

Waverley & West Surrey Strategic Housing Market Assessment

Waverley Borough Council

Appendices

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APPENDIX A – DEFINING THE HOUSING MARKET AREA

1.1 The National Planning Policy Framework (NPPF) makes clear that in planning for housing provision, it is important to consider housing needs and dynamics across a housing market area, with each area seeking to meet needs within it where possible. The draft planning practice guidance similarly highlights that needs should be assessed across the relevant functional area. The first question is therefore, what housing market(s) cover Waverley as a borough.

Approach to Defining Housing Market Areas

1.2 The draft planning guidance defines a housing market area as a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

1.3 The guidance indicates that local planning authorities can use a combination of approaches to identify relevant housing market areas, recognising that there is no single comprehensive source of information. The guidance suggests three primary information sources:

- Patterns of house prices and rates of change in house prices, which provides a 'market based' reflection of housing market boundaries
- Population and household migration flows, which reflect the preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the spatial structure of the labour market and the functional relationships between places where people work and live.

1.4 The Government Guidance made it clear that these sources of information can reflect different aspects of household behaviour and that there is therefore no 'right or wrong' set to use in identifying housing markets; the focus is on considering what is appropriate in a local context. It also makes clear that markets are *dynamic* and can thus change over time; and that there can be some overlap between market areas.

Existing Research to Define Housing Market Areas

1.5 Existing national and regional research provides a useful starting point to guide the identification of housing markets. There has been a considerable body of technical work and analysis undertaken to define HMAs across the country, adopting a range of different technical approaches, which to some extent have reflected the different spatial characteristics of housing markets in different areas; but more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

National Research

1.6 In 2010, the CLG published national level research on *the Geography of Housing Market Areas* which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics, and standardised house prices. This was brought together to define housing markets across England, 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.

1.7 We consider that this is a good starting point for considering functional housing market areas, not least as it provides a standardised analysis at a national level.

1.8 The two-tier structure (strategic/local) in the CLG research (which is mapped and analysed) is useful at disaggregating strategic housing market areas which are generally for modelling of issues such as affordability; whilst the more local housing market areas are of greater relevance in considering issues relating to local market dynamics and supply-demand balance. However, the practicalities of using each must be considered depending on location, particularly in more urban areas.

Strategic Housing Market Areas

1.9 The CLG research defines Waverley as falling within the London Strategic Housing Market Area. This HMA covers the entire London area (i.e. all London boroughs) as well as significant parts of the surrounding counties of Essex, Kent, Surrey and Hertfordshire.

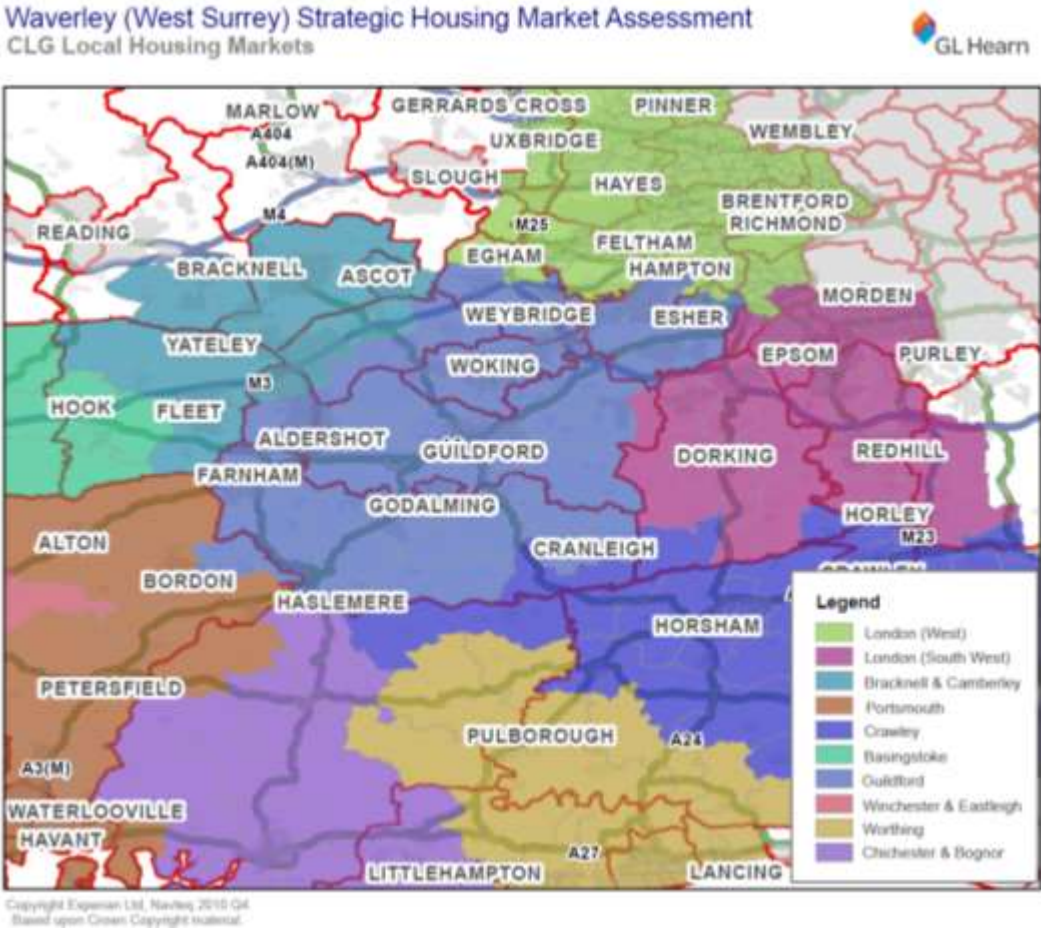
1.10 In plan-making terms this is clearly too large an area to sensibly approach an assessment of housing need and demand for a variety of reasons, not least the difficulty in coordinating research and policy development at this level in the absence of formal mechanisms to do so. However, it does provide an important and clear demonstration of the influence of London on market behaviours and movement patterns throughout much of the South East, including on Waverley and other authorities in West Surrey.

1.11 Two other SHMAs are also defined in close proximity to Waverley. The Reading SHMA covers large parts of Berkshire and the Portsmouth SHMA which covers the eastern part of South Hampshire.

Local Housing Market Areas

1.12 Within these strategic HMAs, the CLG study also defined a number of local housing market areas (LHMAs). Those around the Waverley area have been mapped in Figure 1 below. It should be noted that these are based on 2001 Census analysis (which is now somewhat dated) however 2011 Census origin/destination statistics are unlikely to be available until 2014 to allow this local-level analysis to be updated.

Figure 1: CLG-defined Local Housing Market Areas



1.13 The most relevant CLG defined local HMAs to the study, both in relation to Waverley as a borough, and more generally within West Surrey is the Guildford LHMA. This HMA covers all of Woking and Guildford as well as the vast majority of Waverley and Elmbridge. The Guildford LHMA also covers parts of Surrey Heath, East Hampshire and Runnymede.

1.14 Only one ward in Waverley falls outside of the Guildford LHMA falling instead within the Crawley LHMA which lies to the south. The Crawley LHMA is focussed particularly on the districts of

Crawley, Horsham, Mix Sussex and parts of Wealden and is more related to the other south coast markets than London which is the case with Waverley and Surrey generally.

Single Tier Housing Market Areas

1.15 The CLG research also takes forward 'best fit' groupings of whole authorities to a series of single tier authorities. In this regard, Waverley is defined within the Guildford & Basingstoke HMA alongside the following authorities:

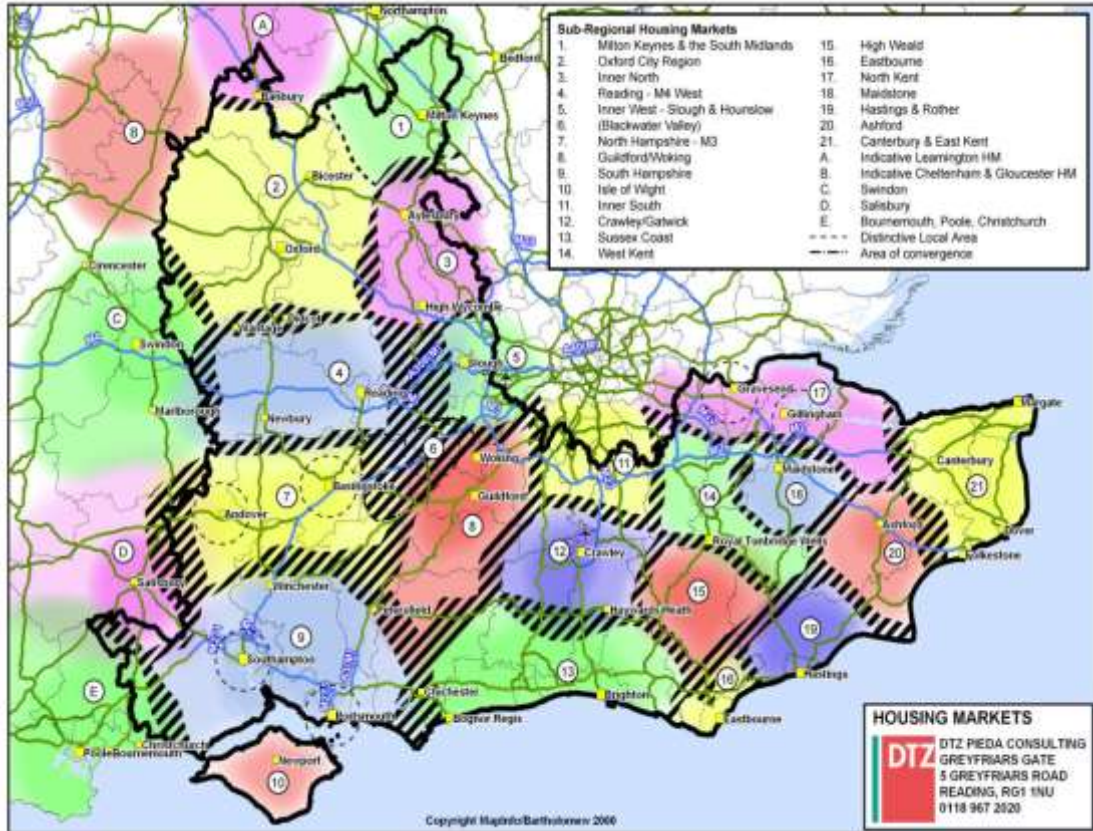
- Guildford
- Woking
- Surrey Heath
- Runnymede
- Rushmoor
- East Hampshire
- Hart
- Basingstoke & Deane

