following the approach advocated by the guidance, the net affordable housing need identified in Sutton is for 1,018 homes per year. However, it is not appropriate to directly compare the need identified in the analysis with the demographic projections – they are calculated in different ways.

10.19   In addition, such a level of delivery is not likely to be achievable given viability considerations (at current London Housing Strategy rates of affordable housing delivery (40%) this would require 2,545 dwellings per annum to deliver 1,018 affordable homes at 40%). As stated in the NPPG, an increase in the total housing figures should be considered where it could help deliver the required number of affordable homes.

10.20   The needs evidence indicates that the Council would be justified in seeking to secure the maximum viable level of affordable housing in future through new development schemes. However they must balance competing potential priorities. It is important to note that the Council are however not solely reliant on affordable housing delivery through market-led schemes. The Council can deliver affordable homes directly and in partnership with Registered Providers/Housing Association. These are likely to be an important source of supply going forward.

10.21   Whilst a significant quantitative shortfall of affordable housing is identified, there are in reality two factors which are important to consider in interpreting the figures in context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report. Secondly, the private rented sector makes a potentially significant contribution to meeting affordable housing needs through households supported by Local Housing Allowance (LHA). The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study.

10.22   We therefore believe that the affordable housing need identified does not provide definitive evidence for possibly considering upwards adjustment to housing provision relative to the demographic projections in order to support higher affordable housing delivery.

Test 3: Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

10.23   In line with the guidance, we have also considered the implications of future economic and employment trends on housing needs by modelling the housing which would be required to meet the level of employment growth forecast by the GLA economic forecasts.

10.24   The GLA forecasts indicate an almost 6,700 increase in jobs over the period between 2011 and 2031. Modelling these forecasts through to housing numbers results in a need for 751 homes per annum to 2031.

10.25   The economic led forecasts are significantly lower than the demographic needs identified. However, it is important to recognise that there is no basis in national policy or guidance to use the economic forecasts to argue that housing provision in an individual local authority should be lower than in the demographic projections.

Overall Conclusion on Housing Needs

10.26   We have sought to draw the range of evidence together to define objectively-assessed need for housing. In doing so we have followed the following approach:

- Define the base level of need with regard to the demographic projections;
- Consider the case for adjustments in response to market signals. This points to a case for an upwards adjustment which has been factored in by reverting to tracking the 2008-based household formation rates;
- Compare the demographic projections against the proportionate economic-led projections in regard to the scope to encourage local living and working;

- Overlay the affordable housing evidence in regard to the % supply based on the demographic projections needed to support full affordable housing delivery;
- Identify the higher level of the range to take account of the market signals, economic evidence and affordable housing need.

10.27   In interpreting the affordable housing needs evidence, we recognise that whilst the Planning Practice Guidance identifies a need to consider adjustments to the overall assessment of need to enhance affordable housing delivery, some households in housing need are able to live within the Private Rented Sector supported by Local Housing Allowance. A proportionate adjustment is thus inappropriate to enhance affordable delivery where applicable. The economic-led forecasts would also result in a need which is below the demographic need.

10.28   Our assessment of market signals suggest a modest requirement to uplift to improve affordability in the Borough. However, by using household formation rates which track the 2008-based household formation rates we have adjusted the projections to reflect a period when the affordability was less acute and therefore a further additional uplift is not necessary. **This resulted in a housing need of 1,100 homes per annum across the HMA.**

10.29   This identified objectively assessed need is significantly higher than the minimum of 363 additional homes per annum as identified in the Draft FALP. However any additional housing delivery will go towards closing the gap between identified housing need and supply in line with the requirement of the NPPF.

10.30   The policy specifically encourages boroughs to identify and seek to enable additional development capacity to be brought forward which supplements these targets (having regard to other policies in the Plan) such as through intensification, town centre renewal, opportunity and intensification and growth corridors, mixed use development and sensitive renewal of existing residential areas – particularly in areas of good public transport accessibility. To fit local plan timeframes, it supports the 'roll forward' of annual average figures where appropriate.

10.31   It should be recognised that this is an objective assessment of housing need and takes no account of land supply, development constraints, environmental constraints or the feasibility of delivering infrastructure to support sustainable development. The Planning Practice Guidance[16] is clear on these issues, setting out that "*plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*"

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[16] DCLG (March 2014) *Planning Practice Guidance – Assessment of Housing and Economic Development Needs*

10.32   These supply-side factors are relevant in translating the need identified into a policy target for housing provision in the local plan. Ongoing engagement with adjoining authorities, partly through this process will be necessary to assess whether there is potential to contribute to meeting unmet needs of adjoining authorities where they exist or relieve Sutton's unmet need if this transpires. In accordance with the Duty to Cooperate. This is an important procedural requirement in the development of local plans.

Housing Mix

Sizes of Homes Needed

10.33   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (25-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes. We have recommended the following mix for affordable and market housing:

Figure 123:   Indicative Recommendations regarding the Sizes of Homes Needed

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	25-30%	40-45%	20-25%
Affordable	30-35%	30-35%	25-30%	5-10%
All dwellings	20%	30%	35%	15%

10.34   Our strategic conclusions on the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

10.35   The mix identified above should inform Local Plan policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

10.36   Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

10.37   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the local plan process, including: site allocations and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Tenure

10.38   Overall a net need of 18,322 affordable homes is identified (1,018 per annum). There is thus a significant requirement for new affordable housing in Sutton and the Council is justified in seeking to secure additional affordable housing.

10.39   While a significant deficiency in affordable housing is identified, in practice many households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to make up for a shortfall of fully affordable housing.

10.40   We have also assessed the proportion of affordable housing need that should be met through provision of different housing products. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate;
- Affordable rent; and
- Social rent

10.41   Without the assistance of housing benefit, 24% of households that cannot afford market housing can afford more than the affordable rent level of 80% market rent. The remaining 76% can only afford at current affordable or social rents or below. The analysis suggests around 24% of affordable housing could be equity-based intermediate (such as shared ownership) with the remaining 76% being a rented product, either social or affordable rented although there is potential overlap between these categories.

10.42   In determining policies for affordable housing provision on individual sites, our findings should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

10.43   It should also be noted that funding for the delivery of new-build affordable housing is now focused on affordable rent tenure. The dominance of this tenure within new build delivery is also compounded by registered providers/housing associations now being able to convert existing social rent properties to affordable rent as they become vacant, in effect reducing the level of available

socially rented properties. This is likely to lead to a further focus/reliance on the affordable rental tenure in future years.

Needs of Specific Groups

10.44   The SHMA identifies a particular need to plan for a growing older population. The SHMA analysis indicates that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

10.45   The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 66% growth in older population with dementia, and a 59% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). We would recommend a shift in focus away from providing more sheltered accommodation toward Extra-care accommodation. This is in line with recent trends and acknowledges the significant supply of sheltered housing (particularly in the affordable sector) and also of Registered Care (Residential and Nursing Homes).

10.46   Our analysis suggests a potential requirement for around 42 additional housing units to be specialist accommodation across the Borough to meet the needs of the older person population each year moving to 2031.

10.47   Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

10.48   Regarding the tenure mix; we have noted that at present there is a much higher level of supply in the affordable sector than for market housing whereas the majority of older person households are owner-occupiers. This would suggest moving forward that a greater emphasis could be placed on market specialist provision than has been the case in the past.

10.49   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. The focus of the institutional population in the elderly age groups is those over 75.

