Runnymede Local Plan – Rebuttal Paper

Runnymede Borough Council

July 2018

Prepared by

GL Hearn
280 High Holborn
London WC1V 7EE

T: +44 (0) 20 7851 4900
glhearn.com
Runnymede Local Plan – Rebuttal Paper, July 2018
Runnymede Borough Council,
Contents

Section                                                                 Page
1   INTRODUCTION                                                           5
2   REVIEW OF REPRESENTATIONS                                              6
3   OAN SENSITIVITIES                                                     34

Appendices

APPENDIX A: SUMMARY OF DISCUSSION WITH DR DAVID ASHTON THE PRINCIPAL OF RHUL 41

List of Tables

TABLE 1: COMPARING MIGRATION ASSUMPTIONS IN THE ORIGINAL AND REVISED MYE FOR RUNNYMEDE AND SNPP AVERAGES 35
TABLE 2: PROJECTED POPULATION GROWTH IN 2014- AND 2016-BASED SNPP – RUNNYMEDE 36
TABLE 3: COMPONENTS OF POPULATION CHANGE IN THE 2014- AND 2016-BASED SNPP – RUNNYMEDE (PER ANNUM) 37
TABLE 7: PROJECTED HOUSEHOLD GROWTH (2016-26) – RUNNYMEDE 40
TABLE 8: REVISED AFFORDABILITY RATIO FOR 2017 (COMPIRED WITH 2016 DATA) – RUNNYMEDE 40
Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

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.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ORIGINATORS</th>
<th>APPROVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2018</td>
<td>Gregg Boyd</td>
<td>Paul McColgan</td>
</tr>
<tr>
<td></td>
<td>Planner</td>
<td>Associate Director</td>
</tr>
</tbody>
</table>

Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.
1 INTRODUCTION

1.1 The purpose of this report is to provide a focussed and succinct summary of matters relating to housing and employment land supply and demand in Runnymede. These come from a range of sources including the development industry, lobby groups and local residents.

1.2 The paper initially provides a summary of the representations before going on to respond to the main points raised. These are set out by topic. We then conclude the report by providing a sensitivity analysis relating to the proposed standard Methodology for Objectively Assessed Need.

1.3 Policy SD2 of the Draft Local Plan relates to the spatial development strategy and sets out the Council’s intention to make provision for a minimum of 7,480 net additional dwellings over the plan period 2015 to 2030.

1.4 It also sets out an intention to meet identified employment need through a 20,000sqm business park on a 7.9ha site in New Haw and through the implementation of extant permissions including a 79,025sqm (7,350sqm net) office/business park at the Longcross Enterprise Zone. Through existing permissions and Local Plan allocations a minimum of 60,260 sqm net employment floorspace delivered in the Borough’s remaining Strategic Employment Areas.

1.5 Both are in response to the identified need set out within the Strategic Housing Market Assessment – Update (January 2018). That document set out a need for 498 dwellings per annum for the 2016-2030 period which was based on a starting point of 415 dpa with a 20% uplift to address market signals.

1.6 The SHMA update also reviewed the requirement for employment land setting out a need for just over 15ha in the period to 2030. This was based on a range for offices of 6.8ha to 8.6ha (68,000 sqm to 86,000 sqm) and for Industrial uses of 5.1ha to 6.9ha (51,000 sqm to 69,000 sqm). This reflects the range between the labour demand and labour supply forecasts.

1.7 This paper responds to comments made on both the local plan policy and the evidence base which sits behind it i.e. the SHMA – Update.
2 REVIEW OF REPRESENTATIONS

2.1 In preparation for submission of the Local Plan for examination to the Secretary of State the council published the draft Local Plan for consultation in accordance with Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012. The consultation period ran for six weeks from the 11th January 2018 to the 22nd February 2018. A second round of consultation on the draft Local Plan ended on Friday 29th June 2018.

2.2 This section reviews and summarises the main concerns in relation to housing and economic needs policy set out in Policy SD2 (Spatial Development Strategy) of the Draft Local Plan and the evidence which sits behind it (SHMA – Update (January 2018)).

2.3 In total the Council received thirteen formal representations from a range of interested parties including developers, land owners, local residents and lobby groups. The comments have been summarised and anonymised.

Housing Need – Too Little

Overall Approach

2.4 There is no explanation why the forecast period has changed

GL Hearn Response – The Council’s rationale for amending the Local Plan period is set out in the 20th December Planning Committee Report (and subsequent report to Full Council on 9th January 2018). The SHMA itself sets out the need for housing over two different periods from 2016 up to 2030 and up to 2036.

2.5 It is currently unclear how the OAN for the HMA is derived given it doesn’t include an OAN for Spelthorne. This would lead to a mix of datasets and therefore inconsistency in how the OAN has been assessed.

GL Hearn Response – Although not published the work was examined across both local authorities. This was at the request of Spelthorne who did not require an update at that time.

2.6 Clearly, there is a difference of opinion as to the need for the SHMA (between RBC and SBC).

GL Hearn Response – This is not the case and Spelthorne are fully supportive of the work. This is confirmed in an email received from Spelthorne Borough Council dated 5th January 2018 which was concerned with the partial SHMA update and which confirmed, ‘Further to our telephone conversation I confirm that having read through the draft SHMA update we have no concerns about the content and do not require any changes apart from the few typos which we discussed.'
In general we were pleased to note that the update contains some very helpful information about the situation in Spelthorne and for the HMA as a whole, particularly in relation to employment trends.

2.7 The figure does not say it is a minimum

GL Hearn Response – This is not a requirement of the OAN in the current wording of the NPPF. If the Council chooses to go above this then it would be a policy on issue.

2.8 We are of the view that more could be done to assist in accommodating London/Woking’s unmet housing need.

GL Hearn Response – This is not the role of the OAN but part of the Local Plan process and Duty to Cooperate discussions with partners. No formal approach has been made by any Local Authority in South West London asking for Runnymede’s assistance in meeting unmet housing needs.

The Runnymede-Working Statement of Common Ground confirms that, ‘in the first instance in line with paragraph 47 of the NPPF, Runnymede and Woking Borough Councils agree that they will work collaboratively with their respective HMA partners to meet their identified housing needs in full within their respective HMA boundaries’ and that, ‘Runnymede and Woking Borough Councils are also committed to working together under the Duty to Cooperate to address strategic housing matters of cross boundary significance where they could not be addressed within their respective Housing Market Areas, paying particular attention to local connections. This could relate to circumstances where there is either an undersupply or oversupply of housing in either HMAs.

At the current time, based on the available evidence, Runnymede Borough Council has indicated that it is unlikely to be able to take any part of Woking’s unmet housing need. However, this will be confirmed after the Runnymede and Spelthorne Local Plans are adopted. Woking Borough Council has an adopted Core Strategy with a housing requirement which is lower than its housing need and is therefore unable to meet any part of Runnymede’s potential unmet housing need as it is unable to meet its own need. The Waverley Local Plan has committed to meet part of Woking’s unmet housing need. Woking is presently working with Guildford Borough Council to address the rest of the unmet need arising from Woking.

2.9 The Duty to Cooperate has not been effective, particularly in respect of Spelthorne and is not conducive to a positively prepared plan.

GL Hearn Response – Both Councils have continued to work together on strategic housing matters and have, in May 2018 finalised and signed a Statement of Common Ground confirming where agreement has been reached on housing matters and where further action
is required. A Duty to Cooperate meeting has been arranged with Spelthorne Borough Council for 17th July to review progress with achieving the strategic aims identified in the Runnymede-Spelthorne SoCG.

2.10 If adopted in 2019, the Council’s current approach would result in a Local Plan which plans for only 11 years beyond the date of adoption, notably less than the 15 years encouraged by national guidance.

GL Hearn Response – This is encouraged but not required. In any event, in line with the draft revised NPPF and PPG, all Local Plans should be reviewed at least once every 5 years to assess whether they need updating.

2.11 There is no specific reference to any stakeholder engagement.

GL Hearn Response – As an independent, objective assessment, direct consultation on the HEDNA is not required. However there is an opportunity for stakeholders to comment on this work during the formal Local Plan consultation periods.

Demographics

2.12 The SHMA does not include any examination of the effects of Brexit. The ONS take into consideration the likely effects of Brexit. However, there is still no definitive confirmation as to the UK’s likely interaction with Europe following 2019.

GL Hearn Response – The conflicting comments demonstrate the difficulty in assessing the true impact of Brexit. Unfortunately there is a lack of clarity as to the preferred position of the government let alone the final negotiated position.

