

# **Witley Neighbourhood Plan**

H - Housing Needs  
Assessment



# Witley Housing Needs Assessment (HNA)

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**List of acronyms used in the text:**

AH	Affordable Housing (NPPF definition)
AMH	Affordable Market Housing
GT	Gypsy & Traveller
GTAA	Gypsy and Traveller Accommodation Assessment
HNA	Housing Needs Assessment
HNF	Housing Needs Figure
HRP	Household Reference Person
LHN	Local Housing Need
LPA	Local Planning Authority
LPP1	Waverley Local Plan Part 1
LPP2	Emerging Waverley Local Plan Part 2
MHCLG	Ministry for Housing, Communities and Local Government (formerly DCLG)
NDP	Neighbourhood Development Plan
NP	Neighbourhood Plan
NA	Neighbourhood Plan Area
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
PPG	Planning Practice Guidance
PRS	Private Rented Sector
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
WBC	Waverley Borough Council
WPC	Witley Parish Council

## 1. Executive Summary

1. This report provides Witley Parish Council with information regarding the mix of housing they should plan for in the future. This information can be used to inform debate, and can bolster local understanding of the appropriate course of action to be taken as well as provide justification for site allocations and site mix policies. This report was produced using reputable sources with the most recent data available and accepted ways of analysing such data.
2. The report examines:
  - What size of housing is appropriate to meet evolving local needs;
  - How much Affordable Housing is needed within Witley's housing target over the Plan period to 2032, and what tenures should be included in the housing mix; and
  - What provision of specialist housing for the elderly is required over the Plan period.
3. This report does not provide Witley with a Housing Needs Figure (HNF) because this has already been supplied by Waverley Borough Council (WBC) in the Waverley Local Plan Part 1 2013-2032. The findings presented here add nuance and detail about what kinds of housing should be delivered over the Witley Neighbourhood Plan period, which mirrors the end date of the Waverley Local Plan of 2032.

### Size

4. Witley's stock of existing housing is well-aligned with the wider district, though with slightly lower proportions of large dwelling sizes and detached houses. Accordingly, 70.3% of Witley households occupy dwellings of three bedrooms or fewer, compared with 68.8% in Waverley.
5. This modest skew toward smaller dwelling sizes contrasts with the composition of Witley's households, which tend to be larger and younger than those in the wider district. This represents a minor misalignment between supply and demand that future dwelling provision may help to address.
6. Despite a less dramatic ageing of the population than the district and national average, Witley's demographic profile in 2032 is still projected to be dominated by households aged 65 and over (which make up 40% of all households), followed by those aged 35 to 54 (35%), those aged 55 to 64 (17%), and the combined categories aged below 34 (7%).
7. Generally speaking, the age bands most likely to occupy larger dwellings are strongly represented in the projected population, and those most likely to occupy smaller dwellings are not well represented. Although Waverley households aged 65 and over have begun to shift back towards mid-sized dwellings, they still occupy dwellings of four or more bedrooms at nearly three times the rate of households aged 25 to 34 (28% compared with 10%).
8. Given that Witley's current dwelling stock is made up of slightly smaller dwellings compared with the district, while its household size is larger, it is logical that the recommended dwelling mix at the end of the Plan period requires additional provision of three- and four- or more bedroom homes (31.5% and 30.5% of future supply respectively) to correct that misalignment. However, the relative youthfulness of the population is also reflected in a recommendation for a relatively high provision of one- and two-bedroom dwellings (16.5% and 21.8% of future supply respectively).
9. The recommended dwelling mix is generally well-balanced between the different sizes of property, and achieving this balance would be a worthwhile aim of housing policy in the Neighbourhood Plan.
10. It is also worth noting that Witley's ageing population offers a chance to listen closely to local needs and recalibrate the planned dwelling mix if it is discovered that more households would like to downsize in future than is suggested by the occupation preferences evident at the district level.

### Tenure and Affordable Housing

11. We have estimated that 45 Witley households are currently unable to access housing that meets their needs, and that a further 50 households will be in need of Affordable Housing (AH) over the plan period. If Witley's housing target of 480 dwellings is provided over the Plan period in accordance with the 30% AH requirement of the Waverley Local Plan, a total of 144 AH units and 336 market units will be delivered. This should be sufficient to meet the AH needs of the community, which amount to 95 additional dwellings.
12. However, the margin for successful delivery is relatively small, so every effort should be made to maximise AH provision going forward while ensuring that overly ambitious targets do not imperil the viability of new development in general. As the Local Plan 30% requirement only applies to developments of 11 or more units, and smaller infill developments tend to predominate in rural locations such as Witley, an appropriate policy response may be for the Neighbourhood Plan to lower the minimum threshold above which an AH requirement applies.