10.50   Currently 22% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

10.51   The BME population in Sutton has grown strongly since 2001. The 2011 Census shows that BME groups make up 27% of the Sutton population (up from 14% in 2001). The Other: White population (which is the main BME group for more detailed groups) has grown notably over the past decade (84%). The Asian or Asian British group which includes all Indian, Pakistani and Chinese groups etc. is overall larger in the less detailed groups. This group has also grown significantly since 2001 (127%)

10.52   BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings. The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

10.53   Analysis is included within the report regarding the needs of other groups such as students, service families, those wishing to self-build, young people and families with children. It will be important that the needs of these groups continue to be planned for and monitored.

APPENDIX A: Projection Methodology and Key Data

Introduction

A1.1   Our methodology used to determine population growth and hence housing requirements is based on a standard population projection methodology consistent with the methodology used by ONS and DCLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2013 to 2031. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the local authority area. These are the principal components of population change and are used to construct our population projections.

A1.2   Figure A1.1 shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure A1.1: Overview of Methodology
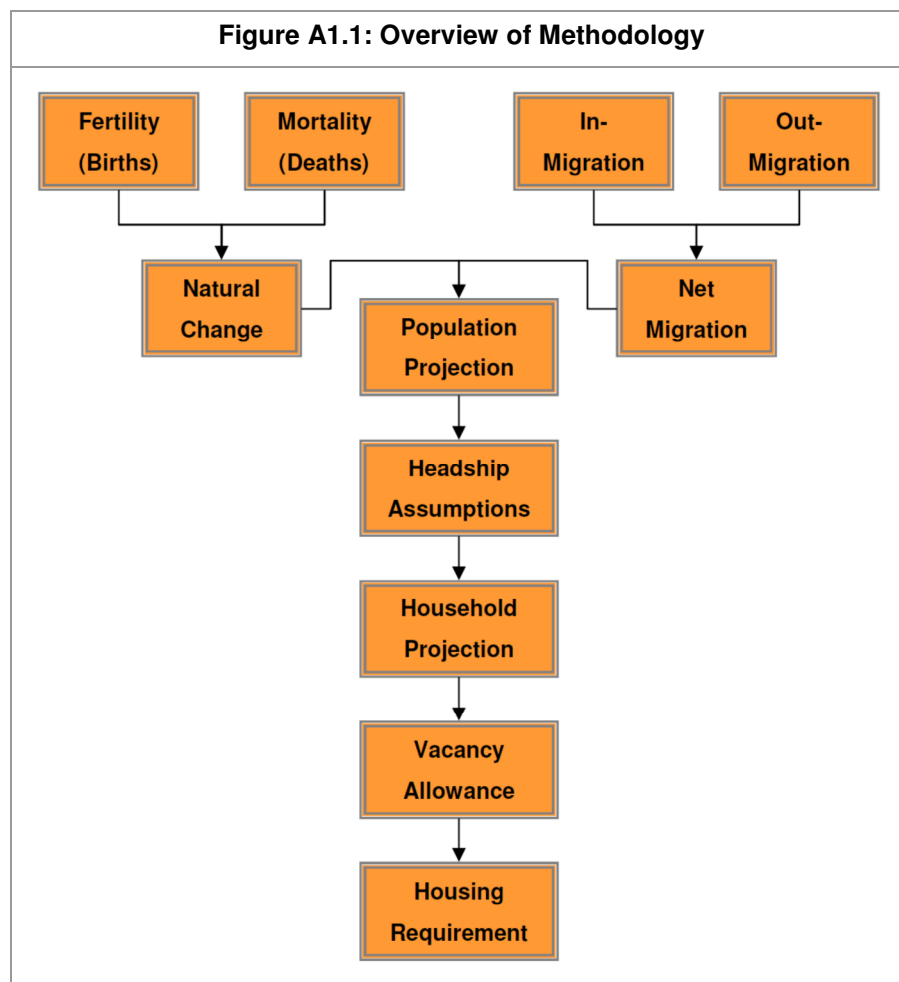
Projections Run

A1.3   As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The

projections were developed to follow the logical set of steps set out in DCLG advice of March 2014. Two core projections were developed (one based on demographic trends and one on meeting job growth forecasts). Core outputs from these projections are provided in this section with a summary of the projections being listed below:

- PROJ 1 (Demographic-based – linked to the latest (2012-based) SNPP)
- PROJ 2 (Jobs-led – linked to employment growth of about 6,700 jobs – this being the level of job growth expected in a GLA economic forecast)

Past Population Dynamics

A1.4   Before describing the projection process and key inputs it is of interest to study past population growth and the components of change. Figure A1.2 summarises key data from ONS mid-year population estimates (MYE) going back to 2001. The data for 2001-11 is from the revised MYE which uses Census data to adjust past estimates to ensure consistency between data for 2001 and 2011.

A1.5   The information shows a number of interesting trends in relation to Sutton and these are summarised below:

- Natural change (the number of births minus the number of deaths) has been increasing over time from less than 850 per annum up to 2006 to 1,200-1,500 in each of the last three years. This trend is consistent with that seen in many areas where relatively high birth rates have driven a greater level of population growth than was observed earlier in the past decade.
- Net internal migration (people moving from one part of England and Wales to/from Sutton) has increased noticeably over time (become less negative); averaging 500 (net out-migration) in the 2001-4 period and increasing to average over 800 per annum (net in-migration) over the past three years (2010-13).
- International net migration has been more consistent over time with net in-migration throughout the period studied.
- The other changes are generally fairly minor in number compared to the migration figures – other changes are largely linked to estimated changes in the prison and armed forces populations.
- The other (un-attributable) column of data reflects an adjustment made by ONS to ensure consistency between Census based mid-year population estimates and the mid-year estimates prior to Census data being available. In Sutton the negative figures imply that the various components of population change (once added together) are about 8,300 people higher than the overall level of population growth (in the decade to 2011). Whilst it is unknown as to what components of change this difference is linked to it is most probable that this will be due to the over-recording of in-migration or under-recording of out-migration – this in turn may be linked to international migration data which has historically been the most difficult component of population change to accurately measure. The ONS data does not provide a figure for other (un-attributable) in 2011/13 as there is no Census data against which to measure whether or not population change has been over- or under-estimated.

	Figure A1.2: Components of population change (2001-13) – Sutton					
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (un-attributable)	Total change
2001/2	316	-393	474	140	-733	-196
2002/3	576	-479	484	170	-749	2
2003/4	462	-596	642	69	-750	-173
2004/5	846	287	627	26	-777	1,009
2005/6	800	359	385	3	-768	779
2006/7	1,086	653	342	22	-811	1,292
2007/8	1,044	884	554	2	-798	1,686
2008/9	1,291	1,365	500	28	-877	2,307
2009/10	1,265	435	416	6	-968	1,154
2010/11	1,305	960	544	67	-1,074	1,802
2011/12	1,477	739	292	-1	-	2,507
2012/13	1,178	756	330	20	-	2,284

Source: ONS Components of Change

Baseline Population

A1.6   The baseline for our projections is taken to be 2013 with the projection run for each year over the
period up to 2031. The estimated population profile as of 2013 has been taken from ONS mid-year
population estimates. The overall population in 2013 is estimated to be 195,914 with slightly more
females than males.