1.16 This is considered in the CLG research to be inferior to the two-tier definition.

Regional Research

1.17 A regional study was undertaken by DTZ for the South East Regional Assembly and Homes and Communities Agency in 2004 to define housing market areas across the South East: these were subsequently incorporated into the South East Plan. The DTZ study identified a total of 21 housing markets across the South East and these were consulted on by local authorities and other stakeholders. Two key housing markets within the Surrey area were identified which are set out below:

Figure 2: Housing Market Areas in the South East (DTZ/SEERA)



- **Inner South** – covering parts of North West Surrey including Epsom and Ewell and the majority of the districts of Tandridge, Reigate and Banstead and Mole Valley. The strong overlap with London is particularly apparent for this market area.
- **Guildford/Woking** – covering the majority of authorities in West Surrey including Waverley, Guildford, Woking, Surrey Heath, Runnymede and Elmbridge but also influencing further south into East Hampshire.
- **Crawley** – predominantly covering northern West Sussex (i.e. Crawley, Mid Sussex and Horsham) but also influencing the southern parts of Reigate and Banstead, Mole Valley and Tandridge and to a lesser extent the eastern parts of Waverley.

1.18 The DTZ work also usefully identifies areas of convergence and overlap, recognising that whilst certain groupings of authorities share the strongest relationships, functional interactions also exist with peripheral areas. Both of the Surrey HMAs identified by DTZ are shown to have overlap with London (as would be expected), particularly so for the Inner South HMA. The Guildford/Woking HMA is notable for considerable areas of convergence with a number of other market areas in

South Hampshire, Blackwater Valley, North Hampshire and even into the London Inner West market, demonstrating the complex relationships in the West Surrey/Hampshire area.

Summary of Existing Research

- 1.19 The national and regional research undoubtedly present a somewhat unclear picture on the relevant housing market with a number of potential market areas and overlaps at play. However, there is some consistency in that both identify a Guildford focussed market which operates across West Surrey, albeit with some overlap into Hampshire and Berkshire.
- 1.20 Existing research on housing markets does however support the identification of a 'best fit' of local authority boundaries to functional housing market areas for practical reasons. We would support this, not least because a good deal of the data needed to support development of an SHMA is principally available at a local authority level, with more local level data 'patchy.'

Analysing House Prices and House Price Trends

- 1.21 As the guidance suggests, house price patterns and trends can be a useful indicator of demand dynamics and pricing levels in different areas. This kind of market approach has some merit – clearly for areas or authorities to be serving the same market area, there must be some broad comparability and relationship between house prices.
- 1.22 To begin with, we consider median house prices at local authority level. This provides us with an initial high level indication of areas with comparable or diverging house prices. We have considered prices for all those authorities defined in the CLG study as falling within the same 'single tier' HMA as Waverley.

Table 1: Changes in Median House Prices, Local Authorities 2007-12

	Median House Price (2012)	Change (2007-2012)
Waverley	£360,000	16%
Woking	£282,000	13%
Guildford	£320,000	8%
Surrey Heath	£307,000	10%
Rushmoor	£207,500	4%
Runnymede	£250,000	-10%
East Hampshire	£263,500	-3%
Hart	£310,000	9%
Basingstoke & Deane	£228,000	2%

Source: HM Land Registry/ CLG

- 1.23 This high level analysis highlights some important dynamics. We can see that median house prices in Waverley are somewhat above all other areas but are most closely aligned with those in Guildford (and to a lesser extent Hart and Surrey Heath).
- 1.24 Recent house price performance in Waverley has also been stronger than surrounding areas with Woking and Surrey Heath comparing most closely. There is quite notable divergence in recent house price trends between Waverley and many of the districts outside of Surrey which have performed comparatively weakly (particularly East Hampshire), suggesting the profile of demand is perhaps not as strong or resilient in these areas. In market terms, this evidence tends to suggest stronger relationships between Waverley and its Surrey neighbours (e.g. Guildford, Woking, Surrey Heath) although also with Hart. The price differences shown in this analysis are in part influenced by differences in the housing mix.

1.25 We have also considered a more fine grained analysis of prices looking at individual settlements:

Table 2: Changes in House Prices at Settlement Level, 2009-2013

		Average House Price	Change (past 4 years)
Waverley	Farnham	£425,390	12.9%
	Haslemere	£459,170	8.7%
	Cranleigh	£393,740	14.2%
	Godalming	£423,880	10.4%
Woking	Knaphill	£278,070	12.3%
	Old Woking	£279,200	12.3%
	Horsell	£362,960	12.5%
	Byfleet	£272,200	6.7%
Guildford	East Horsley	£850,890	14.4%
	Guildford	£409,600	12.2%
	Send	£492,760	12.3%
	Shalford	£422,350	7.9%
	Ash	£229,330	5.2%
Elmbridge	Cobham	£900,400	11.5%
	Walton on Thames	£457,400	13.5%
	Claygate	£642,600	19.9%
	Thames Ditton	£549,750	16.3%
Surrey Heath	Camberley	£316,280	11.9%
	Frimley	£301,690	10.9%
	Bagshot	£293,700	10.6%
Rushmoor	Aldershot	£212,300	8.8%
	Farnborough	£223,170	9.0%
Runnymede	Chertsey	£298,370	7.2%
	Egham	£332,690	8.0%
	Addlestone	£293,900	14.2%
East Hampshire	Alton	£347,650	9.1%
	Bordon	£263,500	2.4%
	Liphook	£363,940	5.0%
	Horndean	£225,630	10.5%
Hart	Fleet	£348,200	10.7%
	Hook	£364,600	8.0%
	Blackwater	£275,280	11.9%
	Yateley	£278,740	8.5%

Source: Zoopla Zed-Index

1.26 These settlement level dynamics – both in terms of average prices and price trends – continue to support reasonably strong market comparability between Guildford and Waverley as well as with some parts of Woking. We also see similarly strong price and trend correlation between Hart and Surrey Heath, suggesting similar market dynamics between these two areas. There is little evidence of market integration between Woking and Elmbridge but we can see some correlation between Woking and the more southern parts of Runnymede.

- 1.27 At a settlement level, we can still see performance across the Surrey boroughs has generally been stronger over the past 4 years than those outside. There is some identifiable 'market based' convergence between Waverley and some of the more northerly villages/settlements of East Hampshire in particular in terms of average price. There data shows limited comparability at settlement level between Waverley and Rushmoor, suggesting the two areas serve somewhat of a separate market, however, there is some localised price comparability between Rushmoor and the Ash area of Guildford.

Summary of Price and Price Trend Analysis

- 1.28 The analysis of current prices and price trends at both a local authority and settlement level both provide some market based indication of integration between the markets of Waverley and Guildford. In price growth terms, there is also some correlation between Waverley and Woking; however, this is stronger between some settlements than others.
- 1.29 The market based evidence also indicates quite strong integration between Surrey Heath and Hart, both in prices and growth, suggesting that these two areas share somewhat similar dynamics and demand characteristics. Price growth in Rushmoor is also correlated with these two authorities; however, its average prices are notably lower than any of the other authorities considered.
- 1.30 At borough level, the market integration between East Hampshire and Waverley is relatively weak; however, the settlement analysis shows some price comparability between Waverley and some of the more northern parts of East Hampshire such as Alton and Liphook (albeit growth has been weaker in these areas).

Analysing Migration Flows and Patterns

- 1.31 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. To test the definition of the housing market area, and to understand functional housing market inter-relationships across local authority boundaries, we have analysed ONS data on internal migration flows between relevant local authority areas over the period 2006 to 2011.
- 1.32 ONS internal migration statistics record flows between local authorities, based on information from NHS Patient Re- registrations. This typically shows larger flows between authorities which are close to or border one another and between cities and student towns around the country. The scale of flows is partly influenced by the population of the authorities, with for instance the expectation that two large urban/ metropolitan authorities would support stronger flows than two smaller ones.

1.33 Taking this into account, we have sought to standardise the analysis of flows to take account of the combined population of different authorities. The table below shows gross migration flows per annum between mid-2006 and mid-2011. The figures are also expressed per combined 1,000 population.