13. In terms of the tenure split of Affordable Housing, it is important to heed the affordability crisis that exists among households with below average incomes in Witley, who are only able to afford Social Rented accommodation. For this reason, we recommend that AH provision should focus on dwellings for Social Rent. This is in alignment with the West Surrey SHMA, which found that Waverley's AH need is made up of 68% Social and Affordable Rent, and 32% intermediate tenures.
14. Though average annual net household incomes in Witley are relatively high at £44,700, this level of income is insufficient to occupy all tenures apart from Social Rent according to our affordability analysis. In this context creating more affordable routes to home ownership is an equally important priority to the provision of Social Rented accommodation.
15. Shared ownership at up to a 50% share is within the financial capability of the average household's gross income level and for lower-priced dwellings may become an increasingly valuable and popular option within the tenure mix (evidenced by a 117% increase in the frequency of this form of tenure over the intercensal period).
16. On the basis of the evidence we have gathered, the following split of AH tenures is put forward: 70% Social and Affordable Rent; and 30% affordable routes to home ownership.

#### **Housing for specific groups**

17. Of Witley's projected 2032 population, nearly 14% are estimated to be aged 75 and over, which equates to 1,250 people – and an increase of 519 since the last census. This is a lower proportion than that of the district, at 15%.
18. Witley has 141 bed spaces in specialist housing for older people, or 193 per 1,000 of the 75+ population. This level of provision is not sufficient to meet the needs of the projected elderly population according to the results of two calculations based upon projected tenures occupied by those with mobility limitations and a model produced by the Housing Learning and Improvement Network (HLIN).
19. Witley should aspire to deliver an additional 174 bed spaces over the Plan period, up to an upper-bound target of 349. We recommend that 40 of the new units be affordable extra care units, 50 market extra care units, 16 affordable sheltered units, and 53 market sheltered units.
20. However, we note also that these units should not be considered as additional to Witley's overall housing target of 480 dwellings, although the delivery of adaptable homes could supply specialist accommodation while also helping to fulfil the overall target.
21. It is also not practical or necessary for all of these units to be delivered within the Parish boundary. It is reasonable to expect that a large proportion of this need will be met in nearby towns and larger settlements.