However, the economic forecasts will have taken account of a slower rate of growth as a result of Brexit. This will be based on each of the forecasting houses interpretation of the likely final deal.

2.13 Sensitivity testing should be undertaken with regard to likely internal economic migration effects between regions of the Country following the UK’s departure from the EU in 2019.

GL Hearn Response – Such sensitivity would be entirely dependent on the final negotiated position. The myriad assumptions required to undertake such a work would render it virtually meaningless.

2.14 The SHMA suggests an uplift to the demographic baseline to take account of historic suppression in household formation rates but this has not been used been taken forward into the final OAN.

GL Hearn Response - The 20% uplift to respond to market signals increases the need beyond the figure shown by the adjusted household formation rate figures. This assumes
that not only will migration increase, so too will household formation rates in younger age groups.

2.15 *The household projections are based on a period of low housebuilding resulting from a low requirement. The level of need could be higher than that identified in the projections.*

GL Hearn Response – We have examined various sensitivities including those dating back fifteen years when housebuilding regularly exceeded the target. One must bear in mind historic completions rate can only be judged against the target at that time hence the wording of paragraph 9 of the PPG relating to market signals and specifically the rate of development.

“Supply indicators may include the flow of new permissions expressed as a number of units per year relative to the planned number (my emphasis) and the flow of actual completions per year relative to the planned number….If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.”

As a market signals issue, this is responded to not as a demographic issue but as part of the market signals adjustment.

2.16 *GLH claim that the period feeding into the projections included a period of substantial over delivery of housing within the HMA however this was not the case within Runnymede BC.*

GL Hearn Response – Our claim was correct, for the period 2009 to 2014 and over the period 2006 to 2016, Runnymede cumulatively over-delivered against the plan target being applied for in those years. However should the OAN set out in the 2015 SHMA - which covers the period 2013-33 - be applied retrospectively to the two years from 2013-2015 then there would be an under delivery.

The table below shows the data against the retrofitted target (535 dpa) and the alternative target (220 dpa), the latter of which reflects the target at that time. Hence there is significant difference depending on which is used.
As mentioned above, the response to any under-delivery would be to adjust on the basis of market signals.

Even if we accept that the SHMA target (535 dpa) is retro-fitted (which we don’t think should be the case) then under-delivery for the period feeding into the demographic projections (2009-2014) only totals 278 dwellings (delivery of 901 homes against a retrospectively applied target of 1,179).

However the Market Signals adjustment within the OAN over the plan period equates to an increase in planned delivery to 1,162 dwellings. This is over 4 times the alleged under-delivery and therefore more than addresses it, should the inspector believe that is the case.

Finally it should also be noted that any under-delivery since 2016 is still being planned for within 5YHLS calculations.

2.17 The 10 and 15 year migration calculations are based on an overly conservative estimation of migration rates going forward.

GL Hearn Response – It is common practice to use historic benchmarks over 10 and 15 year periods to project growth. As demonstrated in Table 9 and 10 of the 2018 SHMA these periods do indeed result in lower levels of migration and population change than the official projections. However we have concluded that the official projections should be considered as the demographic conclusions.

2.18 The Patient Register/school registers/state pension data/ labour force data should be examined as a sensitivity and an alternative source for migration data.
GL Hearn Response - Whilst this may provide an interesting comparison, the information requested is not as robust as the official mid-year estimates. Ultimately, these sources do not necessarily capture the entire population i.e. quite often people do not register with their local GP until they require them. This is particularly apparent in student areas.

2.19 There is a growing number of out-migrants from London, which have not been picked up in the longer term projections therefore the more recent trends are more robust.

GL Hearn Response – It is acknowledged that out-migration from London is growing however this is dealt with as part of the analysis. In drawing conclusions on the OAN we have used the most recent trends available to us at the time.

It is also worth noting that the London Plan evidence now changed and there is no basis for any adjustment to ensure alignment to this. The London Plan is proposing significant increase in housing requirement – on reasonable assumptions factor which could moderate out-migration from London to Runnymede.

2.20 The 2016 based National Population Projections is of little importance at this level. Making any adjustments based on the data at this stage would be premature.

GL Hearn Response – While the 2016-based national population projections should not feature as part of the OAN, they do provide a very strong indication of the direction of travel for the next set of household projections.

Employment Growth

2.21 The OAN does not plan for economic growth/ There is no upwards adjustment of the housing requirement to accommodate the level of employment growth planned and this will lead to in-commuting which is unsustainable

GL Hearn Response – The OAN does plan for economic growth however the evidence shows that the scale of forecast employment growth can be met by the forecast demographic growth.

In terms of commuting we have not assumed any changes to current commuting patterns which will result in increased in- or out-commuting. However as the OAN exceeds the economic led need Runnymede is arguably in a position to retain more jobs for local residents making it more sustainable not less. Although it should be stressed this is not the policy of the Council.

2.22 The SHMA does not include any examination of the effects of a third runway at Heathrow Airport. In particular indirect job creation
GL Hearn Response – The third runway has been approved by ministers however any analysis is completely dependent on the final details which are yet to be set out or confirmed in relation to it.

As set out at para 3.59 of the 2018 SHMA Heathrow Airport Ltd have estimated that the indirect, induced and catalytic jobs for all of the UK outside of Greater London and the five host boroughs (which does not include Runnymede) would be 51,700 additional jobs elsewhere in Great Britain by 2040.

That figure can be disaggregated to 12,000 indirect or 14,400 induced and 27,300 catalytic jobs including increased trade, Foreign Direct Investment (FDI) and Tourism. However 40% of the total jobs growth is expected after 2030.

As such within the relevant part of the plan period (2025-30) the increased number of jobs resulting from a third runway in areas outside of Greater London and the five host boroughs would be 31,020 jobs or 6,200 jobs per annum. Again this can be disaggregated to 1,440 indirect, 1,488 induced and 3,276 catalytic per annum.

The report highlights that the FDI component of the catalytic employment would be in London and the Thames Valley. Indeed the EY report¹ which feeds into the Heathrow Airport work suggested that only 6% of FDI jobs created in the UK in 2011 were located in the South East.

Other elements of the catalytic jobs include tourism jobs which are resultant from increased flights in to the UK and connecting flights to elsewhere in the UK. Therefore there is only limited scope for catalytic increases in Runnymede.

While the level of indirect or induced jobs might be more impacting in Runnymede than catalytic jobs, the overall numbers are much smaller (2,800 per annum) and also must be shared out across the rest of the UK. The likely impact is therefore fairly minimal.

Furthermore any locational advantage that Runnymede has in relation to the airport related employment would already be set out in the forecasts.

2.23 The approach taken overly simplifies Runnymede’s relationship with the LEP and does it reflect the Enterprise M3 Housing Evidence Study/ The Strategic Economic Plan (SEP)

GL Hearn Response - The Strategic Economic Plan is clearly an aspirational/policy-on document and as such, it should not hold significant weight within the OAN document. The LEP’s Housing Evidence Study (September 2014) and the 2015 SHMA were informed by a common set of forecasts (Experian, summer 2013).

¹ https://webforms.ey.com/Publication/vwLUAssets/2012_UK_Attractiveness_Survey/$FILE/EY_2012_UK_Attractiveness_Survey%20.pdf
However these forecasts are now markedly out of date and it would be inappropriate for the Council to rely on these. Following the publication of those forecasts, the U.K. voted to leave the European Union and subsequently all of the main forecasting houses and the Government have revised growth downward.

Furthermore, paragraph 16 of the PPG sets out that “Wherever possible, local needs assessments should be informed by the latest available information.”

The figure below illustrates the three jobs forecasts including the Experian forecasts\(^2\). Even by the starting point the Experian forecasts are somewhat higher than the OE or CE forecasts.

When this is translated into a Compound Annual Growth Rate (CAGR), Experian forecasted a growth of 2.3% per annum for the 2011 to 2016 period. In contrast, the OE forecasts use known data to interpret a reported growth of 1.8% while CE forecasts get to 1.0%. The Experian forecasts were therefore immediately exposed as being overly optimistic.

Also, we are clearly not under-estimating growth by focussing on the OE forecasts as these represent a mid-point of the three forecasts above and the higher of the two most recent forecasts.

![Jobs Forecasts Chart](image-url)

That said the Local Growth Fund has invested in improvements to the Runnymede Roundabout to reduce delays and congestion. It is expected that the construction of the scheme could directly deliver up to around 30 construction-related jobs. In addition developments with planning permission would provide approximately 1,900 new jobs, if implemented (my emphasis). This is clearly alluding to a “policy-on” choice.