Table 3: Average combined migration flows (2006-11)

Authority 1	Authority 2	Gross Flow per Annum	Combined Population ('000s)	Flow per 1,000
Waverley	Guildford	2,020	261.6	7.72
Rushmoor	Hart	1,150	187.8	6.12
Runnymede	Spelthorne	970	178.9	5.42
Surrey Heath	Rushmoor	890	181.5	4.90
Woking	Runnymede	880	181.6	4.85
East Hampshire	Havant	1,100	237.7	4.63
Guildford	Woking	1,080	239.1	4.52
Waverley	East Hampshire	1,030	238.3	4.32
Guildford	Rushmoor	1,000	234.6	4.26
Woking	Surrey Heath	680	186.0	3.66
Waverley	Rushmoor	750	216.8	3.46
Runnymede	Elmbridge	710	213.7	3.32
East Hampshire	Winchester	690	234.1	2.95
Surrey Heath	Hart	500	179.5	2.79
Waverley	Chichester	640	236.4	2.71
East Hampshire	Chichester	620	230.9	2.69
Woking	Elmbridge	560	230.9	2.43
Guildford	Surrey Heath	490	226.3	2.17
Guildford	Elmbridge	500	271.2	1.84
East Hampshire	Portsmouth	590	323.2	1.83
Waverley	Hart	370	214.8	1.72
Guildford	East Hampshire	330	256.1	1.29

1.34 The analysis undoubtedly confirms a complex set of interactions and flows between authorities in West Surrey and Hampshire. However, there are a number of pertinent migration patterns and relationships.

1.35 Strategically, the strength of the relationship between Waverley and Guildford is clear with over 2,000 gross flows per annum (equivalent to 7.72 per 1,000 population). Waverley's next strongest migration relationship is with East Hampshire with just over 1,000 gross flows per annum (4.32 per 1,000 population).

1.36 Whilst this relationship is clearly significant; East Hampshire also shares notable relationships with a number of other authorities in Hampshire and along the south coast (e.g. Havant, Winchester, Chichester), suggesting that in a large part, East Hampshire also faces towards the south coast in market terms.

- 1.37 Along with Waverley, Guildford also shares strong migration links with Woking with annual flows of around 4.5 per 1,000 population as well as a notable relationship with Rushmoor (4.3 flows per 1,000 population). However, Rushmoor's strongest migration flows are with Hart (6.1 per 1,000) and Surrey Heath (4.90 per 1,000) suggesting that whilst there is overlap with Guildford (and to a lesser extent Waverley), the focus of its relationships are to authorities on its northern/western side.
- 1.38 Relationships between Waverley and authorities further west into Hampshire (i.e. Hart) are relatively weak, as are those shared with authorities in the more northerly reaches of Surrey (e.g. Elmbridge and Runnymede). Woking has a notably strong relationship with Runnymede in migration terms but Runnymede relates most strongly to Spelthorne and also has a strong migration dynamic with London (particularly Hounslow, Ealing and Richmond) which is somewhat distinct from authorities such as Woking and Guildford.
- 1.39 As the table below demonstrates, most of the authorities within the West Surrey area share strong migration relationships with London. Guildford, Waverley and Woking all share significant gross annual flows with London boroughs; however, migration dynamics with London are even stronger for authorities in north west Surrey, particularly Elmbridge (gross flows of more than 5,600 per annum with net flows into Elmbridge of more than 2,000 annually) but also Spelthorne which has a strong net relationship with London (1,450 net into Spelthorne per annum). The evidence also shows that the migration influences of London on Hampshire authorities are not as significant, highlighting the issue of the Surrey commuter belt.

Table 4: Relationship with London Boroughs – Annual Migration Flows (2006-2011)

	To London	From London	Gross	Net
Waverley	990	1,680	2,670	690
Guildford	1,708	2,092	3,800	384
Woking	756	1,366	2,122	610
Elmbridge	1,828	3,842	5,670	2,014
Surrey Heath	496	776	1,272	280
Rushmoor	456	630	1,086	174
East Hampshire	460	684	1,144	224
Runnymede	1,172	1,640	2,812	468
Hart	402	592	994	190
Spelthorne	1,180	2,628	3,808	1,448

Summary of Migration Flow Analysis

- 1.40 Migration patterns clearly confirm the strength of the relationship between Guildford and Waverley with significant gross flows between the two authorities. In housing market terms, migration alone would suggest these two authorities are inseparable. Guildford does however share other notable relationships (particularly Woking and Rushmoor but to a lesser extent Elmbridge), suggesting to

some degree that the area is somewhat of a focal point for migration activity in the West Surrey area.

- 1.41 Whilst, the relationship between Waverley and East Hampshire is also important, with relatively high flows per 1,000 population, East Hampshire actually shares the majority of its migration relationships with other authorities in South Hampshire and along the south coast. In our view, East Hampshire's market is on the whole, more strongly integrated with South Hampshire, albeit there is likely to be some localised influence from Waverley and to a lesser extent Guildford on the more northern parts of the borough.
- 1.42 Relationships to the west are also complex. Whilst both Waverley and Guildford share notable migration flows with Rushmoor, it would appear that Rushmoor actually faces more in a westerly direction, particularly towards Hart and Surrey Heath with which it shares amongst the strongest commuting flows identified amongst the various authorities studies (6.1 and 4.9 flows per 1,000 respectively).

Analysing Commuting Patterns

- 1.43 Commuting flows provide important evidence of the functional relationships between various authorities. The guidance directs planning authorities to consider commuting flows as a source of contextual information about the spatial dynamics of the local labour market as these will somewhat influence search patterns and location choices within the housing market.

Travel to Work Areas

- 1.44 The first source to consider is the 2001 Travel to Work Areas (2001 census data analysed by ONS). Travel to work (TTWA) areas are the smallest areas that can be defined in which two thirds of the population live and work and are, therefore, useful in defining HMA areas. These provide a useful starting point as they offer national coverage and comparability; however, the data is somewhat outdated.
- 1.45 Waverley is covered by the Guildford and Aldershot 2001 TTWA which includes Aldershot, Farnham and Guildford.

Figure 3: ONS Travel to Work Areas



Source: ONS, 2001

Contemporary Commuting Flow Patterns

- 1.46 Commuting flows also provide important evidence of the functional and market relationships between various authorities. We have analysed commuting data from the 2010 and 2011 Annual Population Survey.
- 1.47 Particularly notable through this analysis again is the strong relationship between Waverley and Guildford with more than 90 gross flows per 1,000 working age people each day. Based on economic drivers, there is again a strong rationale for the two falling within the same market. However, we can see that Guildford actually has a relatively strong influence across a number of the authorities we have analysed, particularly Woking, Surrey Heath and Rushmoor; again suggesting that the borough is somewhat of a focal point for employment driven movements (perhaps unsurprising given its economic role).
- 1.48 However, as with the migration patterns, we can see that the focus of commuting flows for Rushmoor is towards Surrey Heath (79 flows per 1,000 working age population) and Hart (52 flows per 1,000 population) with its relationships to Waverley and Guildford still notable but clearly less of an influence.
- 1.49 Commuting flows demonstrate a similar pattern in terms of the interactions of East Hampshire with other authorities. Whilst we see notable flows between East Hampshire and Waverley (45.8 per 1,000 working age population) it shares stronger labour market interactions with Havant (53.5 per 1,000 working age population) as well as noteworthy flows with authorities across South Hampshire and the south coast (e.g. Portsmouth, Winchester, Chichester). This again tends to suggest that

interactions between East Hampshire and authorities in Surrey are likely to be more localised in nature, affecting mostly the northern parts of the borough whilst the remainder faces southwards (primarily). It is however reasonable to expect that the Hindhead Tunnel could influence commuting dynamics moving forwards.

- 1.50 Woking shares some functional commuting relationships with other districts in the northern reaches of Surrey (e.g. Runnymede and Spelthorne); however, it predominantly relates to Guildford (or wider to London) in terms of external travel to work flows.

Table 5: Combined commuting flows (2010 and 2011)

Authority 1	Authority 2	Combined Daily Flow	Working Age Population ('000s)	Flow per 1,000
Guildford	Waverley	14,930	164.9	90.5
Rushmoor	Surrey Heath	9,330	118.2	78.9
East Hampshire	Havant	7,710	144.1	53.5
Rushmoor	Hart	6,270	121.2	51.7
Waverley	East Hampshire	6,590	144	45.8
Guildford	Woking	5,940	155.7	38.2
Guildford	Surrey Heath	5,250	146.6	35.8
Guildford	Rushmoor	5,030	155.8	32.3
Waverley	Rushmoor	3,730	136.5	27.3
East Hampshire	Chichester	3,100	137.9	22.5
Woking	Runnymede	2,590	117.5	22.0
Woking	Spelthorne	2,660	125.2	21.2
Rushmoor	Basingstoke	3,570	173.8	20.5
East Hampshire	Winchester	2,930	144.2	20.3
East Hampshire	Portsmouth	4,060	220.9	18.4
Guildford	East Hampshire	2,920	163.3	17.9
Waverley	Horsham	2,320	153.2	15.1
Woking	Rushmoor	1,920	127.3	15.1
Elmbridge	Guildford	2,230	172.6	12.9
Waverley	Woking	1,350	136.4	9.9
Waverley	Surrey Heath	1,210	127.3	9.5

- 1.51 Across the Surrey authorities in particular the impact of London on commuting flows is strong with many of the London boroughs appearing amongst the top destinations for out commuting flows. This is dynamic is particularly strong amongst those in the most northern parts of Surrey (i.e. Elmbridge, Spelthorne and even Woking as noted above). Using data from the 2001 Census – which is the only full and consistent dataset currently available – the table below demonstrates the daily flows of residents from the various authorities into London. In particular, we can see that for Spelthorne and Elmbridge, approaching 40% of their respective working populations travel into London for work (with daily flows of 22,200 and 18,200 respectively). Runnymede, Guildford and Woking also share strong flows with London. As with the migration patterns, the influence of London on commuting flows for Hampshire authorities is less significant.