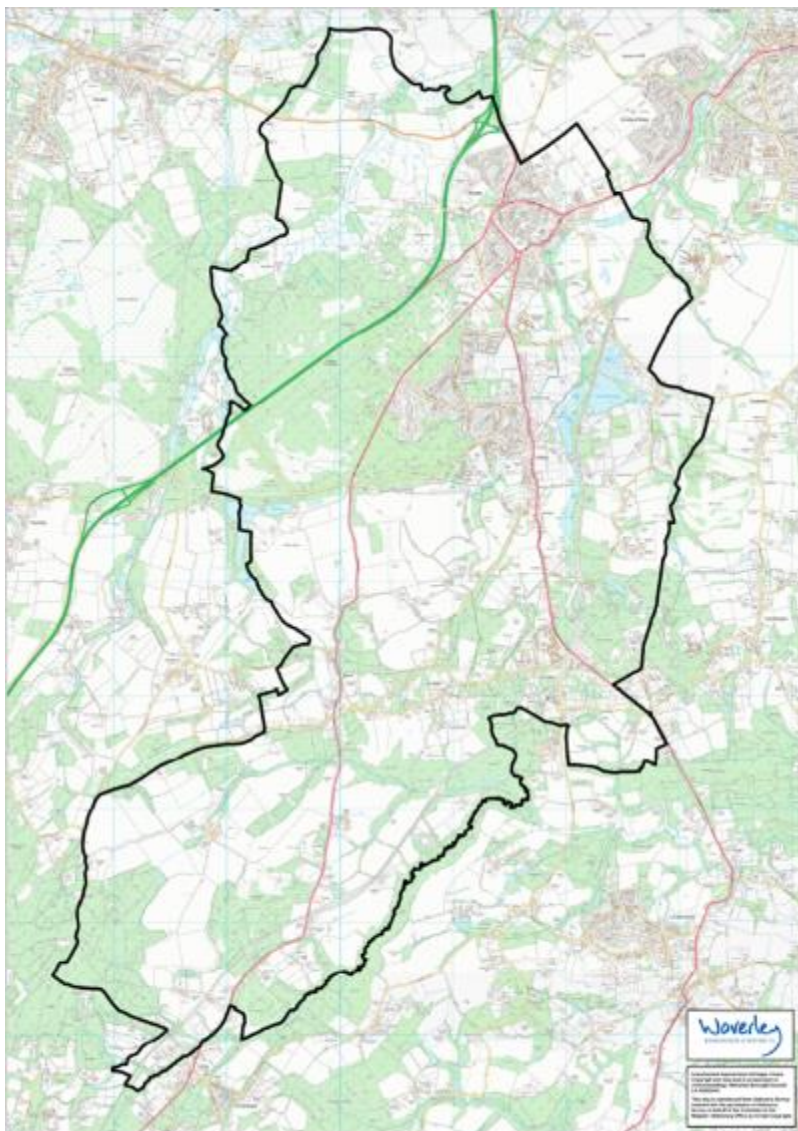


## 2. Context

### 2.1 Local Context

22. Witley Parish is a civil parish in the Borough of Waverley, in southwest Surrey. Its notable settlements include the villages of Witley, Milford and Wormley, as well as the hamlets of Brook, Sandhills and Enton.
23. The Parish is largely rural and entirely within the boundary of the Metropolitan Green Belt, although the two main settlements of Witley and Milford are inset from it. Parts of the Parish fall within the Surrey Hills Area of Outstanding Natural Beauty, and the woodland of Witley and Milford Commons is a Site of Special Scientific Interest operated by the National Trust.
24. The Parish served by two train stations: Witley station, situated in Wormley, and Milford station, situated half a mile outside of Milford, which is on the mainline from London to Portsmouth. The A3 (Guildford and Godalming Bypass) passes through the northwest part of the Parish, providing access to Guildford as well as the M25 and Heathrow Airport. The nearest large towns are Godalming (2.6 miles) and Guildford (6.6 miles).
25. Waverley Borough Council (WBC) designated Witley Parish as a Neighbourhood Plan area (NA) in November 2014. The boundary of the Parish and NA is shown in Figure 2-1 below.

**Figure 2-1: Witley Parish Neighbourhood Plan area**



Source: Witley Neighbourhood Plan Area Designation Notice

## 2.2 Planning policy context

26. In line with the basic conditions<sup>1</sup> of Neighbourhood Planning, Neighbourhood Development Plans (NDPs) are required to be in general conformity with adopted strategic local policies. Consequently, there is a requirement for the relevant Local Plan documents to be reviewed as part of this HNA.
27. Waverley Borough Council is in the process of producing a new Local Plan to replace the existing one, which was published in 2002. The new Local Plan, which covers the period 2013-2032, is being delivered in two stages:
  - Part 1: Strategic Policies and Sites (LPP1) was adopted in February 2018;
  - Part 2: Site Allocations and Development Management Policies (LPP2) is due for adoption in late 2019.
28. The majority of the policies relevant to this HNA are contained in the adopted LPP1, though the site allocation policies relevant to Witley in the emerging LPP2 will also be reviewed here, as they are at an advanced stage of development and considered to have material weight in the determination of planning applications.
29. The adopted LPP1 and emerging LPP2 are informed by a Strategic Housing Market Assessment (SHMA) for West Surrey, jointly commissioned by Waverley, Guildford and Woking Borough Councils, and published in September 2015.
30. Waverley Borough Council has also produced a schedule detailing which of the 2002 Local Plan policies are still in use prior to being replaced in the adopted LPP2. These have been reviewed and judged not to be relevant to the scope of this HNA.

### Policies in the adopted LPP1

31. The following policies are relevant to this HNA:
32. **Policy SP2: Spatial Strategy** – directs most new development in Waverley to the Borough's main settlements of Farnham, Godalming, Haslemere and Cranleigh, while allowing moderate levels of development in larger villages including Milford and Witley.
33. The reasoned justification explains that development should be focused on the Borough's four main settlements because they provide the best available access to jobs, services and other facilities. However, it also supports the provision of new development in villages where it meets identified local need and does not conflict with the WBC's approach to Green Belt. Milford and Witley are singled out as having greater potential for expansion due to their location near to road and rail corridors.
34. Within WBC's Settlement Hierarchy, Witley and Milford fall within the second tier of 'communities with local services', while Brook and Wormley are considered fourth tier 'rural communities with very limited services', and Sandhills is considered fifth tier 'other rural communities (ribbon developments / hamlets)'.
35. **Policy ALH1: The Amount and Location of Housing** – makes provision for at least 11,210 net additional homes in the period 2013-2032, of which Witley Parish is allocated a minimum of 480 new homes (including those built since 2013 and anticipated windfall development).
36. The Borough-wide figure of 590 units per year was derived as follows: the 2014 household projections and 2011 census vacancy rates suggest a need for 396 new homes per year, which is uplifted by 111 units to account for AH demand and migration changes, plus an additional 83 dwellings to meet half of the Borough of Woking's unmet housing need.
37. Across Waverley, 188 dwellings are anticipated to be developed on windfall sites over the Local Plan period.
38. **Policy AHN1: Affordable Housing on Development Sites** – requires a minimum provision of 30% Affordable Housing (AH) on all developments that provide a net increase of more than 6 dwellings in designated rural areas, 11 dwellings in non-designated rural areas, or gross floorspace of more than 1000 sqm. Developments in rural areas of fewer than 11 net additional dwellings may make a payment equivalent to the cost of providing 30% on-site AH. The policy also states that the mix of dwelling types, sizes and tenures should reflect the most up-to-date evidence of local housing need.
39. The West Surrey SHMA found that Waverley's AH need is made up of 32% for intermediate housing and 68% for social or affordable rented accommodation.
40. The SHMA identified a need for 314 affordable homes per year across the Borough over the period 2013-2033, of which 83 dwellings per year should be delivered in locations other than the main four settlements. This amounts to