\(^2\) Note these have been extended to 2036 based on the CAGR for the period 2026-31 being continued
In any case, the OAN (as set out at 3.54 of the 2018 SHMA) would support a growth of 9,376 jobs over the 2016-30 period. The Experian forecasts used in the LEP housing strategy only show a growth of 9,210 jobs for the same period.

2.24 Whilst it is appreciated the OAN is to be identified on a ‘policy-off’ basis, an analysis of the job growth forecasts against aspirations would be beneficial.

GL Hearn Response – See last paragraph above but it should be read in-conjunction with Paragraph 13 of the PPG which sets out that “Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.”

2.25 The SHMA treats commuting levels as unchanged from the 2011 levels which demonstrates a lack of agreement between the two Boroughs/doesn’t take into account London growth/doesn’t attempt to house well-paid workers that in-commute.

GL Hearn Response – The premise behind this question is simply incorrect, the same approach was used in the previous SHMA which was commissioned by both authorities. While changes to commuting are more than likely to have happened there is no official or robust intercensal data to confirm this.

Our approach while arguably cautious uses the latest available evidence. Any assumed changes would indeed need to be agreed between the two local authorities (or wider) however this should be done through the local plan process and not the OAN.

2.26 There should be a greater proportion of the required growth for the HMA to be in Runnymede than suggested by the current distribution of housing or than recommended by the SHMA.

GL Hearn Response – As above

2.27 An increase in housing requirement can help to realise aspirational economic forecasts

GL Hearn Response – the OAN (as set out at 3.54 of the 2018 SHMA) would support a growth of 9,376 jobs over the 2016-30 period. The Experian forecasts used in the LEP housing strategy only show a growth of 9,210 jobs for the same period. Therefore the Council is planning for beyond the aspirational growth.

2.28 It should be noted that this commentary provides a snapshot at the time the report was prepared and should not, therefore, be used to manipulate the forecasts provided.

GL Hearn Response – The forecasts were not manipulated but used as given. The commentary did however justify the use of the higher OE forecasts than the CE forecasts.

2.29 It is unclear from the data what the change in population figures are in the conversion of jobs to people, people to households and households to dwellings.
GL Hearn Response – See table below which relates to the OE forecasts growth using the part return to trend household formation rates and different economic activity rate. For comparison we have also provide the outputs of the final OAN.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OE Jobs and SHMA EAR</td>
<td>66,700</td>
<td>73,600</td>
<td>86,889</td>
<td>98,132</td>
<td>34,816</td>
<td>40,327</td>
<td>36,365</td>
<td>42,121</td>
<td>411</td>
</tr>
<tr>
<td>OE Jobs and Experian EAR</td>
<td>66,700</td>
<td>73,600</td>
<td>86,889</td>
<td>97,810</td>
<td>34,816</td>
<td>40,214</td>
<td>36,365</td>
<td>42,003</td>
<td>403</td>
</tr>
<tr>
<td>OE Jobs and OBR EAR</td>
<td>66,700</td>
<td>73,600</td>
<td>86,889</td>
<td>99,202</td>
<td>34,816</td>
<td>40,704</td>
<td>36,365</td>
<td>42,515</td>
<td>439</td>
</tr>
<tr>
<td>OAN Outputs</td>
<td>66,700</td>
<td>76,100</td>
<td>86,889</td>
<td>101,436</td>
<td>34,816</td>
<td>41,491</td>
<td>36,365</td>
<td>43,337</td>
<td>498</td>
</tr>
</tbody>
</table>

**Market Signals**

2.30 *The market signals adjustment should be made to the adjusted demographics/demographic conclusion.*

GL Hearn Response – This is incorrect. Paragraph 20 off the PPG answers the question “How should market signals be taken into account?” it clearly sets out that “the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”. For the avoidance of doubt Paragraph 15 of the PPG answers the question “What is the starting point to establish the need for housing?” Confirming that the “Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.”

2.31 *There has actually been a persistent under delivery of housing within this authority’s area/ the target is incorrect or did not reflect the actual need at that time or didn’t include the DERA site.*

GL Hearn Response – As set out above historic completions can only be judged against the target at that time hence the wording of paragraph 9 of the PPG relating to market signals and specifically the rate of development.

“Supply indicators may include the flow of new permissions expressed as a number of units per year relative to the planned number (my emphasis) and the flow of actual completions per year relative to the planned number…If the historic rate of
development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan.”

Although there has been an under-supply in four of the last five years the Borough has only under-supplied against the planned target in five of the last seventeen years.

Finally any under-supply since 2016 will be taken into account within the OAN and any under-supply within the period previous would be addressed by the market signals adjustment.

In the period feeding into the official projections (2009-2014) which under-pins the OAN there was no under-delivery against the target of that time. Even if we were to apply the SHMA target retrospectively the under supply in this period totalled 278.

Over the plan period the MS Uplift (83 per annum) would equate to an overall uplift of 1,162 dwellings. This is over four times the under-supply in the period feeding into the demographic forecasts if the SHMA target is applied retrospectively.

2.32 The Treasury to the House of Lords Select Committee on Economic Affairs suggested that to stabilise house price growth a 1.3% increase to existing stock is required

GL Hearn Response – GL Hearn is aware and has reviewed a number of reports which have used econometric modelling to examine the interaction between levels of housing supply and affordability. These include the 2004 Barker Review; a 2007 Report by the NHPAU on Developing a Target Range for the Supply of New Homes across England; the University of Reading’s Affordability Model which has been used by the Office for Budget Responsibility (OBR)³; the 2016 Redfurn Review; and 2017 House of Lords Select Committee on Economic Affairs report on Building more homes.

These studies/reports have principally drawn on econometric modelling which considers the interaction between factors affecting prices at a national level. The affordability model identifies the complexities of influences on prices and affordability, and it is clear that there are a range of factors which impact on house prices– including earnings growth, interest rates and indeed market expectations.

The models which exist do not answer the question of what level of supply (or increase of supply relative to household projections) would be appropriate at a local authority level, or would improve affordability within Runnymede Borough specifically.

The models are not designed, nor appropriate, for doing this. In investigating the link between house prices and supply, they hold other factors constant – such as migration, the

³ OBR Working Paper No6: Forecasting House Prices, 2014
proportion of working age population to housing stock, and earnings – when in reality at a local level, these are all fluid.

Furthermore what a number of the studies have clearly set out is that market perceptions are important, and that changing perceptions/expectations on house price growth could well influence house prices themselves.

Whilst housing supply within the Borough will influence trends in house prices and affordability, it is important to recognise that these are also influenced by macro-economic trends and regional supply/demand dynamics.

Trends in median house prices show a strong correlation to those across Surrey as a whole. The graph below shows an upward trend in prices, but also the cyclical nature of the market, with stronger relative growth in the early 2000s supported by macro-economic stability and growth in the availability of mortgage finance; the impact of a rise in interest rates in 2005; of the credit crunch in 2009; of weaker macro-economic conditions between 2010-12; and the subsequent recent upturn in demand influenced by macro-economic stability, increasing lending, and Government/monetary stimulus to the market.

Source: Based on HM Land Registry Data

Against this context, increasing housing supply and delivery needs to happen across wider geographies – indeed across the region – to achieve an improvement in affordability.
Whilst increasing housing supply in Runnymede Borough will contribute to improving affordability in the longer-term, models which seek to isolate the precise impact which an increase in housing supply will have on improving affordability in the Borough fail to recognise evidence clearly showing that it is at a broader (likely regional) scale at which the supply-price relationship works. A sustained increase in housing supply across the region as a whole is needed.

It is in this context in which it is appropriate to return to look at Runnymede and the extent of the uplift and how it will improve affordability locally. Historically housing supply in Runnymede has averaged less than 250 dpa (since 2001). Average net completions 2009-14 have averaged 180 dpa.

The chart below shows the trajectory assumed in the Local Plan. The Proposed Submission Plan envisages net completions averaging 524 dpa from 2018 onwards. This represents a doubling in rates of housing delivery in the Borough. Considered over the plan period a whole (2016-30), the level of housing delivery (503 dpa) which is 2.07 times that delivered historically.

It is not possible to be precise as to the impact which this will have on house prices in the Borough; however the Council considers that this doubling of housing delivery rates will significantly impact on market expectations and perceptions of house price growth at the local level, which will over time improve market housing affordability in the Borough.

In line with Para 2a-020 in the PPG, the Council considers that the increase in supply implied in the OAN and plan requirement can on reasonable assumptions be expected to
improve affordability over the plan period; and it will monitor the response of the market over time. The required five yearly reviews of plans (as is likely to be required by Government) provide the appropriate mechanism to do so.