Table 6: Relationship with London Boroughs – Commuting Flows (2001)

Residence	Flows into London	Percentage of work flows
East Hampshire	2,882	5.3%
Elmbridge	22,217	38.0%
Guildford	8,216	12.3%
Hart	4,238	9.3%
Runnymede	8,566	22.0%
Rushmoor	3,282	6.6%
Spelthorne	18,152	38.8%
Surrey Heath	5,994	14.1%
Waverley	6,119	10.9%
Woking	8,122	17.6%

Self-containment

- 1.52 Across the authorities we have analysed the 2010 and 2011 commuting data to identify levels of self-containment. The table below sets out the levels of self-containment both workplace based (i.e. proportion of an area's workers who live in that area) and residence based (i.e. proportion of an area's residents who work in that area).
- 1.53 We can clearly see that many of the individual authorities display relatively low levels of self-containment, largely due to the impact of out-commuting of residents to London (particularly amongst the higher skilled residents).

	Residence	Workplace
Woking	48.2	56.5
Guildford	54.1	51.4
Waverley	56.4	55.5
East Hampshire	58.9	58
Rushmoor	43.5	48.5
Surrey Heath	40.3	39.9
Hart	39.5	51.9
Runnymede	35.4	48.9
Elmbridge	43.8	53

- 1.54 Of all of the authorities, both Waverley and East Hampshire have amongst the highest levels of both resident and workplace self-containment. This is particularly surprising for Waverley given its demographics and proximity – and good access – to London. Guildford also has comparatively high self-containment, however; this is less surprising given its stronger economic role.
- 1.55 What is particularly notable is the very low levels of residence based self-containment in a number of authorities, which, when combined with the local flow information set out above, further demonstrates the “longer-range” influence which London exerts on labour market dynamics in this broad area.

Summary of Commuting Flow Analysis

- 1.56 Commuting flows indicate a relatively complex pattern of relationships across West Surrey and into Hampshire with labour markets within authorities seemingly integrating to different degrees at different spatial levels.
- 1.57 There is once again clear confirmation of the strong functional interactions between Waverley and Guildford with the two sharing the highest gross flows of the authorities studied. However, we also identify Guildford as the focus of other strong source/destination relationships with other authorities including Woking, Surrey Heath and Rushmoor.
- 1.58 From the commuting relationships we can again see a notable functional relationship between Waverley and East Hampshire. However, taken in the wider context, East Hampshire actually shares the majority of its commuting flows with South Hampshire and south coast authorities, suggesting that its labour market links with Waverley are likely to be very strong but only on a localised basis with the borough facing more south than it does north.
- 1.59 There is clearly some degree of commuting integration between Rushmoor and both Waverley and Guildford. However, whilst these relationships are important, the data also shows that Rushmoor has far stronger relationships (more than twice as strong) with both Surrey Heath and Hart.

Feedback on Housing Market Areas from Stakeholder Consultation

- 1.60 A stakeholder consultation was held on 15th August 2013 comprising two sessions; one for developers and one for Local Authorities. Some stakeholders in the developer session such as the Home Builder's Federation believed that a Waverley centric approach would be too complex and supported a Waverley, Guildford and Woking HMA.
- 1.61 The linkage between Waverley and Guildford has also been highlighted elsewhere in the stakeholder process, where it has been found that a number of settlements in Waverley are located in close proximity to and have good transport links to Guildford. In addition, both Guildford and Waverley share a somewhat similar relationship with London in respect of the city's influence on their commuting patterns.
- 1.62 In the Local Authorities' session, some believed that there are two sets of parallel HMAs. One HMA was believed to comprise Guildford, Woking and Waverley and the second HMA was believed to comprise Surrey Heath, Rushmoor and Hart. It was thought that these two HMA areas have strong links between them and overlapping of the HMA areas was a key point raised in both sessions (overlapping housing market areas is recognised in government guidance).

- 1.63 A number of stakeholders' recognised links between Waverley and Rushmoor and some believed that Rushmoor and East Hants should be considered for wider HMA.
- 1.64 Whilst some attendees in the developer's session felt that there are links between Waverley and Horsham and Chichester, this was not a view shared by the majority.
- 1.65 Some authorities questioned how practical it would be to include parts of authorities in a housing market area. For timescale purposes some authorities thought that Waverley should commence the SHMA by itself, but keep in touch with other authorities during the process. Indeed, stakeholders from the developers and local authorities sessions acknowledged that a practical and pragmatic approach to defining the housing market area should be taken, recognising issues with aligning plan preparation.

Drawing the HMA Analysis Together

Strategic Conclusions on the Housing Market Area

- 1.66 As the CLG guidance points out, there is no right or wrong way of defining a housing market area and many housing market areas overlap. In line with the guidance, we have analysed three key data sources: price trends and dynamics, commuting flows and migration patterns in order to define the extent of the relevant housing market area for Waverley.
- 1.67 There are clearly a complex set of relationships at play; however, data across all three primary sources clearly demonstrates significant integration between Waverley and Guildford. In both market-based and behavioural terms the relationship between these two authorities is by far the strongest of the authorities analysed. In our view, the triangulation of the sources strongly supports defining these two authorities within the same housing market area.
- 1.68 Having concluded thus, we then need to consider interactions with other authorities surrounding Waverley and Guildford to identify the extent of the housing market area. Guildford in particular shares relationships with a number of authorities and, in commuting terms in particular, appears to be a focal point for commuting activity. Relationships between Woking and Guildford in terms of both commuting and migration are also particularly significant and evidence of house price growth suggests that both areas have experienced similar market dynamics since the recession, with further evidence that particular settlements in the two areas have similar pricing patterns.
- 1.69 The relationship between Waverley and East Hampshire is complex. In both migration and commuting terms, these two authorities in isolation share relatively significant interactions. However, when considered in the wider context, the evidence on both fronts shows East Hampshire actually shares the majority of its flows with other authorities in South Hampshire and on the south coast

(most notably Havant, Winchester and Chichester). In our view, the East Hampshire market sits in an area of overlap between market areas; with commuting and migration flows both with the authorities to the north; and to the PUSH authorities south.