<sup>1</sup> See Glossary

approximately 64% of the Borough's overall housing need per year, and is considered an inappropriate target because (at 30% AH) it would result in delivery rates exceeding levels achieved elsewhere.

41. **Policy AHN2: Rural Exception Sites** – states that small-scale AH schemes may be permitted on land in, adjacent to, or closely related to an existing rural settlement if genuine local need cannot be met in some other way. A limited element of market housing is allowed where necessary to ensure financial viability.
42. **Policy AHN3: Housing Types and Size** – requires new housing proposals to provide an appropriate range of types and sizes to meet community need as identified in the most up-to-date SHMA evidence. It also supports proposals for accommodation that meets the needs of specific groups, in particular older people (aged 65 and over), families with children, and people with disabilities.
43. The West Surrey SHMA identified the proportion of market and AH dwellings of various sizes required in Waverley, as shown in Table 2-1: below.

**Table 2-1: Need for different tenures in Waverley**

Tenure	One-bed	Two-bed	Three-bed	Four-bed
<b>Market</b>	9.3%	32.1%	38.2%	20.4%
<b>Affordable</b>	47.3%	29.2%	21.9%	1.7%

Source: Waverley Core Strategy 2006-2026

44. The SHMA also found that the population of elderly people in Waverley is expected to grow by 49% in the period 2013-2033, and that the Borough requires 1,442 market and 260 AH dwellings for older people.
45. **Policy SS6: Strategic Housing Site at Land opposite Milford Golf Course** – removes a site in Milford from the Green Belt and allocates it to deliver approximately 180 homes, subject to access arrangements and other site-specific conditions.

#### **Policies in the emerging LPP2**

46. **Policy DM15: Self-build and Custom Housebuilding** – states that development proposals of 20 or more units will be expected to make at least 5% of plots available for sale to self- or custom builders, subject to demand on the Self-build and Custom Housebuilding Register.

## 3. Approach

### 3.1 Research questions

47. Below we set out the RQs relevant to this study, as discussed and agreed with Witley Parish Council. Research Questions, abbreviated to 'RQ,' are arrived at the start of the project through discussion with the parish. They serve to direct our research and provide the structure for the HNA.
48. WPC do not require a Housing Needs Figure (HNF) because this has already been provided for the Parish by Waverley Borough Council.

#### Size

49. The group perceives that the current stock of housing in Witley is skewed towards larger units, meaning that newly forming households are not able to easily access appropriately sized and priced units, and that households wishing to downsize within the area have few options. The Parish is seeking to determine what size of housing units would be best suited to the local community in order to ensure that future developments give local people at all stages of life the options they require and keep the market operating efficiently.
50. *RQ1: What mix of sizes (number of bedrooms) of housing is most appropriate to meet local needs now and in future?*

#### Tenure & Affordable Housing

51. The Parish would like to understand in greater detail the needs of the community for housing of varying tenures, particularly affordable housing. The group is keen to establish the right conditions for new development to come forward that is affordable, both in the NPPF definition of Affordable Housing (including social renting, affordable renting, and intermediate housing) and in the broader sense of housing that is attainable for first-time buyers and others for whom home-ownership is difficult. Within the housing target for the Parish set by the Waverley Local Plan (480 units), the group is seeking to determine the most appropriate mix of tenures that should be provided to meet local need now and in the future.
52. *RQ2: What Affordable Housing (social housing, affordable rented, shared ownership, intermediate rented) and other market tenures should be included in the housing mix?*

#### Housing for specific groups

53. The Parish wishes to ensure that future housing provision takes into account the needs of the retired, the elderly, and those with associated specialised needs. In terms of housing, the group are particularly interested in how those needs might be met through a variety of solutions – such as smaller units, independent living provision, and so forth – rather than just care homes. There is significant overlap between this area and the question of housing size, so this question will specifically address the sub-section of the population likely to require specialised housing through the plan period.
54. *RQ3. What provision should be made for specialist housing for retired people and the elderly in Witley?*