2.33 In line with the inspector at the Waverley Borough Council EiP (and proposed at South Hams) a 25% uplift was required to address the considerable affordability concerns in that Borough.

GL Hearn Response – The basis of the calculation of the 20% adjustment made in drawing conclusions on Runnymede’s OAN within the SHMA Update is set out above. However to inform this response, the Council has also sought to benchmark this against market signals adjustments which have been made or tested through local plan examinations since 2015 in plans which have been found sound or adopted.

The figure below plots the findings regarding the appropriate market signals adjustment against the relevant LQ income ratio considered. A trend-line has then been plotted. In a number of areas, no specific market signals adjustment has been applied and these have been excluded.

On the basis of an LQ affordability ratio in Runnymede of 12.07 in 2016, this benchmarking exercise indicates that a 20% market signals adjustment is appropriate. Although derived from an alternative approach.

Areas such as Adur and Mid Sussex which have similar affordability ratios are also plotted. However in these instances the acceptable market signals uplift was 10% and 20% respectively thus the approach in Runnymede is not out of kilter with similar areas.
2.34 The Local Plan Expert Group would result in an uplift of 25% above the baseline demographic projection.

GL Hearn Response – Many of the comments that have been made above are relevant as a response here. Although it should be kept in mind that the Local Plan Experts Group is not official guidance, and there are no plans for it to ever be.

2.35 Objectively Assessed Need uplift required to improve affordability should be increased from 20% to 30%. It is suggested that a 35% uplift on the vacancy adjusted demographic starting point would not be inappropriate and more in line with government expectations.

GL Hearn Response – As established above the 20% adjustment is appropriate as is applying it to the demographic starting point.

2.36 The current use of 20% is not consistent with national policy insofar as it relates to Paragraph 158 of the NPPF and the need to ensure that strategies for housing, employment and other uses ‘take full account of relevant market and economic signals.

GL Hearn Response – As set out above we believe that the 20% adjustment is in line with the PPG and NPPF.

2.37 We note that the Government’s recent consultation on the way of assessing housing needs in the future indicates that by the approach which has a 40% uplift for market signals.

GL Hearn Response – This approach is not yet policy and will not apply for the purpose of examining the Local Plan in Runnymede. The draft revised NPPF sets out a series of transitional arrangements for its implementation, which effectively sets out that the NPPF – inclusive of the new standardised methodology – would not apply for the purpose of examining plans where those plans are submitted on or before six months after the date of the final NPPF’s publication.

The final version is expected in July with the transitional period therefore ending in January. As RBC is submitting the Local Plan at the end of July, the Council will not be required to rely on the new standardised methodology. We have however noted in the following chapter what the updated household forecasts and new affordability ratio mean for the OAN in Runnymede. Our evidence suggests that the current OAN for Runnymede of 498 dpa could be reduced come September when the new household forecasts are released.

The Council will adhere to the approach set out within the revised NPPF once it is adopted, when it comes to review its Local Plan.
**Affordable Housing Need**

2.38  *There is no explanation of the role of affordable housing in deriving the OAN / The affordable housing need should be an “important influence” for local authorities when calculating their OAN.*

   GL Hearn Response – The approach to market signals incorporates any change for affordable housing need. Thus, while no specific “direct” affordable housing needs adjustment is made, it is ultimately a consideration and a factor.

2.39  *The 20% uplift for market signals, whilst welcomed, is a wholly inadequate response to the affordable housing need that arises in the Borough and an additional uplift should be applied;*

   GL Hearn Response – It can be confirmed that in the approach to market signals/affordable housing need, GL Hearn has made a signal adjustment to address both issues.

   If the market signals adjustment works as intended and house prices are improved relative to earnings then more people will be able to afford market housing and thus not be in affordable housing need.

   Alternatively the increased housing need as a result of the market signals adjustment will deliver more homes and through developer contributions will deliver more affordable housing.

   Thus the market signals adjustment will address both the supply and demand elements of affordable housing need.

2.40  *GL Hearn state that “Delivering just 280 affordable homes per annum on the current policy basis of 30%-35% (mid-point of 32.5%) would require an overall delivery of 862 dwellings per annum” however this is not the OAN.*

   GL Hearn Response – That is correct. The figure of 280 homes per annum includes newly forming households which are already included within the OAN. It also includes households who are currently occupying housing not suitable for their requirements e.g. they are too small.

   Should these households be provided with a suitable home, they would release their current homes for others in need to use. Thus there is not a net need for additional homes.

   Therefore while the calculation above provides an indication of affordable housing in the context of wider delivery it is not a like for like comparison.
2.41 It is not sufficient to dismiss the OAN of 862 dwellings because it results in too high a growth rate

GL Hearn Response – As above, the 862 dpa is only a theoretical need which is sensitive to a number of assumptions and which double counts part of the OAN. The reason why GL Hearn has undertaken this theoretical exercise is set out in paragraph 29 of the PPG:

“The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments.”

It then goes on to add that “An increase in the total housing figures included in the local plan (my emphasis) should be considered where it could help to deliver the required number of affordable homes.” It is therefore clearly a local plan choice to deliver this additional housing delivery and is not part of the OAN.

2.42 40% of income has been assumed within the SHMA 2018. This is considered extremely high and not in accordance with the recommendations contained within the guidance or LPEG or Housing White Paper (September 2017) which all recommend that a 25% multiple of income should be used.

GL Hearn Response – Paragraphs 4.30 to 4.32 and Table 44 of the SHMA provide sensitivities to a range of thresholds recognising that what is considered affordable can vary and that local circumstances may justify an alternative figure.

As set out in the SHMA update the 35% income threshold has been used in the main modelling not the 40% suggested.

2.43 The implementation of a 30% of income threshold would provide a true reflection of affordable housing requirements within the Borough.

GL Hearn Response – This is provided at table 44 of the SHMA update.

2.44 We would recommend that the figures for the supply of affordable housing from relets of intermediate housing are recalculated rather than relying on the SHMA 2015 data.

GL Hearn Response – The average number of intermediate re-lets from 2013/14 to 2015/16 was ten (10, 8 and 12 per annum). This is an identical figure from the 2015 SHMA therefore the latest data would not make any difference.

2.45 The level of affordable housing capable of being delivered through the plan is wholly insufficient to meet affordable housing need. Applying the SHMA’s assumption that 33% of the housing will be affordable, the contribution to the assessed need for affordable housing would be 163 units, or less than 50% of the need.

GL Hearn Response – Affordable housing contributions are not the only approach to reducing affordable housing need. For example the Council is advancing initiatives to:
• Make best use of existing Social Housing - primarily Runnymede’s Council housing but also working with RP partners.
• Build new Council housing in Runnymede
• Work with partners to buy and lease additional Affordable Housing
• Work with Developers and RPs to maximise the number and appropriate type of units delivered on s.106 development sites
• Work with private sector landlords to let properties through Magna Carta Lettings
• Encourage owners to bring empty homes back into use as Affordable Housing.

Older Persons Accommodation

2.46 The need for specialist accommodation, particularly for older people, has not been appropriately calculated and likely underestimates the required need over the plan period. It is flawed in its assumption that the baseline is one in which need and supply are broadly in balance (i.e. there is no unmet need) and the escalator calculation is a blunt tool.

GL Hearn Response – Our approach is reflective of the PPG and in particular paragraph 21 which states that:

“The age profile of the population can be drawn from Census data. Projection of population and households by age group should also be used….The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector.”

We have utilised the official populations and household projections to develop a population profile and growth resulting from the OAN. We have then used an online kit (the Housing LIN) to apply a national ratio of supply.

While it could be described as a blunt tool, it ensures that as a minimum, provision is in line with the national picture. However, areas which are relatively affluent such as Runnymede are likely to be healthier and thus require a below average level of provision. We are therefore content that we have not under-estimated need in Runnymede.

It is correct to say we have not looked at existing supply within the SHMA update which would arguably provide interesting outputs. However this information is included and considered within the previous SHMA and was used to give us a range of outputs. We are not convinced that repeating the former method is reasonable or robust given current data availability.

Nor do we consider that the analysis supports this position. In undertaking the SHMA, there was no indication of any shortfall/backlog of current provision in either the market or affordable sector (hence the SHMA just looked at future projections). Whilst the current
stock of specialist housing may be low, it could well be due to the fact that that simply reflects current local demand.

If there is indeed a backlog, this is likely to be small, but it is accepted that this would increase local needs. However by using national prevalence rates to project future needs arguably these could be too high in relatively affluent areas such as Runnymede where it is quite likely that the local population has better health. Hence rather than the SHMA under-estimating need, it could be over-estimating but ultimately takes a pragmatic and fairly balanced position.