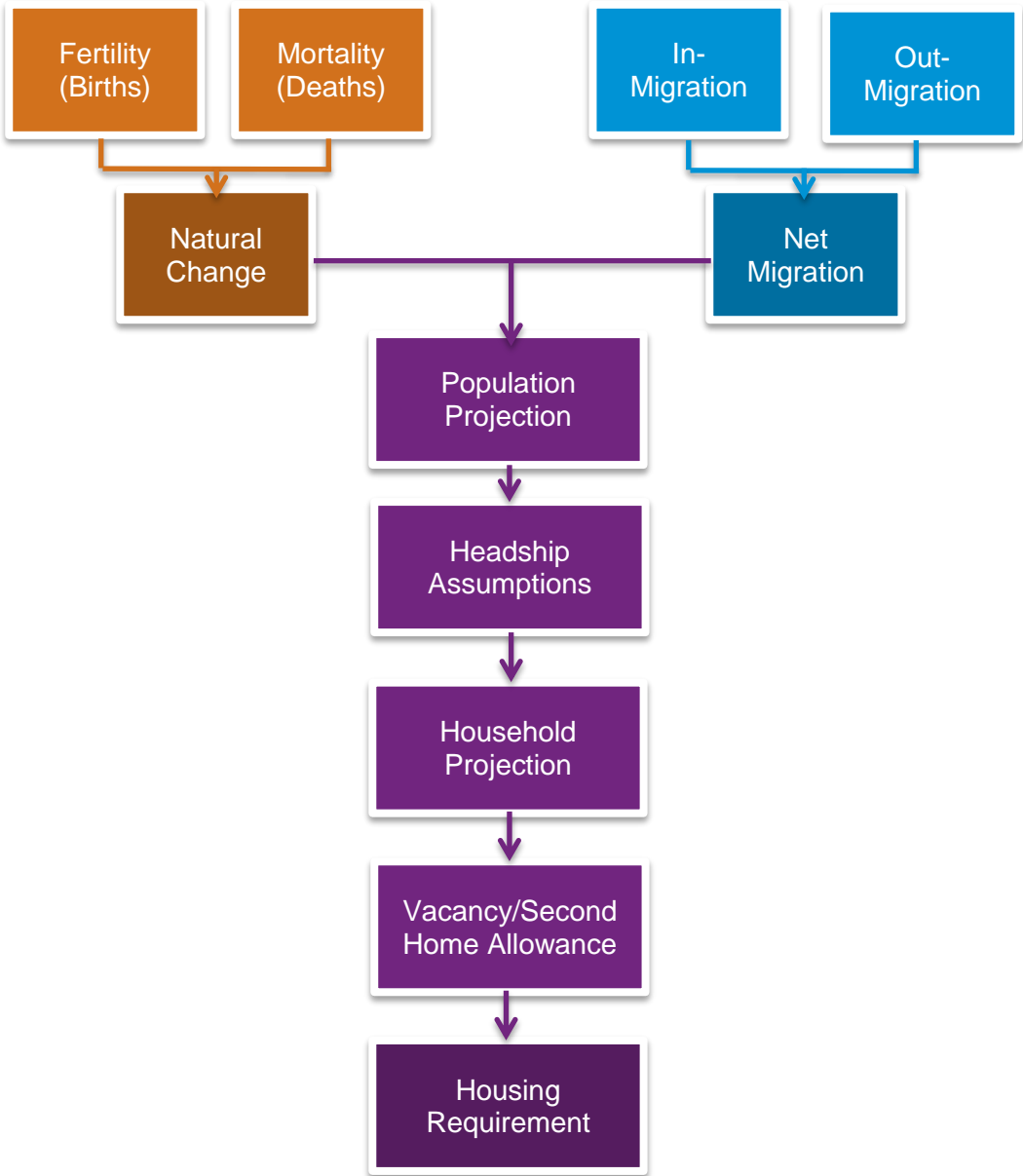
- 1.70 Both Waverley and Guildford share relationships with Rushmoor in both commuting and migration terms. However, it is clear from the evidence that whilst these interactions exist, Rushmoor actually interacts and integrates far more strongly with Surrey Heath and Hart. In market terms there is generally very little comparability between pricing levels in Rushmoor to those in Guildford (with the exception of the Ash area) and Woking which tends to suggest that in the main the overlap between these areas is most likely to occur at the lower end of the market (i.e. newly forming households moving out of Guildford and Woking to more affordable property in Rushmoor).
- 1.71 In our view, the evidence converges upon Guildford, Waverley and Woking sharing the strongest relationships and correlation in both market and behavioural terms. We therefore consider the definition of a Guildford centric HMA covering these three authorities as a core to be appropriate.
- 1.72 It is however important to recognise two particular overlaps between authorities and markets in this area. The northern settlements and villages of East Hampshire in particular are likely to have quite strong localised overlap with the Guildford/Waverley/Woking HMA.
- 1.73 Furthermore, whilst our analysis lends support to a distinct market operating to cover the Rushmoor, Surrey Heath and Hart area, the commuting and migration evidence indicate some overlap with Waverley and Guildford and particularly a relationship between Aldershot/Farnborough and Farnham. Given the pricing evidence, it is our view that this is likely to manifest itself particularly at the lower end of the Guildford/Waverley markets (i.e. first time buyers/lower income households) but is nonetheless a consideration in the context of the Duty to Cooperate.

APPENDIX B: DEMOGRAPHIC PROJECTION METHODOLOGY, ASSUMPTIONS AND INPUTS

Overview of Projection Methodology

1.1 To assess future housing requirements it is necessary to establish is the current population and how will this change in the period to 2031. This involves working 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 Borough. These are the principal components of population change and are used to construct the population projections. The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

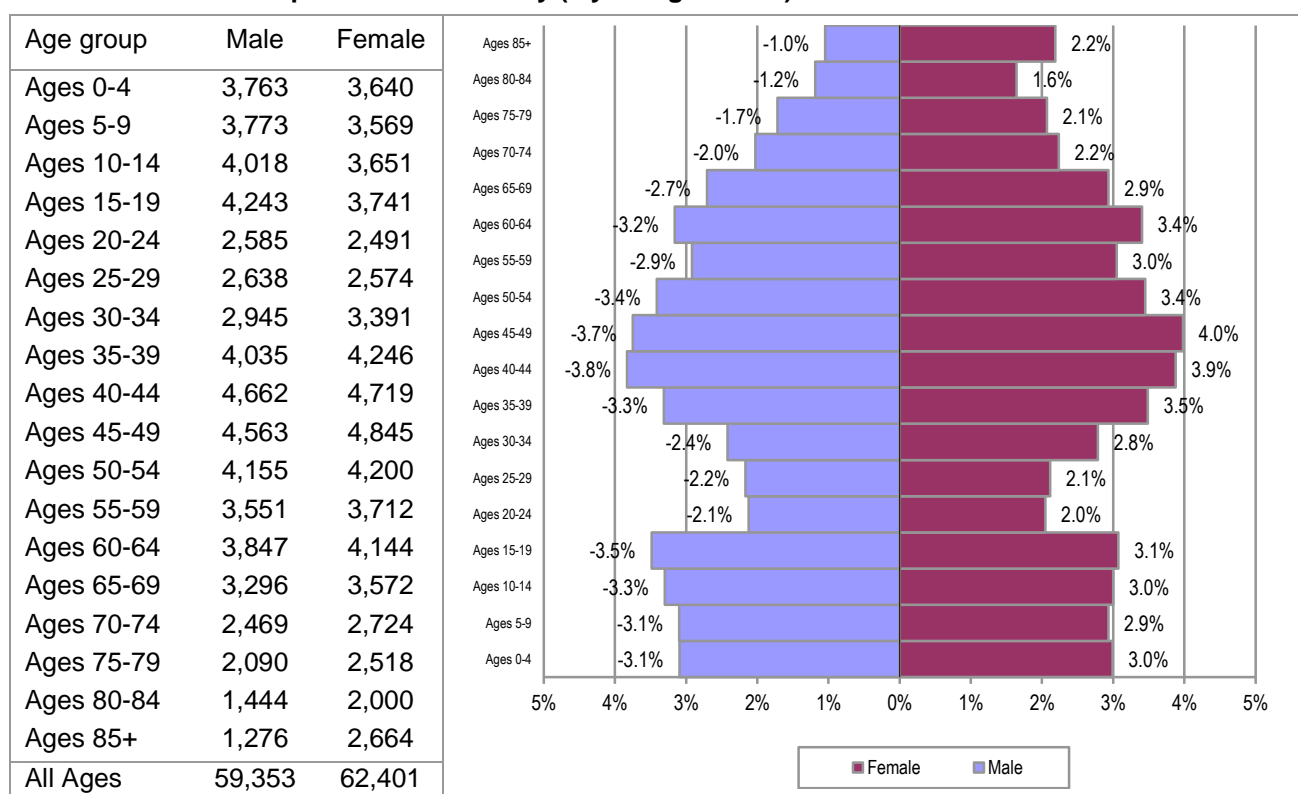
Figure 4: Overview of Methodology



Baseline Population

1.2 The baseline for the projections is taken to be 2011 with the projections run for each year over the period up to 2031. The estimated population profile as of 2011 has been taken from the 2011-based mid-year population estimates (from ONS). The overall population in 2011 for the whole Borough was estimated to be 121,754 with slightly more females than males.

Table 7: Population of Waverley (5 year age bands) – 2011



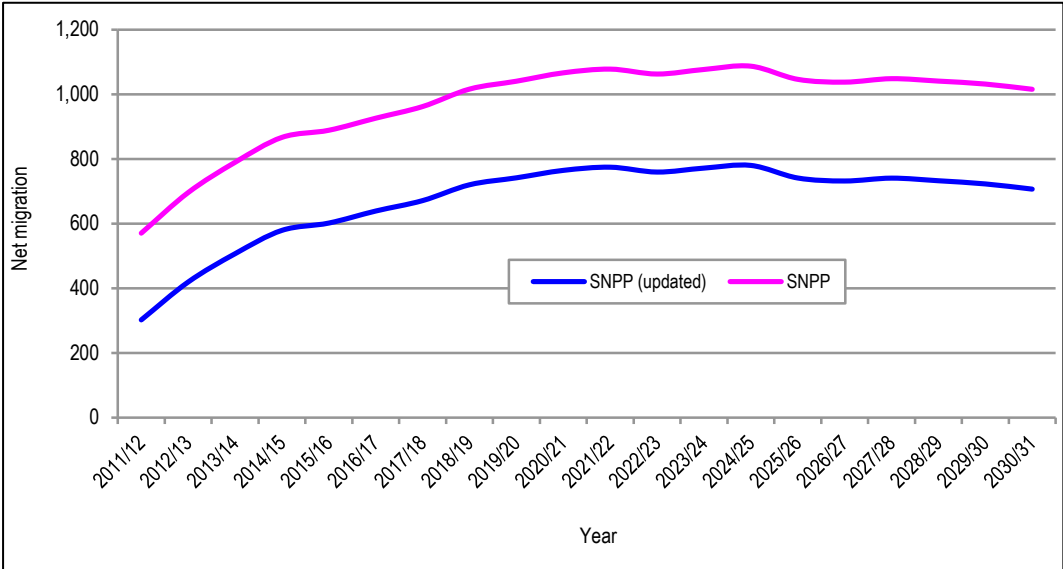
Source: ONS Mid-Year Population Estimates

Migration level assumptions to 2031

1.3 Our main projection uses information in the ONS 2010- and 2011-based Sub-National Population Projections (SNPP) which has been amended to take account of more recent data on migration and population growth. The broad methodology for the updating of these projections is described above.