### 3.2 Relevant data

#### 3.2.1 The Local Authority evidence base

55. Planning Practice Guidance (PPG) states that those bringing forward a Neighbourhood Plan can refer to existing needs assessments prepared by the Local Planning authority as a starting point. As Witley NA is located within the District of Waverley, we therefore turned to the West Surrey Strategic Housing Market Assessment (SHMA), published in 2015, which covers the District and informs emerging housing policies at the local authority level, including affordable housing policy.
56. The purpose of the SHMA is to provide a strategic view of housing supply and demand in all housing sectors up to 2032 and to provide the Local Authorities with a comprehensive understanding of the dynamics and segments of the functional housing markets operating within the County of Worcestershire.
57. For the purpose of this HNA we have determined that Witley forms part of the Waverley Housing Market Area (HMA) identified as a sub-area within the SHMA. The SHMA draws upon a range of data including population and demographic projections, housing market transactions and employment scenarios. As such, it contains a number of points of relevance when determining housing need within the NA.

58. This provides a strong starting point for policy development that aims to build on and add local specificity to the Local Plan by enabling a comparison to be made with Parish-level data (gathered as part of the preparation of this study), given that such an exercise reveals contrasts as well as similarities.

### 3.2.2 Other relevant data

59. In addition to the SHMA, we have gathered a range of other data sources to ensure our study is robust for the purposes of developing policy at the neighbourhood plan level, and is locally specific. This data includes Census data which provides information on demographic shifts.
60. Furthermore, to assess the housing in Witley, data from the Land Registry was analysed. This data provides prices paid, housing types and date of transaction information which allows housing market trends to be identified.
61. The material was collected for the postcodes that are contained within the NA boundary to create a database including all housing transactions registered with the Land Registry between January 1st 2008 and December 31st 2017. A similar exercise was carried out for the whole postcode area (GU8) and for the whole of Waverley to serve as a point of comparison.
62. Market rental data was collected from a range of sources including [www.home.co.uk](http://www.home.co.uk) and [www.rightmove.com](http://www.rightmove.com).

## 4. RQ 1. Size

*RQ1: What mix of sizes (number of bedrooms) of housing is most appropriate to meet local needs now and in future?*

63. The PPG recommends an assessment of the existing housing provision and its suitability to address current and future community need with regard to demographic shifts in age and household composition. Accordingly, we start with a review of the type and size profile of the existing housing stock in Witley. Demographic shifts in age and household composition will then be considered. Finally, the future demand for housing by type and size will be determined.

### 4.1 Background and definitions

64. Before beginning our consideration of size, it is important to understand how different types of households (groups of people living at the same address) occupy their homes. Crucially, household 'consumption' of housing (in terms of housing size) tends to increase alongside wealth and income, with the highest earning households consuming relatively more (i.e. larger) housing than those on lower incomes. Similarly, housing consumption tends to increase with age, such that older households tend to have larger homes than younger households, often as a result of accumulated wealth and expanding families.
65. Yet smaller households (those with lower numbers of inhabitants) may also choose to live in larger homes than their needs would suggest, and thus would be defined in census terms as under-occupying their homes. This is a natural feature of the housing market, but it can distort how future housing need is understood: demographics often present a very different picture than that suggested by market dynamics and signals, and it is helpful to bear in mind that housing need is different from housing choice.
66. In order to understand the terminology used to describe the size of dwellings, it is important to note that the number of rooms recorded in census data excludes some rooms such as bathrooms, toilets and halls, and to be clear that data on dwelling size is collected on the number of rooms being occupied by each household. In the section that follows, 'dwelling sizes' should be understood as follows<sup>2</sup>:
- one room = bedsit
  - two rooms = flat/house with one bedroom and a reception room/kitchen
  - three rooms = flat/house one to two bedrooms and one reception room/kitchen
  - four rooms = flat/house with two bedrooms, one reception room and one kitchen
  - five rooms = flat/house with three bedrooms, one reception room and one kitchen
  - six rooms = house with three bedrooms, two reception rooms and a kitchen, or four bedrooms, one reception room and a kitchen
  - seven+ rooms = house with four or more bedrooms
67. It is also useful to clarify the census terminology around dwellings and household spaces, which can be confusing in the context of flats, shared or communal dwellings, and houses in multiple occupation – types that typically come under the private rented sector. Dwellings are counted in the census by combining address information with responses stating whether or not a household's accommodation is self-contained,<sup>3</sup> and as such all dwellings are classified into either shared or unshared dwellings. Household spaces make up the individual accommodation units forming part of a shared dwelling.
68. The key measure of whether a dwelling is shared or unshared relates to the census definition of a household. A household is defined as "One person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."<sup>4</sup> On this basis, where unrelated residents of a dwelling share rooms other than a kitchen, this would be considered a single household in an unshared dwelling, whilst where only a kitchen is shared, each resident would be considered their own household, and the dwelling would be considered shared.
69. Whilst it is unlikely that these issues are of particular relevance to Witley, it is still helpful to understand the terms as a background to the data in this chapter.