We also set out a split by tenure and type as required. This was reasonably based on the split between market and affordable housing used by Housing LIN (60:40). Whilst older people are more likely to be owners than renters, the situation in Runnymede is not particularly different from other areas.

We should also note that none of the representations provide an alternative figure for us to appraise or adopt.

Our approach has been interpreted by the Council within their draft policy which we feel is a flexible policy.

2.47 The approach does not take into account the need for older persons accommodation arising from those aged 65-74.

GL Hearn Response – We do not agree that there is any notable need for this particular age group. Many models including the Housing LIN model on the basis prevalence rates of supply for the 75+ population.

2.48 Paragraph 7.14 of the SHMA says that “in reality, most additional specialist housing can be expected to be within the extra-care category” which is a type of provision more closely aligned with specialist C2 accommodation.

GL Hearn Response – All of the specialist housing is C3 and include sheltered housing which are sites which are self-contained apartments/flats or bungalows on one site. All sheltered housing properties have their own front door, kitchen and bathroom. They also require residents to have a certain level of independence. Crucially they do not include nursing or medical assistance but would have a warden on site that can be summoned if and when required.

There is little difference between Extra Care (assisted living) and Enhanced Sheltered; both are as above but include a level of personal care assistance e.g. dressing and shaving. Extra Care has personal care assistance available 24/7 whereas enhanced does not. (http://www.extracarehousing.org.uk/models-of-extra-care-housing.aspx)
The C2 calculations include an element of nursing or qualified assistants as well as personal care. This includes residential care homes which have qualified care assistance 24/7 but do not need to be nurses. They also have to keep records of the residents and devise and follow an individual care plan for each resident. They will require the district nurse to come out for more complex procedures.

Nursing homes are similar to residential care homes but with care administered by registered nurses who are on site 24/7 (https://www.barchester.com/care-homes-blog/residential-care-home-vs-nursing-home-whats-difference).

2.49 There is a deficit in provision for older home owners who wish to move from their existing home whilst retaining their tenure of choice.

GL Hearn Response – The mix of housing being planned for reflects demand from those wishing to downsize. Typically those wishing to downsize do not go directly to 1-bedroom homes but seek a spare bedroom to allow family to stay overnight. The generally high equity levels held by older persons allows this to be focused in market purchase accommodation.

2.50 Taking account of the existing specialised housing stock and, having noted the relatively low levels of provision of Registered Care beds in the area, it is concluded that current supply is below what is likely to be required by the existing population of older people resident within Runnymede.

GL Hearn Response – The Council believe there is adequate provision of registered care spaces. This reflects the current and pipeline supply as well as the future need identified by the SHMA and the County Council.

2.51 The evidence presented in the SHMA is likely to lead to an underestimate of need and provision that does not reflect the diversity of need, aspiration and circumstance among the older population.

GL Hearn Response – Our approach accords with the requirements of the PPG. Further information on the needs of older people is set out in the County wide study examining older person’s accommodation.

Students

2.52 The housing requirement is based on inaccurate assumptions about demographics, in particular in relation to the assumption that students are excluded from migration data.

GL Hearn Response – Students are included within the migration data however those who reside in C2 accommodation are excluded from the household population. The official projections do not note any change in this group within student age groups. However
increased supply is likely to ensure that this is not the case in reality and that the household population should be reduced accordingly.

We apologise for any confusion previous statements may have made.

2.53 The failure to account properly for the student population, or at all, means that further pressure will be placed on market housing which should be addressed through an increased provision

GL Hearn Response – We believe that the SHMA and the Council have accounted properly for student growth. Our approach examines the growth aspirations of the RHUL in terms of student and housing growth and any assumed growth within the official projections.

2.54 The OAN relies upon RHUL increasing its bed-spaces provision in tandem with its proposed student number growth as planned until 2031. It is highly likely that they will fail to deliver in this regard.

GL Hearn Response – We held detailed discussions with the University who have set out their plans for student and accommodation growth and are confident of delivering this.

We have also sought to update this position for this response document and held a discussion with the Principal of the University. This moves on the position of the University somewhat. A summary of the conversation is set out in Appendix A. However the University have made it clear that they no longer have any firm plans to increase student numbers at the present and would only grow student numbers after they have provided additional accommodation.

2.55 This is based on the unlikely redevelopment of the University of London Library Depository (which is leased for 900 years to the University of London who may not agree to hand back the lease).

GL Hearn Response – We have not examined supply in any great detail however the Council have committed to ensure that if supply falls below student growth then it will monitor the situation.

Furthermore the University have confirmed that they would need to provide additional accommodation before growing student numbers.

They have however confirmed that the UoL Depository would unlikely contribute to the supply but they could develop small parcels within their existing campus if required and that the P&G site could be developed in the longer term.

2.56 Students in 2nd and 3rd year prefer to live off-campus in dwelling houses, the demand of which places extra strain on the housing needs of the Borough and should form part of the OAN
GL Hearn Response – As set out in 7.36 our calculations recognise this. Within the OAN we have assumed a growth in students of around 1,369 students; this would typically include a higher percentage of second and third year students.

Subsequently the University have since confirmed that they have no current plans for growth therefore the OAN could be over-supply households if growth in this age group as set out in the population projections doesn’t materialise.

However as noted previously the projections are not broken down by economic activity therefore there is some uncertainty as to whether the projected growth can be attributed to students although it is reasonable to assume that it does.

2.57 Although RHUL are exploring other options for delivering student accommodation, there have been no firm plans to date. On this basis, there is uncertainty over the delivery of 420 of the 2,060 additional bed spaces being sought by the university.

GL Hearn Response – No planning applications have been made and there are no firm plans to do so. One must also consider that the University consider that any student growth would only be possible if they deliver the housing they need.

Other

2.58 There is no true policy-based boost in supply above previous housing need, considering the historical delivery deficit and the backlog in unmet need;

GL Hearn Response – As set out above we do not believe there was an historic under delivery against planned target. The planned rate of delivery is also double historic levels of growth.

2.59 Ensure that any policy relating to housing mix should allow a degree of flexibility and avoid being too prescriptive.

GL Hearn Response – The wording of the policy provides the required flexibility “by generally providing a housing mix” as set out in the SHMA and that “Development proposals which depart significantly from the required mix of housing will only be supported where evidence demonstrates that such a mix would not be feasible or viable.”

2.60 Spelthorne cannot be relied on at this stage to accommodate any of RBC’s housing need

GL Hearn Response – Runnymede have identified a supply which is capable of meeting the identified housing need for the plan period. The Council is not looking to other authorities to assist in meeting its identified housing need.

2.61 In terms of meeting the requirement for affordable homes, given the scale of need, it is unlikely that the entire affordable housing need will be met. Furthermore, it is appropriate for ‘starter homes’ to
be considered as an additional product to be introduced to the market, which will take some of the burden from the affordable requirement.

GL Hearn Response – Affordable housing contributions are not the only approach to reducing affordable housing need. For example the Council is advancing initiatives to:

- Make best use of existing Social Housing - primarily Runnymede’s Council housing but also working with RP partners.
- Build new Council housing in Runnymede
- Work with partners to buy and lease additional Affordable Housing
- Work with Developers and RPs to maximise the number and appropriate type of units delivered on s.106 development sites
- Work with private sector landlords to let properties through Magna Carta Lettings
- Encourage owners to bring empty homes back into use as Affordable Housing.

Starter homes will be included within the overall affordable housing contribution although it is not an affordable housing product. It does however provide a pathway to low cost home ownership.

2.62 In terms of the proposed split between intermediate and social or affordable rented homes, this SHMA does not take into consideration the latest Government agenda to introduce ‘starter homes’ for first time buyers.

GL Hearn Response – The split includes a 10% requirement for low cost home ownership including starter homes.

2.63 The analysis on Heathrow is a clear example of how Runnymede should plan for flexibility within their housing land supply.

GL Hearn Response – As set out at 5.53 and 5.54 of the Submission Local Plan Runnymede Council is part of the Heathrow Strategic Planning Group (HSPG) which will consider the impacts of potential expansion. Once known the Council will work with the group to address the resultant need. However this will be entirely dependent on full legal and political sing off of the expansion.

Housing Need – Too Much

2.64 The projection for housing was before the Brexit vote.

GL Hearn Response – This is correct but what will happen as a result of Brexit is still unknown. How this impacts migration, employment growth and housing need will be dependent on the final agreement between the UK and EU.
While the demographic projections have not taken account of Brexit the economic forecasts have made their own assessment of the impact.