1.4 The figure below shows the levels of net migration assumed by our projections from 2011/12 to 2030/31; for comparison the figures in the SNPP are also shown. The projections start in 2011/12 with a net in-migration figure of around 300 people. This is expected to increase over time to reach a figure of a little under 800 by about 2020/21. Beyond this the expected migration levels off and then falls slightly moving towards 2031. For the projection period studied as a whole, the average level of net migration is an in-migration of 595 people per annum.

Figure 5: Projection migration assumption 2011/12 to 2030/31



Source: Derived from ONS 2010- and 2011-based subnational population projections

1.5 It should be noted that the 2011-based SNPP only projects for a ten-year period to 2021. Beyond 2021 we have used 2010-based SNPP data but adjusted this to take account of the differences shown between the 2010- and 2011-based versions of the SNPP in 2020/21. In other words the migration levels in the 2010-based projections have been rebased to be consistent with the last year of data in the 2011-based version. This rebasing is in addition to the updating carried out to take account of more recent migration and population change data.

Fertility, Mortality and Migration Profile Assumptions

1.6 Fertility and mortality rates contained within the ONS 2010-based population projections have been used in the modelling – these are the same as used by ONS in the 2011-based projections. In Waverley these are consistent with past trend data and future expected patterns as published by ONS on a national basis.

1.7 For the purposes of understanding the profile of migrants the modelling has again drawn on the ONS 2010- and 2011-based sub-national population projections with the adjustments made to overall levels of migration feeding into migration profiles (by age and sex) on a pro-rata basis. Although we have made some changes to overall migration levels we have no evidence that the general profile in the SNPP is fundamentally wrong. Indeed a brief analysis of the data sitting behind the projections does show many expected trends – most notably a significant net out-migration of people aged 15-19 and net in-migration of families (as evidenced by in-migration of children and those aged 30-44).

Economic (Employment) Assumptions

- 1.8 Changes in the demographic structure result in alterations in the number of people who are working (as the population of people of working age changes). The next stage of the projection process estimates how employment levels change under each of the projections and to consider the demographic implications of different levels of employment growth. To do this we have established the size of the economically active population and studied trends (by age and sex) in the proportion of people who are economically active.
- 1.9 In projecting forward to 2031 there are a number of past trends which are relevant. Firstly female economic activity rates have increased quite notably over the past decade and are projected to continue to do so in the future. For males the changes have been less significant although data does suggest increases in economic activity rates for those aged 50-64 and in particular those aged 65 and over. For the population aged 16-24 (both males and females) past trends show a decrease in economic activity rates although this seems to be mainly due to increases in the student population and is unlikely therefore to continue into the future. On the basis of the assumptions made it is assumed that economic activity rates (for those aged 16-64) will increase from 79.1% in 2011 to 83.0% in 2031.

Household (and Housing) Growth Projections

- 1.10 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. To do this the concept of headship rates is used. For the purposes of this analysis data contained in the 2011-based CLG household projections is used about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group.
- 1.11 Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Because the 2011-based CLG household projections only go up to 2021 it has been necessary to make assumptions for the remainder of the projection period. To do this we have projected changes on a linear basis based on the headship rate assumptions in each of 2011 and 2021 in the CLG projections.
- 1.12 In converting an estimated number of households into requirements for additional dwellings a small vacancy allowance has also been factored in which is normal to allow for movement of households between properties. For the analysis it is assumed that around 3% of additional stock will be vacant which should be reflective of what can be achieved in new housing stock.

APPENDIX C: LOCAL MARKET INTELLIGENCE: STAKEHOLDER CONSULTATION

Introduction

1.13 In accordance with the study brief and practice guidance a programme of stakeholder consultation has been designed in to the study methodology in 4 phases:

- face to face interviews with Estate and Letting agents, new build sales staff;
- 1:1 consultation and fact finding with wider stakeholders: private rented sector landlords and enforcement, affordable housing, LEP, vulnerable groups etc.
- consultation workshops for local authorities, developers, planning consultants registered providers; and
- consultation workshop on the draft study report.

1.14 The first part of this report aims to report the key findings of consultation with Estate and letting agents and qualitative research into housing market conditions and trends within the housing market area (HMA). The aim is to add a local or bottom up perspective to the study and provide a 'how and why' perspective to support SHMA findings.

1.15 The second part of this report described the consultation process with developers, registered providers, planning consultants and local authority officers at workshops held on the 15th August 2013.

Estate agents, letting agents and new build on site sales staff

1.16 The following information is based upon face to face interviews with estate agents, letting agents and on site new-build sales staff based in Waverley Borough. Interviews were conducted August 2013. These interviews are important as they record the perceptions of professionals that service and facilitate the housing market. Many agents are independent, but have several branches, ensuring that they can offer their services in a number of localities across the District. The national chains are also present however most of our interviews have been conducted with independent agents as access to senior more experienced staff is more likely to be achieved. We mostly base our interviews on service centres with several agents in a single location as this enables us to efficiently gather a range of views about local market conditions rather than relying upon a single view. We record the consensus view in our report.

1.17 Interviews are designed to answer research questions aimed at broadly understanding local housing market conditions trends and drivers, which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income

and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets with sub market and affordable housing.

- 1.18 Additional supply is mostly through development of new build housing and it is important to understand the characteristics of new build housing and households that purchase or occupy it. This is delivered by volume builders. We have only sought to interview volume developers with on-site sales staff. On a smaller scale local builders and self-builders develop smaller infill and windfall sites. Another source of additional supply is through conversion of larger buildings sometimes involving a change of use.
- 1.19 Investigations into the affordable housing segment are being undertaken and will be added to this interim report in due course.
- 1.20 This note is designed to help the reader to quickly understand the key findings to date and is structured accordingly.
- this introduction;
 - general findings from the consultation to date; and
 - more detailed supporting evidence.

Summary of Key Findings

- 1.21 The local intelligence suggests that:
- high quality towns and villages with good schools and transport links to London attract high income families from London. They perceive that they get more value from their housing than in London with larger homes and private car parking, set in attractive countryside. Commuting is enabled by means of the railway especially services into Waterloo;
 - the housing market areas affecting Waverley involve the south west part of the London Commuter Belt, specifically including Guildford and Aldershot;
 - prices have recovered from the bottom of cycle prices in 2008 and some types in short supply have now exceeded the former peak values. Price rises are driven by an undersupply of housing and the ability of high earning incomers to pay increasing asking prices. Agents estimate that up to 60% of all re-sales are bought by incomers;
 - new build has been unable to keep up with demand and is unlikely to as land supply is constrained by topography, the Surrey Hills area of outstanding natural beauty, National Trust assets and the flood plain of the river Wey;

- because of the small scale of new build we have been unable to assess the effectiveness of new build in meeting the housing requirements of local residents. Limited evidence suggests that the higher the asking price the more likely that the purchase will be made by incomers;
- most low income groups, many vital to sustaining the local economy are priced out of the local sales and rental markets. Some choose to remain living with parents others will find housing they can afford near to Aldershot and in parts of Guildford. Guildford also has a sizeable house share market;
- Estate Agents have pointed to critical gaps in supply. Firstly prices generally mitigate against mass market first time buyers and only the volume builders can really address this on large sites mostly with assistance from Help to Buy. First time buyers or investors are critical to the functioning of the market as they allow chains to complete. Secondly there is a shortage of family housing in the £200,000 to £250,000 price range. This is the limit of affordability for local householders as they move up the property ladder;
- investors are active across the district. Younger middle income professionals are priced out of the re-sale market and many seek high quality rentals. Again there are gaps in the 3 bedroom supply at £1,500 pcm which according to letting agents' practice requires an income of £45,000. This is pushing prices up; and
- letting agents across the district told us that landlords generally do not encourage or permit house sharing. Agents tell us that this is an attractive option for young single professionals and lower paid workers. There is little supply in the market towns but a significant supply in Guildford.

Detailed Findings

Overview

- 1.22 Geography, topography and communications have a fundamental role in shaping the housing market. Here we draw upon published information such as the spatial portrait contained within the Local Plan (Core Strategy pre-submission draft 2012), evidence from stakeholders in response to our 'why' question and our own observations. It would be tedious to quote directly from the spatial portrait so we summarise here the key points from all of our sources.
- 1.23 Main settlements are located close to Guildford and have good road and rail links to Guildford and South West London. These links are north-south connecting London to Guildford and Portsmouth. Waverly is recognised as part of the London commuter belt. East- west links are less effective and this means that the main towns are connected to Guildford and London rather than each other.
- 1.24 The borough is rural in character, with a distinctive forested undulating countryside some of which is part of a national park and Surrey Hills is designated an area of outstanding beauty. The district is

covered by a network of parishes. The River Wey connects to the Thames and links many of the main towns in the borough. The special rural character and the flood plains of the river constrain Waverley's potential to grow its economy and respond to demand for more housing.

- 1.25 These are the foundations for the social and economic factors that lead to the economics of the housing market. The information below evidences the combination of high house prices and an exceptional quality of life for residents. High quality local services and private schools are present and all of these factors are self-reinforcing.
- 1.26 The driver for the housing market is high income householders living in South West London, mostly existing homeowners, seeking more value from their housing and a better quality of life. Demand cannot be met and this has led to rapid house price recovery since 2008 and 2007 peak prices have been exceeded for many house types. The rental market is under similar pressure.