Figure A1.3: Population of Sutton (5 year age bands) – 2013

Age group	Male	Female
Ages 0-4	7,091	6,610
Ages 5-9	6,278	6,035
Ages 10-14	5,796	5,436
Ages 15-19	6,010	5,719
Ages 20-24	4,932	5,124
Ages 25-29	6,063	6,877
Ages 30-34	7,220	8,125
Ages 35-39	7,389	7,384
Ages 40-44	7,432	7,842
Ages 45-49	7,741	8,059
Ages 50-54	6,647	6,722
Ages 55-59	5,361	5,335
Ages 60-64	4,551	4,716
Ages 65-69	4,300	4,823
Ages 70-74	2,903	3,420
Ages 75-79	2,450	3,071
Ages 80-84	1,761	2,510
Ages 85+	1,386	2,795
All Ages	95,311	100,603
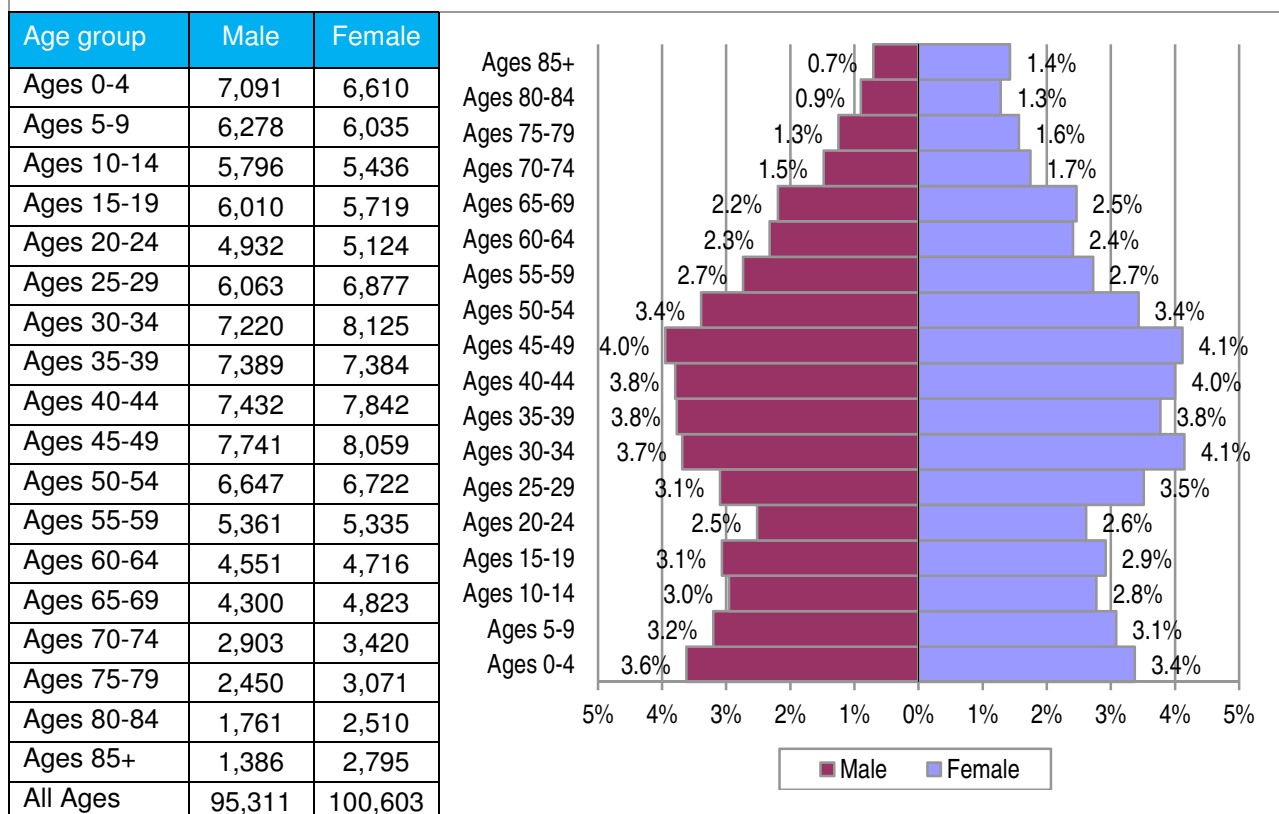
Source: ONS midyear population estimates

Fertility and Mortality Rate Assumptions

A1.7   For modelling of fertility and mortality we have used the rates contained within the ONS 2012-based subnational population projections (SNPP).

A1.8   For the period from 2013 to 2031 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to average about 1.95. Whilst there are some small year-by-year variations these figures are broadly constant throughout the projection period.

A1.9   With regard to death rates the data suggests that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2012-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in modelling life expectancy for Sutton we suggest that the figures will see an improvement from 80.4 to 83.8 for males from 2013 to 2031 with figures of 84.1 to 86.8 expected for females.

A1.10   We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes are consistent with past trend data

and future expected patterns as published by ONS on a national basis.

Migration Assumptions

A1.11   For the purposes of understanding the profile of migrants we have again drawn on the ONS 2012-based sub-national population projections. Figure A1.4 shows the profile of in- and out-migrants by age in linked to our demographic projection (the 2012-based SNPP – adjusted to take account of Un-attributable Population Change (UPC)). This projection sees an average level of net in-migration of 468 people per annum (made up of 12,096 in-migrants and 11,628 people moving out). The data shows that the key age groups (in net terms) are people aged 15-34.

A1.12   When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure A1.4: Estimated annual level of migration by five-year age band (2013-2031) – Sutton
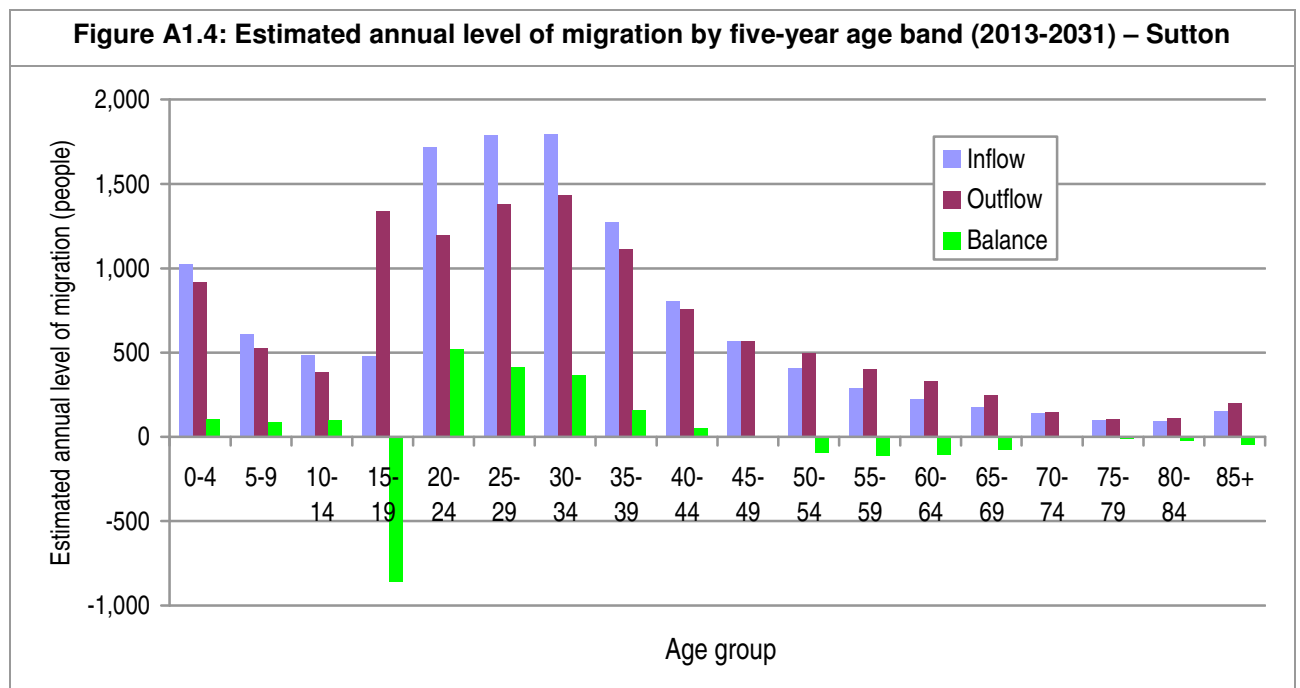
Source: Derived from ONS 2012-based subnational population projections

Economic (Employment) Assumptions

A1.13   With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth. The process is set out in Figure A1.5.