2.65 The figure is a significant increase from previous growth. Over the period 2001-13 the population grew by approximately 6.8%. Between 2013 and 2033 the population is forecast to grow by 19.9% without any explanation, this does not seem sound.

GL Hearn Response – The target reflects the anticipated demographic growth with an adjustment to improve affordability. As set out in the guidance the official population projections are the starting point for establishing housing need. The ONS population projections are based on an established and robust methodology.

Supportive Comments

2.66 The exception to looking at need across the HMA is where local plans are at different stages of production, which is currently the case with Runnymede and Spelthorne Borough Councils.

2.67 The SHMA identifies the OAN to be 7,413 dwellings over the 15 year plan period, which equates to 494 dwellings per annum and this is notably higher than previous rates of housing delivery in Runnymede. Therefore, a step change in housing delivery is required over the forthcoming plan period.

2.68 The need for a step change is recognised in the plan and the need for green belt release that this gives rise to. As such, the proposed upwards adjustment of 20% to account for market signals is welcomed, due to the clear affordability issues within the Borough and wider HMA.

Employment Land Need

2.69 There was a lack of engagement with Enterprise M3 through the plan making process.

GL Hearn Response – The Enterprise M3 LEP has been approached both during the preparation of the Council’s evidence base (particularly the elements related to housing, infrastructure and the economy), and also at each formal stage of consultation during the Local Plan preparation process. Whilst the Enterprise M3 LEP may have chosen not to provide comments on the evidence or formal consultation responses, the Council has been proactive in seeking their views.

The Council has also engaged with the LEP during the production of Local Growth Fund bids and as part of wider partnership working related to the Housing Infrastructure Fund bid work. The Council works effectively with a range of partners through the Heathrow Strategic Planning Group (HSPG) on sub regional matters related to expansion at Heathrow Airport.
including the Enterprise M3 LEP. The Joint Evidence Base and Infrastructure Study (JEBIS) is currently being progressed through the HSPG by a range of partners including the Council and the Enterprise M3 LEP.

The outcomes from this work may underpin a Joint Strategic Planning Framework (JSPF) for the Heathrow sub region. The JEBIS (and potentially the JSPF if it is produced) will be considered at the first review of the Runnymede Local Plan.

2.70 The approach within the SHMA to the assessment of need for industrial floorspace did not include reference to market demand or market intelligence. Including from local agents who identify continuing unmet need for B2 and B8 Floorspace.

GL Hearn Response – The SHMA did review the Employment Land Review which set out a relatively recent assessment of market demand. We also consulted with the local authority economic development officers who liaise closely with the business community.

The SHMA was only a review of the future needs whereas a review of market demand or market intelligence is only a requirement to review the current situation as per the PPG. The SHMA provides a high level assessment of the overall quantum of employment land required to support future economic growth. However, it does not make comment on specific qualitative needs as the 2016 Employment Land Review provides this information and has fed into the Local Plan.

2.71 The SHMA did not consider the recent pattern of employment land supply and loss to other uses.

GL Hearn Response – Our assessment of past completions was a gross figure, therefore our assessment ensures there is enough land to mitigate against any future losses. The Council are considering a set of Article 4 Directives to ensure that the loss of B1(c) use (light industrial) to C3 use is no longer permitted.

The SHMA was only a review of the future needs whereas the recent pattern of employment land supply and loss to other uses is only a requirement to review the current situation as per the PPG. This is effectively an assessment of need and supply issues as considered in the 2016 Employment Land Review which provides this information and has fed into the Local Plan.

2.72 The SHMA did not consider market signals, such as levels and changes in rental values, and differentials between land values in different uses.
GL Hearn Response – The SHMA was only a review of the future needs whereas a review of commercial market signals is only a requirement to review the current situation as per the PPG. A commercial market signals assessment was undertaken as part of the 2016 ELR. This has continued to inform the Local Plan.

2.73 The SHMA did not consider public information on employment land and premises required.

GL Hearn Response – We consulted with the local authority economic development officers who have an excellent knowledge of local demand and requirements. This informed our choice of forecast.

The 2016 Employment Land Review provides this information and has fed into the Local Plan

2.74 The SHMA did not consider information held by other public-sector bodies and utilities in relation to infrastructure constraints.

GL Hearn Response – The SHMA did not consider any constraints to delivery as it was a policy-off assessment of need. These are to be considered as part of the Local Plan process.

The 2016 Employment Land Review provides an assessment of the employment supply situation. This, along with the Council’s other evidence base, has fed into the Local Plan.

2.75 The SHMA did not consider the existing stock of employment land.

GL Hearn Response – Our assessment did not consider any supply side issues, this was to be undertaken as part of the Local Plan process.

The 2016 Employment Land Review provides an assessment of the employment supply situation. This, along with the Council’s other evidence base, and has fed into the Local Plan.
2.76 The SHMA did not consider the locational and premises requirements of particular types of business.

GL Hearn Response – Our assessment did not consider any supply side issues, this is to be undertaken as part of the Local Plan process.

The SHMA was only a review of the future needs whereas the locational and premises requirements of particular types of business are only a requirement to review the current situation as per the PPG.

The SHMA provides a high level assessment of the overall quantum of employment land required to support future economic growth. However, it does not make comment on specific qualitative needs as the 2016 Employment Land Review provides this information and has fed into the Local Plan.

2.77 The SHMA did not consider the Identification of oversupply and evidence of market failure

2.78 GL Hearn Response – The SHMA did not consider any constraints to delivery as it was a policy-off assessment of need. These are to be considered as part of the Local Plan process.

2.79 The SHMA was only a review of the future needs whereas public information held by other public sector bodies and utilities in relation to infrastructure constraints is only a requirement to review the current supply situation.

The 2016 Employment Land Review provides an assessment of the employment supply situation. This, along with the Council’s other evidence base has fed into the Local Plan.

2.80 The SHMA did not undertake when assessing future need consultation with relevant organisations, studies of business trends, and monitoring of business, economic and employment statistics.

GL Hearn Response – GL Hearn consulted with the Council’s economic development needs team who have regular and direct contact to a range of stakeholders and shared this information with us. This allowed us to choose the most appropriate of the economic forecasts.

2.81 This labour supply forecast is the highest of the three approaches considered but is still lower than the earlier forecasts.

GL Hearn Response – Previous labour demand forecasts have all since been downgraded as a result of Brexit and the anticipated slower rate of growth any previous assessments are therefore out of date. In these circumstances the most recent data supersedes previous
assessments showing a higher rate of growth including our labour supply forecasts which as demonstrated supports a higher level of jobs growth than more recent forecasts.

2.82 The approach assumes that land lost to B1c/B2 will be taken up by B8 which is not necessarily the case as B1c use maybe lost to residential development.

GL Hearn Response – The figures that we have set out are net additional figures. In any case the Council are considering a set of Article 4 Directives to ensure that the loss of B1(c) use (light industrial) to C3 use is no longer permitted.

Furthermore the SHMA does not consider the supply of employment land.

2.83 Past delivery trends will have been constrained by the green belt therefore there will have been very little opportunity for additional floorspace, especially with regard to the more space hungry developments such as B2 and B8.

GL Hearn Response – Completion based trends are not the only way we have examined future growth. If that was the case, then it could arguably be seen as a more realistic level of growth. However, the labour demand and labour supply forecasts which feed into our conclusions do not take into account any historic or future constraint and provide a higher number than the completions trends.

2.84 The approach fails to take into account the Enterprise M3 Commercial Property Market Study or the Strategic Economic Plan.

GL Hearn Response – As set out above, the LEP Strategic Economic Plan sets out a lower rate of employment growth overall than that supported by the OAN (and subsequent population and labour force growth i.e. the Labour Supply assessment). In addition the SEP is now somewhat out of date.

2.85 The LEP identifies a lack of high quality Industrial space available as well as a wider shortage of industrial land. Industrial uses compete with higher value office and residential developments and construction yards. This is not addressed in the SHMA.

GL Hearn Response – The SHMA has not examined supply side elements of the calculations. The 2016 Employment Land Review provides an assessment of the employment supply situation. This has fed into the Local Plan.

2.86 On a positive note it was welcomed that the same job growth target that is used in the OAN is used for determining employment land requirements. It was also accepted that any figures from the economic plans are likely to be aspirational and ‘policy-on’.
OAN SENSITIVITIES

Introduction

3.1 This section seeks to review recently published data from ONS (around population growth) to estimate what housing need might be suggested by the Government’s proposed standard method as new population and household projections are developed. It should be noted that the calculations in this section are not definitive and are provided to show the likely direction of travel.