<sup>2</sup> <https://www.nomisweb.co.uk/census/2011/qs407ew>

<sup>3</sup> <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

<sup>4</sup> Ibid.



## 4.2 Existing types and sizes

### Type

70. Table 4-1 below shows that the housing mix in Witley is relatively well-aligned with that of the wider District, with some minor exceptions. There is a marginally greater share of detached properties in Waverley than Witley, which in turn has slightly higher shares of semi-detached and terraced homes. The most common type of housing in both geographies is detached houses, which is a significant contrast with the national trend. Houses taken together account for 83% of all dwellings in Witley.

**Table 4-1: Accommodation type per household space, 2011**

Dwelling type		Witley	Waverley	England
Whole house or bungalow	Detached	37.4%	41.1%	22.4%
	Semi-detached	30.2%	27.0%	31.2%
	Terraced	15.4%	14.6%	24.5%
Flat, maisonette or apartment	Purpose-built block of flats or tenement	13.4%	12.8%	16.4%
	Parts of a converted or shared house	2.6%	3.0%	3.8%
	In commercial building	0.7%	1.2%	1.0%

Source: ONS 2011, AECOM Calculations

### Size

71. Rooms per household is the most accurate proxy for size of dwelling (ideally measured in sq ft) for which data is available. Table 4-2 below sets out the distribution of the number of rooms by household space in Witley and the wider District. In accordance with the findings above, the size of the housing mix in Witley is broadly in line with that of Waverley. At both geographies, dwellings of eight rooms or more are the most common size, followed by five-, six-, and four-room dwellings. Waverley has a slightly higher proportion of dwellings of eight rooms or more, and more one- to three-room dwellings than Witley, which has higher shares of mid-size dwellings.

**Table 4-2: Number of rooms per household space, 2011**

Number of rooms	Witley		Waverley	
	Frequency	%	Frequency	%
All categories: number of household spaces	3,173		49,280	
1 room	2	0.1%	188	0.4%
2 rooms	40	1.3%	924	1.9%
3 rooms	244	7.7%	4,162	8.4%
4 rooms	547	17.2%	7,514	15.2%
5 rooms	589	18.6%	9,055	18.4%
6 rooms	580	18.3%	8,552	17.4%
7 rooms	402	12.7%	6,188	12.6%
8 rooms or more	769	24.2%	12,697	25.8%

Source: ONS 2011, AECOM Calculations

72. It is also useful to compare this data with census estimates of the number of bedrooms occupied by each household in Witley.

73. Table 4-3 below summarises the proportion of households occupying each size of home in terms of the number of bedrooms. This data accords with the findings displayed in Table 4-2: Witley households are more likely to occupy two- and three-bedroom dwellings, while Waverley households are more likely to occupy one-bedroom and four- to five-bedrooms. In both geographies, the majority of households occupy dwellings of two or three bedrooms.



**Table 4-3: Estimated number of bedrooms in household spaces, 2011**

Number of bedrooms	Witley		Waverley	
	Frequency	%	Frequency	%
All categories: number of bedrooms	3,173		49,280	
No bedrooms	5	0.2%	74	0.2%
1 bedroom	270	8.5%	5,036	10.2%
2 bedrooms	780	24.6%	11,417	23.2%
3 bedrooms	1,175	37.0%	17,330	35.2%
4 bedrooms	661	20.8%	10,578	21.5%
5 or more bedrooms	282	8.9%	4,845	9.8%

Source: ONS 2011, AECOM Calculations

74. In Table 4-4 below we set out how the same data pertaining to the number of rooms expressed in Table 4-2 has changed over the 2001-2011 intercensal period. This shows that the distribution of the Witley housing stock has undergone some relatively significant changes. The most notable is the 89% reduction in one-room dwellings, although this is from a low base and reflects reductions in the stock of bedsits across the district and England. Two-room dwellings are also becoming less common while in fact increasing slightly across Waverley and more significantly across England. The trend for larger dwellings closely resembles that seen in the district, including a notable 18% increase in the number of dwellings of eight rooms or more. The number of four-room dwellings has also increased by 14% in Witley.

**Table 4-4: Rates of change in number of rooms per household, 2001-2011**

Number of Rooms	Witley	Waverley	England
1 room	-88.9%	-34.3%	-5.2%
2 rooms	-24.5%	4.4%	24.2%
3 rooms	8.9%	9.5%	20.4%
4 rooms	14.4%	4.7%	3.5%
5 rooms	-5.6%	-3.0%	-1.8%
6 rooms	-0.7%	-5.4%	2.1%
7 rooms	4.7%	5.5%	17.9%
8 rooms or more	17.8%	17.7%	29.8%

Source: ONS 2011, AECOM Calculations

### 4.3 Household composition and age structure

75. Having established the current profile of Witley's housing stock and how it has changed over time, we now turn to the composition of households living in the area. The age structure and size of households are fundamental factors in the size of future housing needed in Witley.