Figure A1.5: Overview of Economic-Driven projection methodology

| Population (by age/sex) | → | Employment Rates | → | Working Population |

A1.14   It is not however a simple task to convert population data into estimates into estimates of the number of people who will be working as employment rates are likely to change in the future for three main reasons:

- Changes to pensionable age will potentially see people working for longer and increase the proportion of older age groups who are in employment
- Moving out of recession there is likely to be a reduction in unemployment which would increase employment rates
- The general trend over the past decade has been for increased economic activity for many age groups (notably older people (both sexes) and females aged 25 and over). This trend may be expected to continue into the future

A1.15   To study how employment rates might change in the future the analysis starts by looking at past trends in economic activity over the 2001-11 period from Census data. This analysis has been carried out at a national level (for England). The data shows the following key trends:

- Reducing economic activity rates for those aged 16-24 (particularly for males)
- No particular change in rates for males aged 25-49
- Increasing economic participation for males aged 50 and over
- Increasing participation rates for all female age groups from age 25 and upwards

A1.16   The trends studied below are for economic activity rates although in this report the analysis is based on employment rates (which is the economically active population minus those who are unemployed). Ideally trends in employment rates would have been studied but this has proved difficult due to different definitions used in the 2001 and 2011 Census (relating to how students are recorded). For the purposes of analysis it is assumed that employment rate trends follow a similar pattern to economic activity rate trends.

Figure A1.6: Past trends in economic activity rates (England)
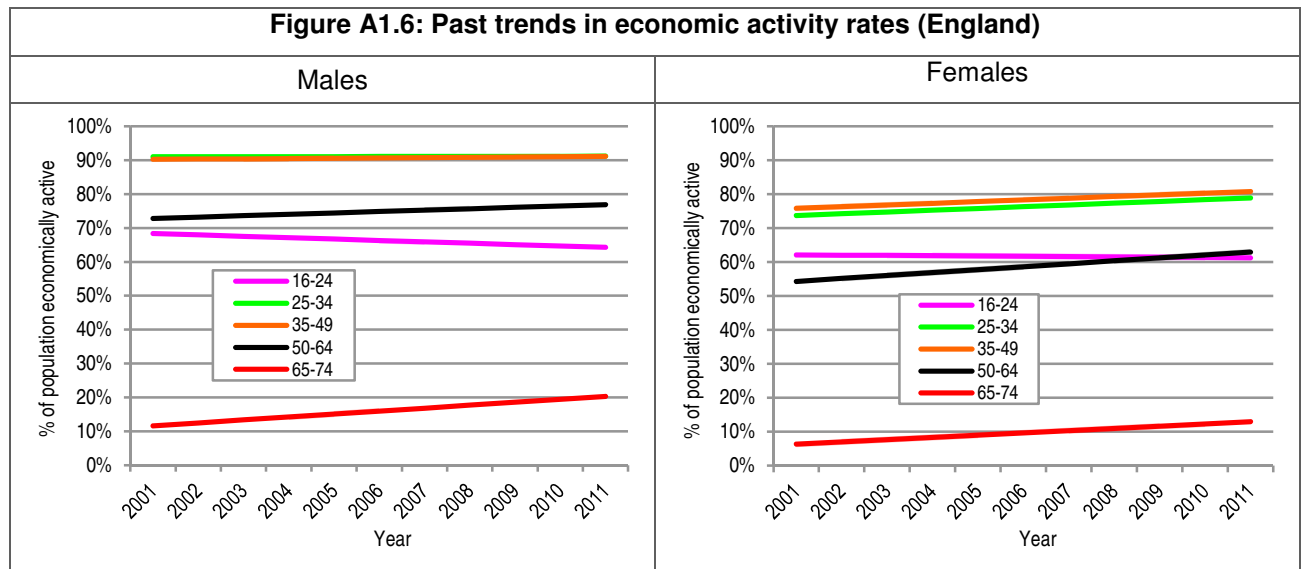
Source: Census (2001 and 2011)

A1.17   To project these rates forward some of the reasons for these trends need to be considered. In particular the reduction in economic activity rates for people aged 16-24 is likely to some degree to be linked to an increase in students (which may not continue into the future) whilst some of the rapid increases for females are arguably unlikely to continue at the same rate as in the past.

A1.18   To try to get a realistic view about how employment rates might change in the future an analysis of a national economic forecast (from Experian) and also the national (2012-based) population projections has been undertaken. Essentially the method used works on the basis that both the Experian forecasts and the population projections are correct and then models what level of change to employment rates would be required for both the population and the number of jobs to pan-out.

A1.19   Figure A1.7 show the projected changes to employment rates for males and females through this modelling. It can be seen that for many age groups there are expected to continue to be increases in the future but that these improvements reduce over time. The figures in the charts are for employment rates (rather than economic activity as shown above) with the past trends being plotted in line with economic activity trends but to a different baseline in 2011 (which is informed by Census data).
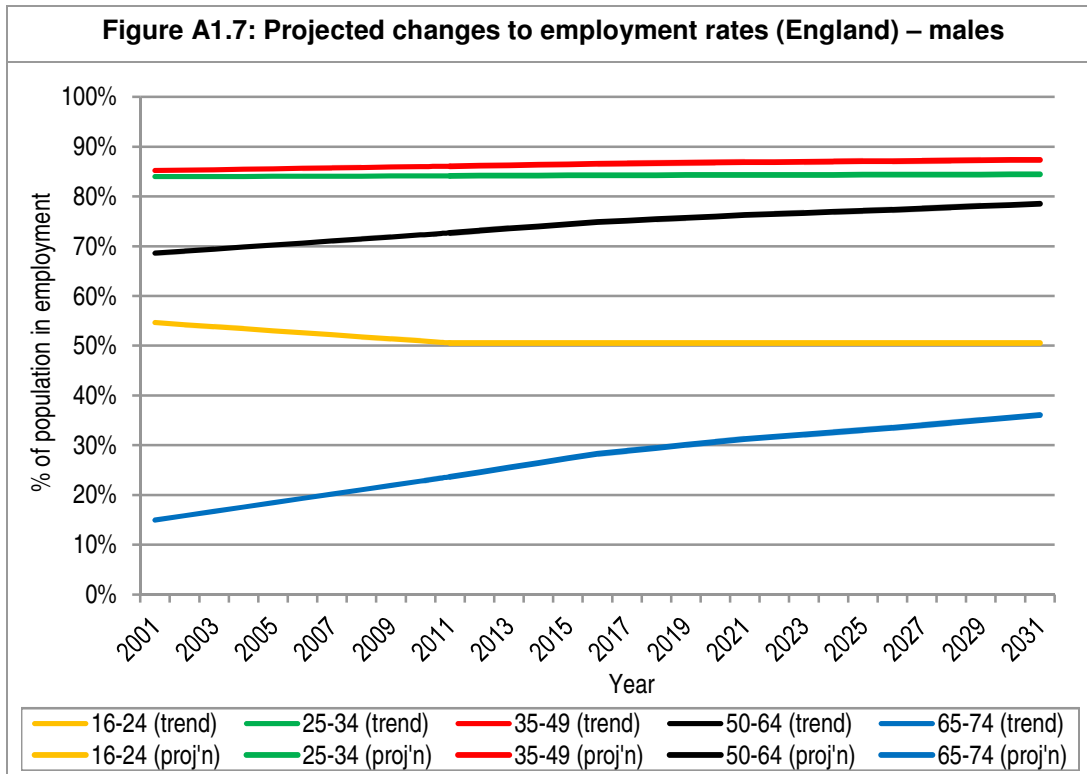
Figure A1.7: Projected changes to employment rates (England) – males