3.2 On the 24th May 2018, ONS published a new set of subnational population projections (SNPP). In the accompanying statistical bulletin it is noted that these will ‘be used in the production of the 2016-based household projections for local authorities, to be published in September 2018’. It is therefore possible to use this new information to form a view about likely household growth ahead of publication of the 2016-based household projections.

3.3 A view about household growth can be achieved by applying data from the 2014-based household projections; the key information in these projections is based on Census data (and will therefore not have changed) whilst ONS (as part of their consultation on the 2016-based household projections) has stated that they intend to ‘Use the current methods as a starting point for the next release of the projections’.

Key methodological differences between the 2014- and 2016-based SNPP

3.4 In reality there are no methodological differences between the two projection runs, with both using past trend data (about births, death and migration), this data then being used in a consistent manner to the 2016-based national population projections (NPP) published in October 2017. However, at a national level a number of assumptions have been changed from the 2014-based version which will have a notable impact on future projections (both in Runnymede and for other areas of the country).

3.5 The NPP project notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy. The key differences are:

- ONS’ long-term international migration assumptions have been revised downwards to 165,000 per annum (beyond mid 2022) compared to 185,000 per annum in the 2014-based Projections. This is based on a 25 year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based Projections; and
• ONS is no longer assuming a faster rate of increase in life expectancy of those borne between the period 1923 to 1938 based on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

3.6 A further change is that the 2016-based SNPP use a different base period to study migration trends (the 5-years to 2016 for internal migration and the 6-years to 2016 for international migration – previously it was the same length of time but in the period to 2014). Additionally, the 2016-based SNPP use updated mid-year population estimates (MYE) to inform past migration, in Runnymede the revised MYE suggests that past levels of net migration may have been over-estimated.

3.7 Drawing this latter point together (about migration) the table below shows the migration trends for Runnymede that would have fed into each of the 2014- and 2016-based SNPP. Overall, migration in the 2014-based SNPP base period averaged 959 people per annum, with a lower figure of 705 in the 2016-based period. This data, along with a lower projected level of international migration (at a national level and filtered down to local authorities) would lead to an expectation that net migration in the 2016-based SNPP would be lower.

3.8 Reductions in fertility projections and in the rate of improvement in life expectancy would also be expected to have a downward impact on levels of population growth.

3.9 The table below show the components of population change in the Borough over the 2001-16 period. This shows that much of the population growth is driven by international net migration; this is an important finding as ONS are now projecting for international migration to be lower in the future than was projected as part of the 2014-based projections.

Table 1: Comparing migration assumptions in the original and revised MYE for Runnymede and SNPP averages

<table>
<thead>
<tr>
<th></th>
<th>Original MYE</th>
<th>Revised MYE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net internal migration</td>
<td>Net international migration</td>
</tr>
<tr>
<td>2008/9</td>
<td>-</td>
<td>522</td>
</tr>
<tr>
<td>2009/10</td>
<td>744</td>
<td>432</td>
</tr>
<tr>
<td>2010/11</td>
<td>57</td>
<td>465</td>
</tr>
<tr>
<td>2011/12</td>
<td>615</td>
<td>771</td>
</tr>
<tr>
<td>2012/13</td>
<td>314</td>
<td>692</td>
</tr>
<tr>
<td>2013/14</td>
<td>-78</td>
<td>889</td>
</tr>
<tr>
<td>2014/15</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2015/16</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2014-based</td>
<td>330</td>
<td>629</td>
</tr>
<tr>
<td>2016-based</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: ONS
Comparing 2014- and 2016-based SNPP

3.10 The simplest comparison between the two projections is to simply look at overall population growth and the analysis below looks at a comparison of key data in the last two SNPP – unless otherwise stated, all analysis looks at the 2016-30 plan period. The analysis below shows that projected population growth in the 2016-based projections is some 2,800 people lower than in the 2014-based version.

Table 2: Projected population growth in 2014- and 2016-based SNPP – Runnymede

<table>
<thead>
<tr>
<th></th>
<th>Population 2016</th>
<th>Population 2030</th>
<th>Change in population</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-based</td>
<td>86,967</td>
<td>98,727</td>
<td>11,759</td>
<td>13.5%</td>
</tr>
<tr>
<td>2016-based</td>
<td>86,370</td>
<td>95,337</td>
<td>8,967</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Source: ONS

3.11 This difference will in part be due to the period feeding into the 2016-based projections having a lower level of net in-migration and population growth. However, it is probable that some of the difference is also due to national level assumptions (which are then filtered down to local areas). The key assumptions are a lower level of fertility, lower improvements in life expectancy and a lower level of long-term international net migration. All of these will drive a lower level of population growth.

3.12 The table below shows the differences, with the average number of births projected to be some 16 lower each year, along with an increase of 25 deaths. The net impact of this is for natural change to be around 42 people lower per annum on average for the 2016-30 period. When looking at net migration, it can be seen that internal migration is projected to be slightly lower than in the 2014-based SNPP and international migration is substantially lower – this is despite international migration in the base period having been slightly higher. The overall net effect is that migration is projected to be on average around 160 people per annum lower.

3.13 It should be noted that the figures in the table below do not exactly sum to the overall population change, this is due to the inclusion in the SNPP of a consolidation factor, this is included by ONS as an adjustment to ensure that all subnational projections sum exactly to national projections.
Table 3: Components of population change in the 2014- and 2016-based SNPP – Runnymede (per annum)

<table>
<thead>
<tr>
<th></th>
<th>2014-based</th>
<th>2016-based</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Births</td>
<td>1,072</td>
<td>1,055</td>
<td>-16</td>
</tr>
<tr>
<td>Deaths</td>
<td>703</td>
<td>729</td>
<td>25</td>
</tr>
<tr>
<td>Natural change</td>
<td>368</td>
<td>327</td>
<td>-42</td>
</tr>
<tr>
<td>Internal net</td>
<td>-123</td>
<td>-150</td>
<td>-26</td>
</tr>
<tr>
<td>International net</td>
<td>602</td>
<td>469</td>
<td>-133</td>
</tr>
<tr>
<td>Total net migration</td>
<td>478</td>
<td>319</td>
<td>-159</td>
</tr>
</tbody>
</table>

Source: ONS

3.14 Given the differences in the overall population growth, there will also be differences in the age profile of the population. The table below shows projected population change in five-year age bands in each of the two releases. The table shows that both projections see notable increases in the older person population, and also of people in their 20s; there are however some notable differences. Firstly the 2016-based projections see a much lower change in the number of children (this will be linked to lower fertility) and also a lower change in older age groups, particularly those aged 85 and over (linked to mortality assumptions). There are also lower levels of growth of people in their late 30s and 40s – this may well be linked to lower levels of international migration.
Table 4: Population change by age in the 2014- and 2016-based SNPP – Runnymede (2016-30)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2014-based</th>
<th>2016-based</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>336</td>
<td>281</td>
<td>-55</td>
</tr>
<tr>
<td>5-9</td>
<td>399</td>
<td>196</td>
<td>-203</td>
</tr>
<tr>
<td>10-14</td>
<td>1,033</td>
<td>695</td>
<td>-338</td>
</tr>
<tr>
<td>15-19</td>
<td>1,192</td>
<td>1,156</td>
<td>-36</td>
</tr>
<tr>
<td>20-24</td>
<td>1,054</td>
<td>1,210</td>
<td>156</td>
</tr>
<tr>
<td>25-29</td>
<td>-547</td>
<td>-126</td>
<td>421</td>
</tr>
<tr>
<td>30-34</td>
<td>598</td>
<td>711</td>
<td>113</td>
</tr>
<tr>
<td>35-39</td>
<td>609</td>
<td>346</td>
<td>-262</td>
</tr>
<tr>
<td>40-44</td>
<td>241</td>
<td>-276</td>
<td>-517</td>
</tr>
<tr>
<td>45-49</td>
<td>112</td>
<td>-292</td>
<td>-404</td>
</tr>
<tr>
<td>50-54</td>
<td>-158</td>
<td>-436</td>
<td>-278</td>
</tr>
<tr>
<td>55-59</td>
<td>757</td>
<td>499</td>
<td>-258</td>
</tr>
<tr>
<td>60-64</td>
<td>1,323</td>
<td>1,189</td>
<td>-134</td>
</tr>
<tr>
<td>65-69</td>
<td>1,062</td>
<td>884</td>
<td>-178</td>
</tr>
<tr>
<td>70-74</td>
<td>707</td>
<td>580</td>
<td>-127</td>
</tr>
<tr>
<td>75-79</td>
<td>825</td>
<td>718</td>
<td>-106</td>
</tr>
<tr>
<td>80-84</td>
<td>1,034</td>
<td>837</td>
<td>-197</td>
</tr>
<tr>
<td>85 &amp; over</td>
<td>1,182</td>
<td>795</td>
<td>-387</td>
</tr>
<tr>
<td>Total</td>
<td>11,759</td>
<td>8,967</td>
<td>-2,792</td>
</tr>
</tbody>
</table>

Source: ONS

Household Growth and Housing Need

3.15 By applying the household representative rates (HRRs) from the 2014-based household projections (and other relevant data such as the size of the institutional population) it is possible to provide a strong indication of the level of household growth and housing need associated with the new SNPP (to turn household growth into housing need a 4.4% vacancy allowance has been applied). This shows that the start point will have fallen from 415 dwellings per annum to 299 (over the 2016-30 period). Overall, this analysis suggests 1,500 lower household growth as a result of the new projections – such a finding should not be considered as surprising given the reduction in population growth of 2,800 people. A similar pattern is shown if the figures are extended to 2036.