Servicing the Local Housing Market

- 1.27 The location of estate and letting agents and the area they cover can provide supplementary evidence about sub-market areas. Local estate agents and letting agents were found in all of the towns visited and also in some of the larger parishes. Estate agents serve their town and the surrounding villages and letting agents tend to serve a wider area. Agents are located in some of the villages as well as the main towns e.g. Bramley. Independent agents tend to operate a branch system across the county indicating that Waverley is part of a wider housing market area. As one agent put it 'Guildford is the 'mother-ship'' with households from South West London being re-directed to Waverley if they cannot find suitable housing in Guildford. By implication Waverley is part of the London Commuter belt.

The New-Build Market

- 1.28 Whilst all towns and many villages have had historic 'organic' growth we came across no volume builders with on-site sales staff in Cranleigh, Godalming, and Witley although new build was under construction in these towns. The development in Witley was a small bungalow development and the estate agent's remarks quoted below are relevant. At Cranleigh Estate agents understood that the development would offer prices between £800,000 and £1.5m. Remarks from agents reported below point to gaps in supply that might be filled by future new build although agents are keenly aware that whilst most people will acknowledge that there is an under-supply of housing they would not support housing for working age benefit dependent households.
- 1.29 At Godalming we observed a new development under construction by Linden Homes called Riverside. This is a substantial development of houses and a small number of apartments. Construction had not progressed to the point that the sales suite was operating and little information

was available on the company's website. We were therefore unable to obtain any insight into the nature of demand for this development. Estate agents commented that scope for new build within the Godalming settlement boundary was limited because of the River Wey flood plain.

- 1.30 We came across a small bungalow development at Witley (Bewley Homes) and noted that these dwellings were in step with the remarks of several estate agents as reported below i.e. supplying the market for older households seeking to downsize.
- 1.31 There are several small developments within Farnham none of which had on site sales staff. A local Estate agency was acting for the Mulberry Place developer (Charles Church), and Potters Way (Persimmon). Appointed estate agents stated that interest was evident from both local purchasers and from across the sub-region, Guildford and West London. Some but not all sales involved the Help to Buy scheme. The other notable development was by a local builder and the Estate Agent reported that all sales had been to local people who had been the target market for the development.
- 1.32 We noted small scale development at Hindhead but were unable to interview the sales agent.

The Re-sale Market

- 1.33 Several aspects of Cranleigh's housing offer were noteworthy. The Elmbridge retirement village is a complex of around 250 homes situated in woodland on the outskirts of the village which has permission for expansion (yet to be implemented). Agents explained that other retirement housing also existed locally and the area was of great interest to older households seeking to downsize home and garden. Even local households seeking to downsize would have a budget of £600,000 to spend and find a suitable 3 bedroom home for that price. Cranleigh's high street is more typical of a town than a village with high quality local and national retailers and services present. This is a factor in attracting older people to the village.
- 1.34 Estate Agents explained that Cranleigh also attracted incomers from SW London they estimated that around 60% of re-sales were sold to incomers. High earning London households could 'get 3 times more value for the same outlay' in Cranleigh. Good schools and homes with gardens and car parking were especially valued by incomers. As well as easy access to Guildford and London. Agents said there was an undersupply of housing that was driving up prices to beyond peak 2007 levels. They believed that local residents recognise that more housing was needed if the village was to sustain itself and continue to support its exceptional retail services but there was local concern that the special quality of the area should not change as a consequence of new build housing.

- 1.35 Godalming is a sought after place to live. According to Wikipedia, in recent years it has been ranked the UK's third most desirable property hotspot voted the fourth best area of the UK in which to live and judged in 2013 to have the highest quality of life in Great Britain. Estate agents told us that 60% of sales are to incomers who mostly originate from West London. Typically they will be economically active high earning households seeking a quality of life than London can offer for their families due to the quality of place and the quality of local schools. It is close to Guildford and agents told us that such households will consider both Guildford and Godalming in their area of search. Agents reported considerable demand and a shortage of supply for family homes in the £200,000 to £500,000 price range. Investors were active, mostly seeking opportunities in the £200,000 to £300,000 price range. Agents reported that across the board prices dipped by 20% due to the credit crunch but had now recovered and had exceeded their 2007 peak values where there was a shortage of supply.
- 1.36 One younger sales negotiator spoke from personal experience. He spoke about his frustration of not being able to get onto the property ladder, citing the relative ease which his parents had. He believed that this was due entirely to the undersupply of housing regarding the credit crunch as an anomaly. His parents too had experienced difficulty in obtaining a mortgage due to rationing but this was part of a prudential borrowing regime, there was no constraint on supply due to vendors withholding property from the market. He believed that the local authority should do more to improve supply targeted on first time buyers and retirees. He stated that both groups were important to the functioning of the market, enabling chains to complete.
- 1.37 The area around Godalming contains many villages some of which have local estate agents. For example at Bramley we called upon 2 agents and noted other village agencies for example in Beacon Hill. These agents offered further perspectives. One remarked that self-build was evident within the market. Plots are eagerly sought after and sales are agreed within days. Some never get as far as the market as potential building plots are part of the local knowledge. It was also noted that on the edge of Godalming there is a vacant pub and such vacancies are not uncommon. Agents felt that these were good investment opportunities for conversion for first time buyers or renters. The target market for renters would be extremely wide depending upon the size and quality of the apartments. Agents also pointed out the opportunity for other small scale conversions to supply small households.
- 1.38 At Farnham we noted lower prices in the villages north east of the town approaching Aldershot. There are also several trading estates in this part of the town. Agents said that generally speaking in all other parts of town prices had recovered to 2007 levels and some beyond. This was felt to be entirely due to the short supply of housing generally. They were very keen to see additional supply up to £250,000 in step with what local households seeking to trade up could afford and between

£400,000 and £500,000 for higher earning households and incomers. Investors were becoming increasingly active in the market and were in competition with local movers for dwellings priced under £250,000, and first time buyers for lower priced housing. As an example we noted a former local authority 2 bedroom first floor flat with parking offered at £175,000 and found little evidence of anything currently on the market below this price. Agents also service the market for premium residences in edge of town and rural locations and one agent said that these had been slow to sell recently. All agents agreed that the proportion of incomers was lower than for the other main towns in Waverley – estimated at around 25%. Due to the close proximity to Aldershot we enquired if many purchases or rentals were made by the Ministry of Defence or service personnel. Agents said that this was not the case in Farnham.

- 1.39 We were unable to secure interviews with agents in Waverley servicing the Haslemere area however agents in nearby Grayshott (in Hampshire) serviced the towns and villages including Hindhead and Beacon Hill. Agents stated that prices were being pushed up by interest in these towns rippling out from Godalming due to the recently improved A3 road, the railway station at Haslemere and the presence of schools with a good reputation. Agents estimated that around 50% of transactions were made by incomers. That said we noted some of the cheapest house prices in Waverley, with an ex local authority 1 bedroom flat on offer for £100,000 and a town house for £94,000. These were being marketed at investors and first time buyers. We noted that the local retail offer in these villages appeared fragile, with vacant units and some construction work that we assumed was conversion work to residential or other uses. Local agents explained that this was in fact investment to upgrade local retail services in response to the growing popularity of the area. Agents pointed out that the new build retirement housing on the fringe of Grayshott had been extremely slow to sell.

The Private Rented Sector market

- 1.40 We are particularly interested in the private rented sector especially in areas of high priced housing. It is important that we understand the capacity of the sector to house lower income groups especially the lower paid workers that sustain retail and other services attract and retain the higher income groups to the area. It is also important to understand the extent to which the private rented sector houses households unable to access social rented housing. The private rented sector has grown over the last decade in most towns and cities due to the impact of the credit crunch. Many aspiring owner occupiers have had to settle for rented housing due to lack of supply and inadequate savings toward deposits.
- 1.41 In Cranleigh, we observed 3 distinct price points for rented housing. 3 bedroom family housing is in short supply for young professionals and agents reported that as a consequence rents had risen steadily over the last few years from around £1,200 to £1,500 pcm. Such housing was attracting

incomers notably those re-locating for work purposes. There was housing on offer upwards of £4,000 pcm and agents described individual circumstances that led to households renting at this level. Examples included households moving to the area and renting before buying and ex-patriots returning to the UK. Finally entry level rents were approximately £500 pcm for small studio flats which would be out of the reach of workers on minimum wage without a guarantor. Agents said that younger retail workers would continue to live with parents, travel in to work or share but sharing opportunities in Cranleigh were rare.

1.42 Godalming letting agents explained that mid market lettings were a little cheaper than in Guildford however lower earning renters would not consider Godalming as an option to Guildford due to transport costs. Part of the demand for quality lettings in Godalming was due to people re-locating and working for local employers as well as commuters wishing to live in Godalming but unable to afford to buy. That said, we saw examples of cheaper studio apartments from around £550 pcm. Agents explained that it would be difficult for younger local minimum waged single households to access these homes without a guarantor. Agents stated that only a small number of landlords would accept tenants needing housing benefit support (DHS cases) and sharing was generally not accepted by local landlords.

1.43 At Farnham, rents were trending upward in response to a lack of supply for local households. Agents estimated that around 25% of new lettings were to incomers who were mostly re-locating for employment. Again there was little available lower priced housing affordable to low paid workers. However some local landlords would permit house shares and agents assured us that cheaper rented housing was on offer at nearby Aldershot.