Source: Derived from Census, Experian and ONS national population projections

Figure A1.8: Projected changes to employment rates (England) – females
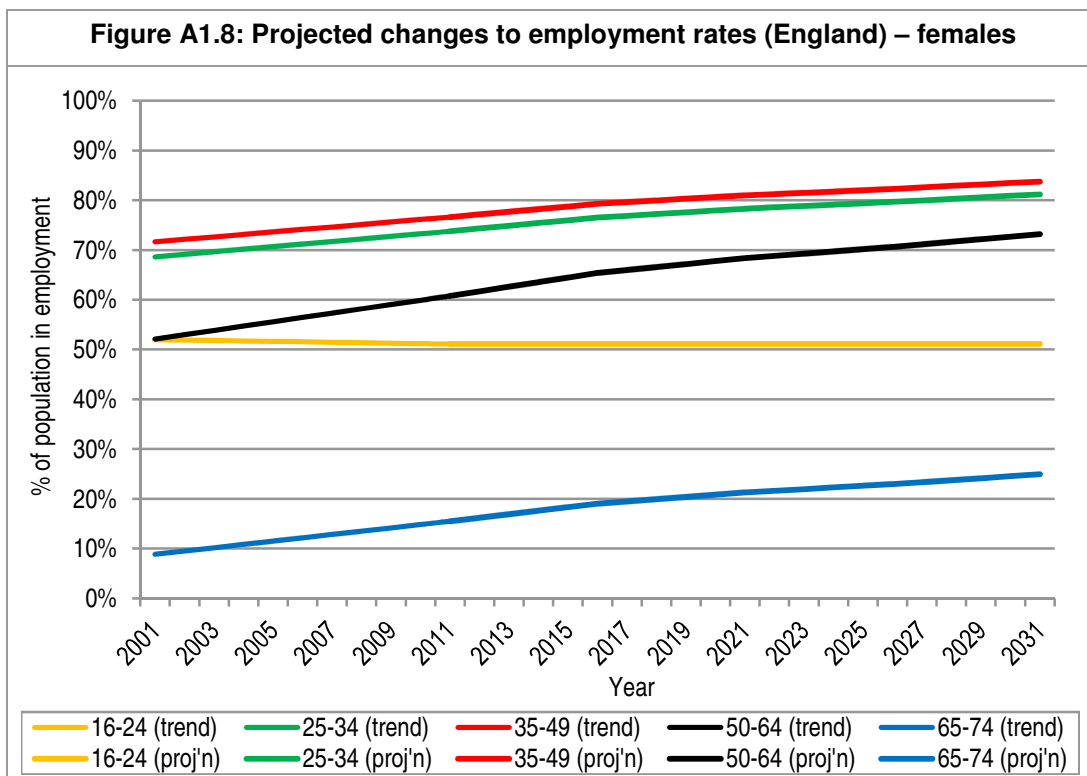
Source: Derived from Census, Experian and ONS national population projections

A1.20   At the local area level the derived national data has been applied – using the incremental changes year-on-year and applied to a baseline 2011 position. Figure A1.9 shows (for Sutton) that although actual employment rates in 2011 are different for some age/sex groups when compared with the national position the general trends seen over the past decade are quite similar. Hence is appears sound to use the national calculation for employment rates changes and apply this at the local level.

Figure A1.9: Past trends in economic activity rates – Sutton
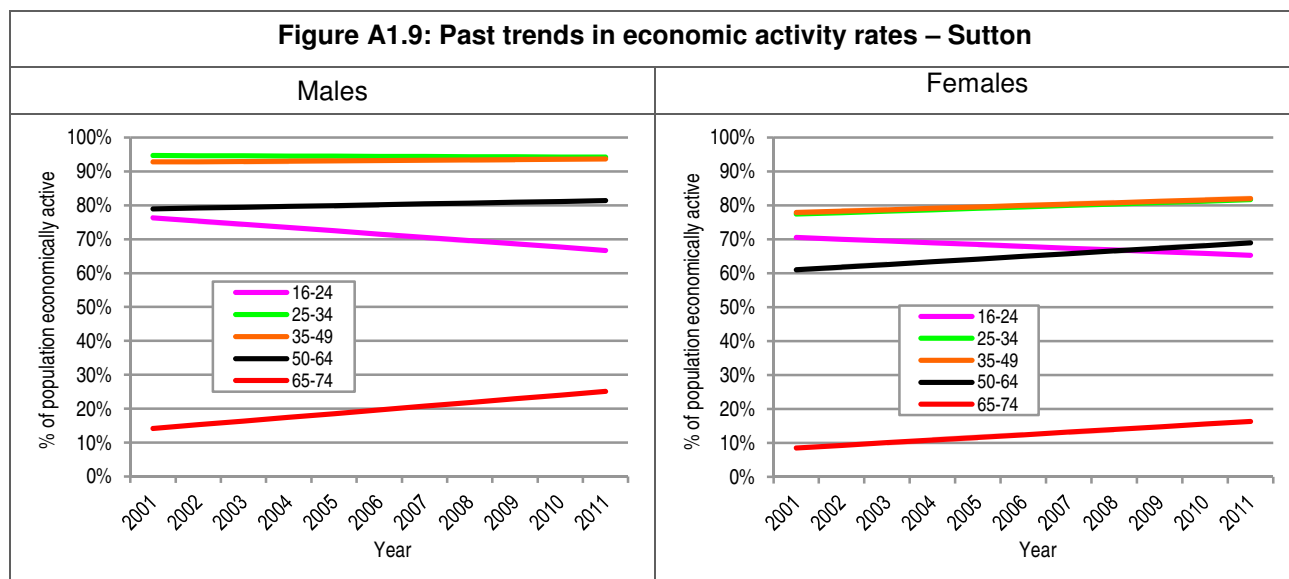
Source: Census (2001 and 2011)

A1.21   Figure A1.10 shows the employment rates used for modelling from 2013 to 2031. From the population modelling exercise it was estimated in mid-2013 that there were 102,200 people in employment with an employment rate for those aged 16-64 of 77.3% - due to the modelled improvement in rates this figure rises to 80.7% by 2031. Looking at the employment rate based on the population aged 16-74 sees a change from 71.8% to 74.5% whilst the rate calculated as a proportion of the total population aged 16 or over would only increase very slightly (from 65.4% to 65.7%).