#### Current household composition

76. In Table 4-5 below, we present data relating to household composition drawn from Census 2011. From this it is possible to identify how household composition in Witley differs from the wider District. The clearest differences are the lower proportion of one-person households in Witley (25.8% compared with 27.8% in Waverley and 30.2% in England) and the higher proportion of one-family households with children (a combined 40.6% compared with 36.3% in Waverley). These findings align with the mild contrast between Witley and Waverley's overall age profiles, as expressed in the Census 2011: 22% of Witley residents are aged 0-15, compared with 20% in Waverley, while 18% of Witley residents are aged over 65, compared with 19% in Waverley as a whole. There is a slightly higher proportion of children living in the NA.

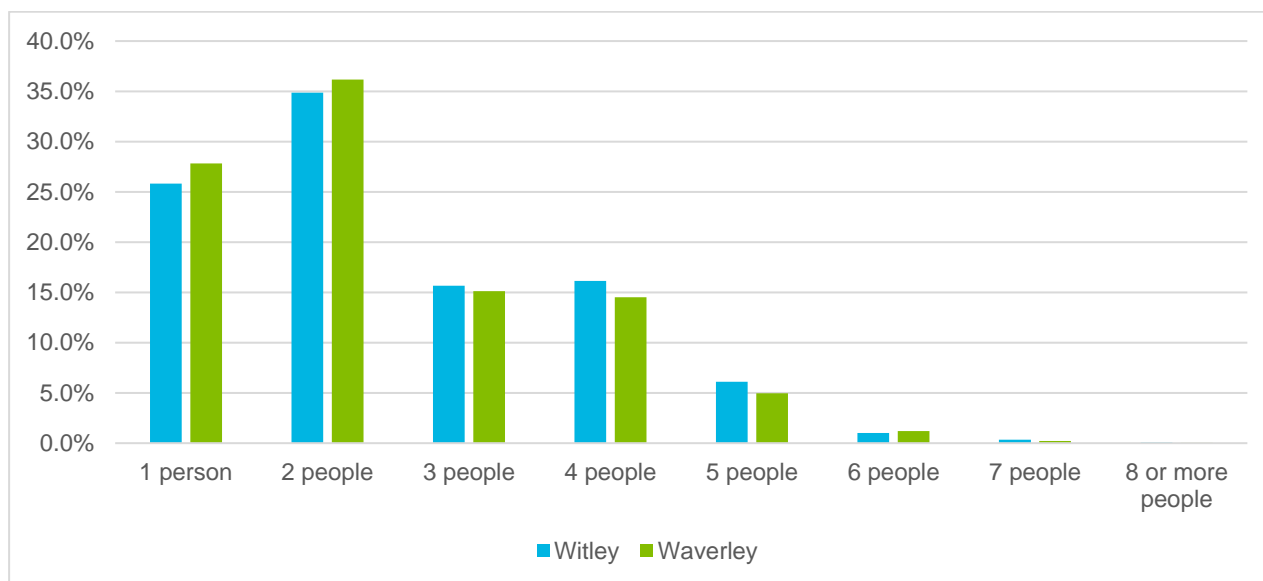
**Table 4-5: Household composition (by household), 2011**

Household type		Witley	Waverley	England
One person household	Total	25.8%	27.8%	30.2%
	Aged 65 and over	13.5%	14.2%	12.4%
	Other	12.4%	13.6%	17.9%
One family only	Total	69.6%	66.8%	61.8%
	All aged 65 and over	9.8%	10.8%	8.1%
	With no children	19.1%	19.7%	17.6%
	With dependent children	30.5%	27.7%	26.5%
	All children non-dependent	10.1%	8.6%	9.6%
Other household types	Total	4.6%	5.5%	8.0%

Source: ONS 2011, AECOM Calculations.

77. It is useful to consider household size (by number of people) alongside household composition in order to get a fuller picture of differences in occupation patterns between the NA and the district.<sup>5</sup> Figure 4-1 below indicates that, two-person households followed by one-person households are the most common size in both geographies: together they represent 61% of all households in Witley. However, Waverley households are more likely to contain one or two people than those in Witley. Correspondingly, there are higher proportions of households continuing four or five people in Witley than in Waverley. This confirms the above finding that there are fewer single person households in Witley and more families with children (which tend to be found in large household groups).