Table 5: Estimated housing need associated with the 2014- and 2016-based SNPP – Runnymede (2016-30)

<table>
<thead>
<tr>
<th></th>
<th>Households 2016</th>
<th>Households 2030</th>
<th>Change in households</th>
<th>Per annum</th>
<th>Dwellings per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-based</td>
<td>34,951</td>
<td>40,508</td>
<td>5,557</td>
<td>397</td>
<td>415</td>
</tr>
<tr>
<td>2016-based</td>
<td>34,507</td>
<td>38,519</td>
<td>4,012</td>
<td>287</td>
<td>299</td>
</tr>
</tbody>
</table>

Source: Demographic projections
Table 6: Estimated housing need associated with the 2014- and 2016-based SNPP – Runnymede (2016-36)

<table>
<thead>
<tr>
<th></th>
<th>Households 2016</th>
<th>Households 2036</th>
<th>Change in households</th>
<th>Per annum</th>
<th>Dwellings per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-based</td>
<td>34,951</td>
<td>42,739</td>
<td>7,788</td>
<td>389</td>
<td>407</td>
</tr>
<tr>
<td>2016-based</td>
<td>34,507</td>
<td>40,077</td>
<td>5,570</td>
<td>278</td>
<td>291</td>
</tr>
</tbody>
</table>

Source: Demographic projections

Standard Method Calculation

3.16 The analysis in this section takes account of mid-year population estimates (MYE) in the period to mid-2016 and also national level assumptions about population growth in the National Population Projections (NPP) published in October 2017 (these are a 2016-based version). In particular, the question is asked: how will changes to national assumptions impact on projections at a smaller-area level (i.e. for local authorities).

3.17 The MHCLG proposed methodology takes the official projections as the starting point. This is adjusted on the basis of market signals. However, that adjustment is then capped to 40% above a shifting figure depending on the status of the local authority’s local plan.

3.18 Specifically, the adjustment increases the housing need derived from the household projections by 0.25% for every point the affordability ratio is above four (4.0). This is justified on the basis that four is the typical multiple used by mortgage providers to gauge affordability. The equation is as follows:

\[ \text{ Adjustment factor } = \frac{(\text{Local affordability ratio} - 4)}{4} \times 0.25 \]

3.19 In 2016 the workplace affordability ratio in Runnymede was 10.43; i.e. median house prices were 10.43 times the median earnings of those working in the Borough. This means that the adjustment factor for Runnymede is 0.40 or 40%. This is calculated as follows: \( (10.43 - 4) / 4 \times 0.25 \). To this point the housing need in Runnymede would be 40% above the demographic baseline of 398 households per annum. This equates to 557 dwellings per annum.

3.20 This analysis was linked to the 2014-based household projections and affordability data for 2016. The analysis below uses the data from the 2016-based SNPP (linked to household formation and other assumptions from the 2014-based household projections) to see what the ‘557’ figure might be based on more up-to-date information.

3.21 The table below shows household growth in the 2016-26 period from both the 2014- and 2016-based SNPP. The 10-year period has been used to be consistent with the emerging PPG with a standard method for assessing housing need. The analysis shows that the number of households is
projected to increase by 291 per annum with revisions for more recent data; this is somewhat below the equivalent figure (of 397 dpa) from the 2014-based projections.

**Table 7: Projected household growth (2016-26) – Runnymede**

<table>
<thead>
<tr>
<th></th>
<th>Households 2016</th>
<th>Households 2026</th>
<th>Change in households</th>
<th>Per annum</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-based SNPP</td>
<td>34,951</td>
<td>38,922</td>
<td>3,972</td>
<td>397</td>
</tr>
<tr>
<td>2016-based SNPP</td>
<td>34,507</td>
<td>37,412</td>
<td>2,905</td>
<td>291</td>
</tr>
</tbody>
</table>

Source: CLG and demographic projections

**Updating Housing Need Using the Standard Method**

3.22 The analysis above can be used to consider what the need would be associated with the standard method. As well as updating the projections to take account of the latest MYE data, it is possible to update the affordability ratio analysis to provide an alternative market signals uplift. As noted previously, this is based on comparing a median house price with a median full-time income (of someone working in the area).

3.23 The table below shows the relevant figures and the affordability ratio. The data for 2017 was published by ONS in April 2018. The analysis shows that the affordability ratio has increased slightly (from 10.49 to 10.91).

**Table 8: Revised affordability ratio for 2017 (compared with 2016 data) – Runnymede**

<table>
<thead>
<tr>
<th></th>
<th>Median house price</th>
<th>Median income</th>
<th>Price:income ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>£370,000</td>
<td>£35,285</td>
<td>10.49</td>
</tr>
<tr>
<td>2017</td>
<td>£400,000</td>
<td>£36,648</td>
<td>10.91</td>
</tr>
</tbody>
</table>

Source: Derived from a range of ONS data

3.24 If the revised price:income ratio is used (and following the equation set out earlier in this note) the market signals uplift would be around 43% and it is estimated that the housing need would be for 415 dwellings per annum.

3.25 However, the methodology ensures that an uplift is capped at 40%. This would result in a need for 407 dwellings per annum. This is notably lower than the current standard method figure of 557 dwellings per annum and the OAN as presented by the SHMA update (498 dpa) albeit the latter of these covers a different period.

3.26 Indeed, should the Council maintain the 498 dpa target then this would represent an uplift of 66% above the adjusted starting point.
APPENDIX A: Summary of Discussion with Dr David Ashton, Chief Operating Officer and Secretary to Council, RHUL

a. **There is no hard and fast number for growth other than the current strategy which ends in 2020. This has already achieved its planned growth target to 10,500 by 2020.**

b. **The additional 2,000 students is just a number they are likely to consider in future and it is certainly not being planned for at the moment. Indeed there is still a debate whether the University wants to grow at all. The government are currently discussing fees and funding which will have a material impact on the University’s strategy.**

c. **The masterplan is a road map not policy. There may have been a longer term intention is to grow but there is no firm policy at present. If the University did decide to growth they would potentially have to change their entry requirements. There is also some debate about whether academically that is the right thing to do.**

d. **The University are currently trying to project future demand and the demography of students. In the last 10 years they have seen more students commuting and if they did grow with this trend would continue remains unclear.**

e. **If there is growth in the student body the University would have an obligation to service the additional students accommodation needs outside of the HMO and Private Rental sector. If they didn’t then they wouldn’t be able to attract these additional students.**

f. **The university wouldn’t run the risk of saturating Egham or Englefield Green and would commit to developing accommodation before any growth in the student body. They are therefore committed to delivering additional accommodation before student growth.**

g. **More broadly they are looking to draw students out of HMO accommodation but private halls are too expensive for most students. The University would like a broader based provision for their students including budget halls. Without this there would be no movement out of HMO.**

h. **However in terms of additional accommodation since the George Elliot (624 bedspaces) was developed in September they have no other pipeline or any firm plans to do add to their stock. There are however are a number of commercial developments in the pipeline.**

i. **While the London Depository has moved on and is unlikely to be delivered the University have a number of other options. For example they purchased Rusham Park two years ago which they take over once P&Gs lease ends in three years.**

j. **They may also divest some of their surplus land which could fund either academic improvements or accommodation growth. If they do plan for student growth they would increase their footprint initially. They could very quickly break ground on vacant parcels within their existing campus. However, this would probably only be small scale.**

k. **The strategy for the period post 2020 is still being developed and nothing has been presented to the board of governors. However, because of the political flux they may produce a mini holding strategy to 2023 but much of the content is still up for debate.**