Figure A1.10: Employment Rates by Age and Sex – Sutton						
Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2013	53.8%	89.2%	90.1%	79.2%	32.0%
	2031	53.8%	89.4%	91.0%	83.5%	41.1%
Female	2013	56.2%	79.1%	79.8%	69.9%	22.1%
	2031	56.2%	84.6%	85.0%	79.1%	29.1%

Source: Derived from a range of data sources (including Census, Experian and ONS national population projections)

Household (and Housing) Growth Projections

A1.22   Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. As noted in the main text our analysis of headship rates has identified a number of issues in relation to the DCLG 2011-based household projections.

A1.23   To develop household projections we have considered the headship rates contained within the 2008-based DCLG household projections which arguably cover a trend period where there were relatively few constraints on household formation and the trends look to be more plausible. The methodology starts with rates as in the 2011-based projections but then projects forward using a methodology which 'tracks' the figures in the 2008-based release.

A1.24   Figure A1.11 shows headship rates derived from the analysis for each of the key periods of 2013 and 2031. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (particularly in an upward direction).

Figure A1.11: Estimated Headship Rates by Age (2013 and 2031)		
Age group	2013	2031
Ages 15-24	12.2%	14.2%
Ages 25-34	44.1%	45.7%
Ages 35-44	55.6%	60.4%
Ages 45-54	59.0%	61.7%
Ages 55-64	60.9%	59.5%
Ages 65-74	63.1%	62.9%
Ages 75-84	74.0%	74.0%
Ages 85+	83.8%	85.3%

Source: Derived from DCLG 2011- and 2008-based household projections

A1.25   When applying these headship rates to the population an estimated number of households in 2013 of 80,677 is derived.

A1.26   In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. In Sutton, the 2011 Census recorded 1,768 unoccupied household spaces and 78,174 households (the number of vacant homes therefore being 2.3% above the number of households). This figure has therefore been used to reflect an uplift to households when calculating housing need – it is assumed that this figure will be reflective of what can be achieved in new housing stock and includes an allowance for second homes.

Detailed Projection Outputs

A1.27   This section provides detailed outputs of the modelling under each of the scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2013 to 2031 with outputs available for each year of the projection (although these have generally been summarised for 5 year periods). The projections run are summarised in Figure A1.12.

Figure A1.12: Description of Projections used for Demographic Modelling	
Projection	Description
PROJ 1	Demographic-based – linked to the latest (2012-based) SNPP with an adjustment to take account of Un-attributable Population Change (UPC). Headship rates based on tracking figures in the 2008-based DCLG household projections
PROJ 2	Jobs-led – linked to employment growth of about 6,700 jobs (2011-31) – this being the level of job growth expected in a GLA economic forecast. The household formation rates are as in PROJ 1

A1.28   For PROJ 2 (jobs-led) the projection has considered job growth from 2011 and has looked at changes to migration required for the growth in residents in employment to match the job forecast. It is important to note that the forecast showed a decline in jobs in the 2011-16 period – whilst this may be true it would be expected that such a change would be reflected in changing commuting patterns rather than very low growth in the resident working population. Such a change is not easily captured in the demographic projections and so an adjustment has been made to the population projections to look at overall job growth in the 20-year period (2011-31) rather than being phased in-line with the GLA forecasts. This has the impact of smoothing population growth which is a more realistic outcome. In addition, given that we have population data for 2013, the adjustments made are only from 2013 onwards – in effect the modelling has assumed no change in jobs in the 2011-13 period. Given that housing need is driven by demographic rather than jobs-led projections the additional assumptions needed to be made for the economic-based projection does not have any impact on the conclusions of the report.

Population Projections

A1.29   Figure A1.13 shows the expected growth in population under each of the scenarios. Under demographic-based assumptions (PROJ 1) the population is expected to increase by around 31,400 people over the 18-year period – this represents population growth of 16% or about 0.9% per annum. With housing delivery in line with projected job growth in the GLA forecast (PROJ 2) we see a somewhat lower level of population growth – 16,150 over the 2013-31 period (8%).

Figure A1.13: Population Estimates 2013 to 2031					
	2013	2016	2021	2026	2031
PROJ 1	195,914	201,591	211,482	220,246	227,345
(Demographic-based)	0.0%	2.9%	7.9%	12.4%	16.0%
PROJ 2 (Jobs-led –	195,914	199,492	205,420	209,746	212,064
GLA)	0.0%	1.8%	4.9%	7.1%	8.2%

Population Change Dynamics

A1.30   Figure A1.14 summarises the findings for key (5 year) age groups under PROJ 1 (Demographic-based). The largest growth will be in people aged 65 and over. In 2031 it is estimated that there will be 43,100 people aged 65 and over. This is an increase of 13,700 from 2013, representing growth of 46%. The population aged 85 and over is projected to increase by an even greater proportion, 72%. Looking at the other end of the age spectrum the data shows that there are projected to be around 13% more people aged under 15 with increases (and some decreases) shown for other age groups.

Figure A1.14: PROJ 1 (demographic-based) population change 2013 to 2031 by five year age bands				
Age group	Population 2013	Population 2031	Change in population	% change from 2013
Under 5	13,701	13,283	-418	-3.1%
5-9	12,313	14,049	1,736	14.1%
10-14	11,232	14,880	3,648	32.5%
15-19	11,729	13,953	2,224	19.0%
20-24	10,056	10,193	137	1.4%
25-29	12,940	11,671	-1,269	-9.8%
30-34	15,345	13,845	-1,500	-9.8%
35-39	14,773	15,916	1,143	7.7%
40-44	15,274	16,504	1,230	8.1%
45-49	15,800	16,582	782	4.9%
50-54	13,369	15,862	2,493	18.6%
55-59	10,696	14,091	3,395	31.7%
60-64	9,267	13,435	4,168	45.0%
65-69	9,123	12,119	2,996	32.8%
70-74	6,323	9,547	3,224	51.0%
75-79	5,521	7,482	1,961	35.5%
80-84	4,271	6,736	2,465	57.7%
85+	4,181	7,199	3,018	72.2%
Total	195,914	227,345	31,431	16.0%

Economic (Employment) Changes

A1.31   Figure A1.15 shows the estimated number of people living in Sutton who are working under each of the projections. The data shows under the demographic-based assumptions (PROJ 1) that the number of people working is projected to increase by 17,500 from 2013 to 2031 (a 17% increase). The projection linked to job growth trends in the GLA forecast (PROJ 2) shows a lower workforce increase of 8,600 over the 18-year period – up 9%).

Figure A1.15: Employment Estimates 2013 to 2031					
	2013	2016	2021	2026	2031
PROJ 1 (Demographic-based)	102,179	105,498	110,787	115,402	119,675
	0.0%	3.2%	8.4%	12.9%	17.1%
PROJ 2 (Jobs-led – GLA)	102,179	104,235	107,212	109,380	111,018
	0.0%	2.0%	4.9%	7.0%	8.7%

Household (and Housing) Growth

A1.32   Figure A1.16 shows the projected growth in the number of households under each of the scenarios. The demographic-based projection (PROJ 1) shows household growth of about 24% over the 18-year period (19,300 additional households). The GLA based employment projection (PROJ 2) shows a lower level of increase; under this forecast the level of household growth would be 17% - this is 13,400 additional households.

Figure A1.16: Household Estimates 2013 to 2031					
	2013	2016	2021	2026	2031
PROJ 1 (Demographic-based)	80,677	84,012	89,734	95,021	100,005
	0.0%	4.1%	11.2%	17.8%	24.0%
PROJ 2 (Jobs-led – GLA)	80,677	83,250	87,449	91,019	94,090
	0.0%	3.2%	8.4%	12.8%	16.6%

A1.33   The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of 2.3% has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in Figure A1.17.