1.44 Agents reported high and rising rents and Haslemere and demand was coming from young professionals working in Guildford and beyond.

Shared market housing

1.45 Rentals are expensive in Waverley and there is a shortage of less expensive rentals affordable to low paid workers. Many younger low paid workers will continue to live with parents until partners are found. Double income low wage households have more chance of securing the rented housing they can afford. Singles that seek to live independently are increasingly attracted to house sharing arrangements however not all landlords will permit this. This may be because they can secure good returns without letting in this way or they are prevented from doing so by buy to let mortgage terms and conditions.

1.46 Our search for vacancies on www.spareroom.co.uk revealed a small supply of room share opportunities across Waverley. Our internet search revealed 62 current vacancies across the district half of which were in Farnham. This level is typical of market towns in our experience.

However it is noteworthy and significant for the study that there were 508 current vacancies in Guildford. Other websites were examined but aggregating vacancies might be misleading due to double counting.

- 1.47 Across Waverley there was little evidence of direct lettings advertised in shop windows or local newspapers.

Consultation workshops

- 1.48 On the 15th August 2013 2 workshops were held. The first workshop involved developers, planning consultants, registered providers and Waverley BC Officers. The second workshop involved local authority officers, invited to represent all of the local authorities that had an interest in the housing market area and the study.

- 1.49 Both workshops commenced with a short presentation by the consultants. Both workshops were invited to discuss prepared questions relating to the spatial extent of the housing market area and issues relating to supply and demand within the housing market area.

The spatial extent of the housing market area

- 1.50 Both workshops considered this issue at length, identifying it as a crucial issue for the SHMA with implications for future SHMAs for the other local authorities. The presentation reviewed a number of boundary assessments including those put forward by DTZ and the CLG, the latter covered a very wide area of influence and was considered impractical. Discussion focussed on various permutations of local authorities and parts of local authority areas. Many thought that the core housing market area was Guildford Woking and Waverley, with Guildford but the connection with others was very strong particularly Rushmoor. The discussion will inform the decision to be taken by Waverley on this matter. Waverley must provide a clear rationale for its decision.

Supply and demand issues

- 1.51 Across both workshops there was a consensus that there was a shortage of supply across all market and affordable segments. There was focus on groups that were 'disenfranchised' from the housing supply in Waverley causing households to remain in unsuitable housing or seek it elsewhere. Rushmoor representatives highlighted that this was putting their housing options services and temporary accommodation under great pressure.
- 1.52 The development workshop concluded that stated that demand for all forms of housing was not disputed and that the industry had the capacity to deliver across any sites that came forward provided that policy demands (CIL and S106) were not too onerous.

- 1.53 The local authorities' workshop considered the implications of high levels of in-migration, the challenges of meeting the requirements of both local people and incomers and the impact of benefit reform. Local authorities represented were all at different stages in the planning policy process and took the opportunity to discuss the need for ongoing communication and co-operation in order to reflect cross boundary issues and ensure that the evidence bases were comparable.

APPENDIX D: SUMMARY OF PLAN PREPARATION, HOUSING TARGETS AND EVIDENCE WITHIN AND SURROUNDING THE HMA.

Local Authority	Plan Status	Housing Target and Planned Developments	Evidence/Basis	CLG-2011 Household Projections
Guildford	Emerging – Issues and Options consultation planned for October 2013 on Local Plan. Emerging Local Plan will run to 2031.	Interim housing target of 322 adopted by the Council in 2011 until adoption of new Local Plan.	Interim housing figure is based on Option 1 target from South East Plan figure. Current SHMA evidence is West Surrey SHMA (2009) which indicated a need for 644 homes per annum in Guildford The Council is currently looking to commission new SHMA which will inform the housing figures in the new Local Plan.	633 per annum to 2021
Woking	Adopted – Core Strategy adopted in 2012. Plan runs until 2027 – no current plans to review	Adopted target of 292 homes per annum within the Core Strategy	Reliance was given to the South East Plan housing figure within the Core Strategy (292). Current SHMA evidence is West Surrey SHMA (2009) which indicated a need for 499 affordable homes per annum and a total of 594 homes per annum taking account of demand.	411 per annum to 2021
East Hampshire	Emerging – examination into Joint Core Strategy currently suspended. Adoption anticipated early 2014. Emerging plan will run to 2028.	Latest amendment version of the Core Strategy includes a target of 592 homes per annum. Major planned expansion at Whitehill Bordon – 2,725 homes within plan period and around 4,000 in total up to 2036.	East Hampshire SHMA (update August 2013) indicates a need for between 520 and 610 homes per annum in the period to 2028. Figure in latest amendment version of the Core Strategy reflects this evidence.	464 per annum to 2021
Chichester	Emerging – Pre-submission consultation for Local Plan covering the areas outside the South Downs National Park planned for November 2013. Emerging plan will run to 2029.	Latest version of the Local Plan includes a target to deliver 6,973 homes over the plan period, equivalent to 410 per annum.	Figure based on the latest Coastal West Sussex Housing (Duty to Cooperate) Study which identifies a need for between 480 and 590 homes per annum in Chichester, of which between 355 and 465 are in those areas which fall outside the SDNP. The housing target also makes an allowance for shortfall against the previous SEP target.	555 per annum to 2021 (across whole of Chichester inc. areas in SNDP)

<p>Surrey Heath</p>	<p>Adopted – Core Strategy and Development Management Policies document adopted in 2011</p> <p>Adopted plan runs to 2028, no current plans to review</p>	<p>Adopted target of 3,240 homes over the plan period, equivalent to 190 homes per annum.</p> <p>Planned development of 1,200 homes at former Deepcut Barracks due to start delivery in 2016. Current moratorium on housing development in parts of the borough as no SANGs available.</p>	<p>Reliance was placed on the South East Plan housing target within the Core Strategy.</p> <p>Current SHMA evidence is North West Surrey and North Hampshire SHMA (2008) which indicated an annual affordable need shortfall of 632 affordable homes and a market shortfall of 348 homes (980 in total) in Surrey Heath.</p>	<p>231 per annum to 2021.</p>
<p>Rushmoor</p>	<p>Adopted – Core Strategy adopted in 2011. Part 2 detailed policies underway.</p> <p>Adopted plan runs to 2027.</p>	<p>Adopted target of 6,350 homes between 2010 and 2027, equivalent to 374 homes per annum.</p> <p>Planned Aldershot urban extension (outline consent) will deliver in excess of 3,800 homes.</p>	<p>Reliance placed on South East Plan and local evidence.</p> <p>Current SHMA evidence is the North West Surrey and North Hampshire SHMA (2008) which identified an annual need of 329 market homes and 681 affordable homes in Rushmoor (1,010 in total)</p>	<p>188 per annum to 2021.</p>
<p>Hart</p>	<p>Emerging –Local Plan Core Strategy currently submitted for Examination but recently withdrawn. No current timetable for progression.</p> <p>As submitted the plan anticipated to run to 2029.</p>	<p>As submitted, the Core Strategy planned to deliver 4,253 homes over the plan period, equivalent to 236 per annum.</p>	<p>Figure in submitted plan was based on meeting local needs taking account of constraints.</p> <p>Current evidence is the Hart SHMA Update (2012) which combined with the 2009 SHMA identifies a need for 336 affordable homes and 1,123 market homes per annum.</p> <p>The Council is looking to commission a new SHMA as part of addressing the Inspectors concerns on the Core Strategy.</p>	<p>356 per annum to 2021.</p>
<p>Mole Valley</p>	<p>Adopted – Core Strategy adopted in 2009</p> <p>Adopted plan covers period from 2006 to 2026</p>	<p>Adopted target of 3,760 homes between 2006 and 2026, equivalent to 188 homes per annum</p> <p>No significant planned developments</p>	<p>Reliance was placed on the South East Plan housing target within the Core Strategy.</p> <p>Current SHMA evidence is East Surrey SHMA (2008) which identified a need for 1,066 affordable homes and 1,466 market homes per annum.</p>	<p>388 per annum to 2021</p>

<p>Elmbridge</p>	<p>Adopted – Core Strategy adopted in July 2011</p> <p>Adopted plan covers period from 2011 to 2026</p>	<p>Adopted target of 3,375 between 2011 and 2026, equivalent to 225 homes per annum.</p> <p>No major developments planed</p>	<p>A local housing target was adopted through the Core Strategy – this was effectively allied to the residual requirement under the South East Plan.</p> <p>Current SHMA evidence is East Surrey SHMA (2008) which identified a need for 826 affordable homes and 1,553 market homes per annum.</p>	<p>512 per annum to 2021</p>
<p>Runnymede</p>	<p>Emerging – Local Plan Core Strategy pre-submission consultation concluded in October 2013</p> <p>Emerging plan covers the period to 2028</p>	<p>Latest version of the Local Plan Core Strategy includes a target to deliver 3,300 homes over the plan period, equivalent to 220 per annum.</p> <p>Major development at the former DERA site at Longcross – 1,500 homes over the plan period</p>	<p>Current SHMA evidence is Runnymede SHMA (2009) which identified a need for 541 affordable homes and 775 market homes per annum.</p> <p>The Council prepared a housing context technical paper in 2013 which incorporated demographic projections indicating a growth in households of 595 per annum over the plan period.</p>	<p>550 per annum to 2021</p>