Figure A1.17: Estimated housing numbers with vacancy allowance (to 2031)			
Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 18-years
PROJ 1 (Demographic-based)	1,074	1,098	19,765
PROJ 2 (Jobs-led – GLA)	735	751	13,518

APPENDIX B: Additional Data Tables

Tenure of older person households – Sutton						
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Other	TOTAL
Single pensioner	5,930	508	2,180	432	153	9,203
2 or more pensioners	4,356	322	378	110	27	5,193
All pensioner only	10,286	830	2,558	542	180	14,396
All other households	12,071	30,576	8,864	11,887	380	63,778
All households	22,357	31,406	11,422	12,429	560	78,174

Source: DC4101EW

Occupancy rating of older person households – Sutton					
	+2 or more	+1	0	-1 or less	TOTAL
Single pensioner	3,802	2,962	2,439	0	9,203
2 or more pensioners	3,561	1,135	283	2	4,981
All pensioner only	7,363	4,097	2,722	2	14,184
All other households	14,434	22,198	23,230	4,128	63,990
All households	21,797	26,295	25,952	4,130	78,174

Source: DC4105EWla (note data for 2 or more pensioners excludes 'other' all pensioner households)

Population with LTHPD in each Age Band						
	Sutton		London		England	
	Number with LTHPD	Total population	Number with LTHPD	Total population	Number with LTHPD	Total population
Age 0 to 15	1,291	37,979	55,440	1,623,270	372,138	9,982,575
Age 16 to 24	1,046	19,613	44,068	966,197	305,761	5,901,807
Age 25 to 34	1,407	27,390	77,037	1,618,147	446,876	7,074,052
Age 35 to 49	4,078	44,893	206,816	1,820,829	1,317,350	11,243,681
Age 50 to 64	5,771	32,515	277,607	1,168,621	2,196,897	9,514,808
Age 65 to 74	4,561	13,669	185,608	468,537	1,746,642	4,513,946
Age 75 to 84	5,077	9,177	180,833	299,792	1,723,800	2,831,815
Age 85 and over	2,727	3,459	87,893	108,307	827,490	997,247
All ages	25,958	188,695	1,115,302	8,073,700	8,936,954	52,059,931

Source: DC3302EW (note data for household population only)

Tenure of people with LTHPD – Sutton					
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented & other	TOTAL
People with LTHPD	11,064	5,983	6,376	2,535	25,958
People without LTHPD	32,478	83,878	18,917	27,464	162,737
All people in households	43,542	89,861	25,293	29,999	188,695

Source: DC3408EW (note data for household population only)

Population age profile (2011)							
	White: British/ Irish	White: Other	Mixed	Asian	Black	Other	All groups
Under 15	22,942	1,687	3,119	5,095	2,296	379	35,518
15-29	24,726	2,392	1,825	4,001	1,797	588	35,329
30-44	28,588	4,512	1,219	6,864	2,537	733	44,453
45-59	29,088	1,571	619	3,691	1,833	445	37,247
60-74	20,478	844	268	1,826	521	214	24,151
75 and over	12,251	370	84	558	136	49	13,448
TOTAL	138,073	11,376	7,134	22,035	9,120	2,408	190,146

Source: DC2101EW

Tenure by ethnic group – Sutton						
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Other	TOTAL
White (British/Irish)	19,672	23,848	9,224	6,525	915	60,184
White (Other)	727	1,669	377	1,749	76	4,598
Mixed	227	640	417	440	62	1,786
Asian	1,314	3,396	443	1,775	198	7,126
Black	271	1,508	799	887	48	3,513
Other	146	345	162	295	19	967
TOTAL	22,357	31,406	11,422	11,671	1,318	78,174

Source: DC4201EW

Occupancy rating by ethnic group – Sutton					
	+2 or more	+1	0	-1 or less	TOTAL
White (British/Irish)	18,396	20,721	18,805	2,262	60,184
White (Other)	849	1,390	1,893	466	4,598
Mixed	303	575	781	127	1,786
Asian	1,567	2,303	2,481	775	7,126
Black	522	1,020	1,555	416	3,513
Other	160	286	437	84	967
TOTAL	21,797	26,295	25,952	4,130	78,174

Source: DC4206EW

Tenure of households with dependent children – Sutton						
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Other	TOTAL
Married couple	1,195	10,106	1,001	2,048	51	14,401
Cohabiting couple	142	1,667	592	670	10	3,081
Lone parent	308	1,548	2,165	1,504	34	5,559
Other households	333	1,236	289	453	11	2,322
All other households (no dependent children)	20,379	16,849	7,375	7,754	454	52,811
All households	22,357	31,406	11,422	12,429	560	78,174
All households with dependent children	1,978	14,557	4,047	4,675	106	25,363

Source: DC4101EW

Occupancy rating and households with dependent children					
	+2 or more	+1	0	-1 or less	TOTAL
Married couple	2,507	5,523	5,302	1,069	14,401
Cohabiting couple	235	957	1,565	324	3,081
Lone parent	275	1,207	3,276	801	5,559
Other households	147	429	868	878	2,322
All other households (no dependent children)	18,633	18,179	14,941	1,058	52,811
All households	21,797	26,295	25,952	4,130	78,174
All households with dependent children	3,164	8,116	11,011	3,072	25,363

Source: DC4105EWla

Tenure by age of HRP – Sutton						
	Owner-occupied (no mortgage)	Owner-occupied (with mortgage)	Social rented	Private rented	Other	TOTAL
Age 24 and under	61	221	676	754	101	1,813
Age 25 to 34	491	5,048	1,671	4,139	358	11,707
Age 35 to 49	2,034	15,590	3,566	4,661	351	26,202
Age 50 to 64	6,937	9,149	2,448	1,538	231	20,303
Age 65 to 74	5,811	888	1,328	345	101	8,473
Age 75 to 84	4,933	370	1,154	157	105	6,719
Age 85 and over	2,090	140	579	77	71	2,957
All households	22,357	31,406	11,422	11,671	1,318	78,174

Source: DC4201EW

Economic activity by age – Sutton						
	Working	Un-employed	Student	Retired	Other	TOTAL
Age 16 to 19	3,070	1,126	4,582	5	234	9,017
Age 20 to 21	2,448	436	529	0	289	3,702
Age 22 to 24	5,295	609	438	7	606	6,955
Age 25 to 29	10,840	718	316	7	1,304	13,185
Age 30 to 34	11,955	598	203	4	1,543	14,303
Age 35 to 39	12,169	639	138	10	1,781	14,737
Age 40 to 44	12,874	642	100	17	1,780	15,413
Age 45 to 49	12,688	525	62	49	1,604	14,928
Age 50 to 54	10,305	432	31	186	1,320	12,274
Age 55 to 59	7,725	327	23	691	1,279	10,045
Age 60 to 64	5,543	217	10	3,904	692	10,366
Age 65 and over	3,295	77	47	22,878	936	27,233
All aged 16 and over	98,207	6,346	6,479	27,758	13,368	152,158

Source: DC6107EW

Median Pre-Recession House Prices					
Year	Quarter	Sutton	Outer London	London	England
1998	Q1	£ 81,250	£ 85,000	£ 90,000	£ 63,000
	Q2	£ 83,950	£ 90,000	£ 98,000	£ 66,000
	Q3	£ 85,725	£ 92,000	£ 100,000	£ 68,000
	Q4	£ 88,000	£ 91,500	£ 98,000	£ 67,000
1999	Q1	£ 90,000	£ 94,500	£ 104,000	£ 67,750
	Q2	£ 95,000	£ 103,000	£ 115,000	£ 72,000
	Q3	£ 97,700	£ 110,000	£ 124,000	£ 76,500
	Q4	£ 104,500	£ 114,950	£ 125,000	£ 77,000
2000	Q1	£ 107,950	£ 118,000	£ 130,000	£ 78,000
	Q2	£ 120,000	£ 126,500	£ 140,000	£ 82,000
	Q3	£ 120,000	£ 129,570	£ 141,225	£ 83,950
	Q4	£ 125,000	£ 128,000	£ 141,000	£ 84,000
2001	Q1	£ 120,000	£ 130,000	£ 144,500	£ 85,000
	Q2	£ 127,500	£ 138,000	£ 153,250	£ 91,000
	Q3	£ 136,000	£ 147,000	£ 160,000	£ 95,500
	Q4	£ 139,950	£ 145,500	£ 157,500	£ 95,000
2002	Q1	£ 137,500	£ 150,000	£ 161,500	£ 97,000
	Q2	£ 155,000	£ 163,250	£ 179,000	£ 110,000
	Q3	£ 161,250	£ 175,995	£ 189,950	£ 120,000
	Q4	£ 165,000	£ 180,000	£ 190,000	£ 122,500
2003	Q1	£ 172,500	£ 182,000	£ 190,000	£ 123,500
	Q2	£ 178,000	£ 186,000	£ 197,000	£ 127,500
	Q3	£ 173,750	£ 194,500	£ 205,000	£ 135,000
	Q4	£ 178,000	£ 196,000	£ 207,000	£ 139,995
2004	Q1	£ 169,950	£ 196,000	£ 208,000	£ 141,000
	Q2	£ 186,000	£ 210,000	£ 220,000	£ 150,000
	Q3	£ 195,000	£ 216,000	£ 229,000	£ 159,950
	Q4	£ 194,825	£ 215,000	£ 225,000	£ 157,000
2005	Q1	£ 197,000	£ 211,000	£ 225,000	£ 155,000
	Q2	£ 198,000	£ 217,500	£ 230,000	£ 157,000
	Q3	£ 206,600	£ 220,000	£ 235,000	£ 162,000
	Q4	£ 200,000	£ 220,000	£ 230,000	£ 161,452
2006	Q1	£ 205,000	£ 220,000	£ 235,000	£ 160,000
	Q2	£ 211,000	£ 228,000	£ 243,000	£ 165,000
	Q3	£ 210,000	£ 235,500	£ 249,950	£ 173,500
	Q4	£ 216,500	£ 235,000	£ 249,500	£ 172,000
2007	Q1	£ 219,950	£ 238,000	£ 250,000	£ 170,000
	Q2	£ 229,000	£ 245,000	£ 260,000	£ 176,000
	Q3	£ 240,000	£ 250,000	£ 275,000	£ 184,000
	Q4	£ 246,973	£ 250,000	£ 270,000	£ 180,000

Source: DCLG, 2014

		Sutton	Outer London	London	England
Median Pre-Recession House Prices					
2008	Q1	£ 240,000	£ 249,950	£ 263,500	£ 175,000
	Q2	£ 242,500	£ 249,995	£ 270,000	£ 176,000
	Q3	£ 222,500	£ 249,950	£ 264,775	£ 175,000
	Q4	£ 211,250	£ 234,995	£ 249,999	£ 165,000
2009	Q1	£ 208,000	£ 225,000	£ 248,000	£ 159,000
	Q2	£ 214,850	£ 230,000	£ 250,000	£ 165,000
	Q3	£ 219,975	£ 242,000	£ 270,000	£ 175,000
	Q4	£ 206,500	£ 240,000	£ 265,000	£ 174,000
2010	Q1	£ 231,500	£ 249,995	£ 280,000	£ 185,000
	Q2	£ 234,950	£ 250,000	£ 283,000	£ 182,500
	Q3	£ 235,000	£ 260,000	£ 300,000	£ 190,000
	Q4	£ 243,750	£ 250,000	£ 287,500	£ 182,000
2011	Q1	£ 226,000	£ 250,000	£ 288,000	£ 175,000
	Q2	£ 230,000	£ 250,000	£ 290,000	£ 177,000
	Q3	£ 235,000	£ 265,000	£ 305,000	£ 184,000
	Q4	£ 239,250	£ 250,000	£ 287,500	£ 179,950
2012	Q1	£ 230,000	£ 249,950	£ 273,000	£ 178,000
	Q2	£ 240,000	£ 274,725	£ 315,000	£ 182,000
	Q3	£ 245,750	£ 275,000	£ 315,000	£ 190,000
	Q4	£ 247,000	£ 269,950	£ 305,000	£ 184,999
2013	Q1	£ 245,000	£ 265,000	£ 300,000	£ 180,000
	Q2	£ 250,000	£ 275,000	£ 319,950	£ 184,000
	Q3	£ 250,000	£ 285,000	£ 335,000	
	Q4	£ 249,999	£ 285,000	£ 330,000	
2014	Q1	£ 257,475	£ 293,500	£ 340,000	
	Q2	£ 280,000	£ 320,000	£ 370,000	

Source: DCLG, 2014

APPENDIX C: List of Abbreviations

- AMR – Annual Monitoring Report
- ASHE- Annual Survey of Hours and Earnings
- BME – Black Minority Ethnic.
- BRMA- Broad Rental Market Area
- BRES - Business Register and Employment Survey
- CAGR - Compound Annual Growth Rates
- CCHPR - Cambridge Centre for Housing & Planning Research
- CIL - Community Infrastructure Levy
- CORE- Continuous Recording of lettings and sales of social housing
- CURDs - Centre for Urban and Regional Development Studies
- DCLG- Communities and Local Government
- DWP- Department for Work and Pensions
- EHS - English Housing Survey
- ELR – Employment Land Review
- FTB – First Time Buyer
- GLH – GL Hearn
- HCA – Homes and Communities Agency
- HMA – Housing Market Area
- HMLR – Her Majesty's Land Registry
- HMO- Housing in Multiple Occupation
- HRP – Household Reference Person
- ILO- International Labour Organisation
- JGC – Justin Gardner Consultancy
- LDF – Local Development Frameworks
- LEP- Local Economic Partnership
- LFS- Labour Force Survey
- LHA- Local Housing Allowance
- LIN – Learning and Improvement Network
- LPA - Local Planning Authorities
- LTHPD - Long-Term Health Problem or Disability
- MOD – Ministry of Defence
- MYE – Mid Year Estimate
- NOMIS - National Online Manpower Information System
- NPPF- National Planning Policy Framework
- OAN – Objectively Assessed Need
- ONS- Office for National Statistics
- P.A. – Per Annum
- PAS – Planning Advisory Service
- PCM – Per Calendar Month
- POPPI - Projecting Older People Population Information
- PPG – Planning Practice Guidance

- PRS – Private Rental Sector
- PTAL – Public Transport Accessibility Rating
- REM - Regional Econometric Model
- SHLAA - Strategic Housing Land Availability Assessment
- SHMA - Strategic Housing Market Assessment
- SNPP – Sub National Population Projections
- TTWA – Travel to Work Area
- VOA - Valuation Office Agency