**Figure 4-1: Household size (2011)**



Source: ONS 2011, AECOM Calculations

- 78. Census data also allows us to study changes in household composition between 2001 and 2011. The changes in household composition observed in Witley, and presented in Table 4-6 below, display some striking differences to those observed for the wider District.
- 79. Rates of change in general for different forms of household composition are higher than in the wider District. While Witley’s already comparatively low proportion of one-person households declined by 4.1% over the intercensal period, Waverley’s increased by 3.1%, with a particular and unusual divergence in Witley’s steeper 15.4% decline in one-person households aged 65 and over.
- 80. While the two geographies shared a similar rate of increase among one family households with dependent children, Witley saw the one family households with no children and with non-dependent children increase significantly more than was experienced in Waverley.

<sup>5</sup> The size of a household is equal to the number of usual residents in the household. Visitors staying at an address do not contribute to that household’s size because they are counted in the household of their place of usual residence.

81. It is also worth noting that, despite these contrasts, the evolution of household composition in Witley and Waverley share two particularly notable characteristics that are in contrast with England averages. The decline in other household types in Witley and Waverley were 5.8% and 4.2% respectively, compared with growth of 28.9% observed in England. This may be due to the rising frequency of house sharing and student living across the country and especially in cities – a trend that is not frequently seen in rural areas. Additionally, one family households aged 65 and over increased in the NA and the District, but declined across England as a whole. This would suggest that the population is ageing faster in the District and particularly in Witley than across England, but for the fact that one-person households in that age group – particularly in Witley – are declining faster than the national average.

**Table 4-6: Rates of change in household composition, 2001-2011**

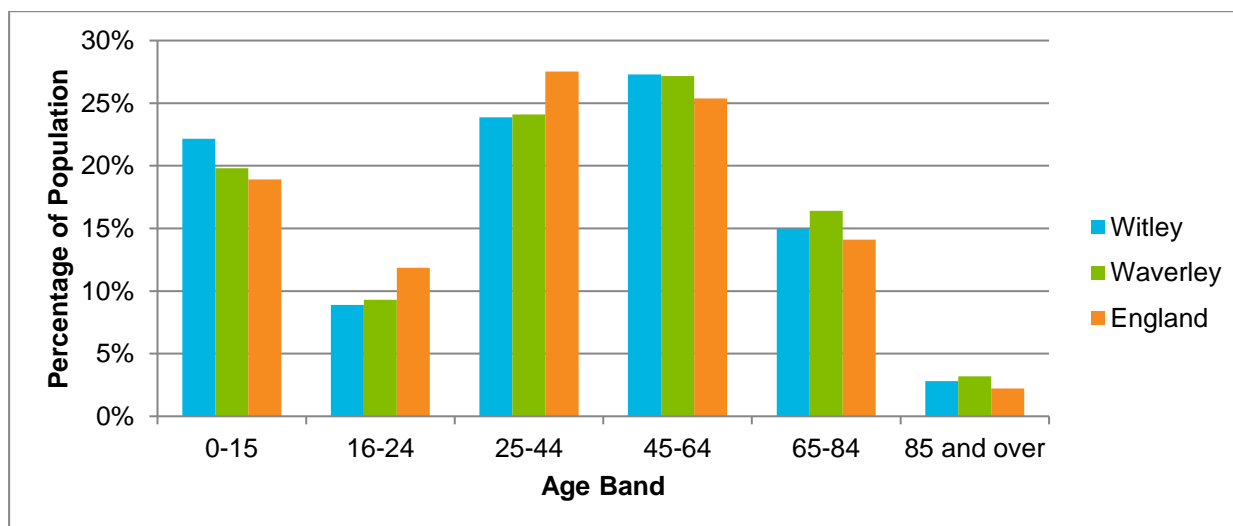
Household type		Witley	Waverley	England
One-person household	Total	-4.1%	3.1%	8.4%
	Aged 65 and over	-15.4%	-2.5%	-7.3%
	Other	12.3%	9.8%	22.7%
One family only	Total	9.8%	5.8%	5.4%
	All aged 65 and over	7.6%	5.9%	-2.0%
	With no children	11.4%	1.3%	7.1%
	With dependent children	11.3%	11.4%	5.0%
Other household types	All children non-dependent	4.9%	-0.3%	10.6%
	Total	-5.8%	-4.2%	28.9%

Source: ONS 2001 and 2011, AECOM Calculations

**Household age bands**

82. Housing need in terms of type and size is also strongly influenced by the age of householders and the wider population. Figure 4-2 below shows the age distribution of Witley’s residents at the time of the Census 2011, compared with those of the District and England. In accordance with much of the data reviewed above, it shows that Witley has a significantly higher proportion of children than both the district and England and a proportion of older people that is lower than that of Waverley but similar to that of England as a whole. Both Witley and Waverley have lower proportions of 16-44 year olds than the national average.

**Figure 4-2: Age distribution, 2011**

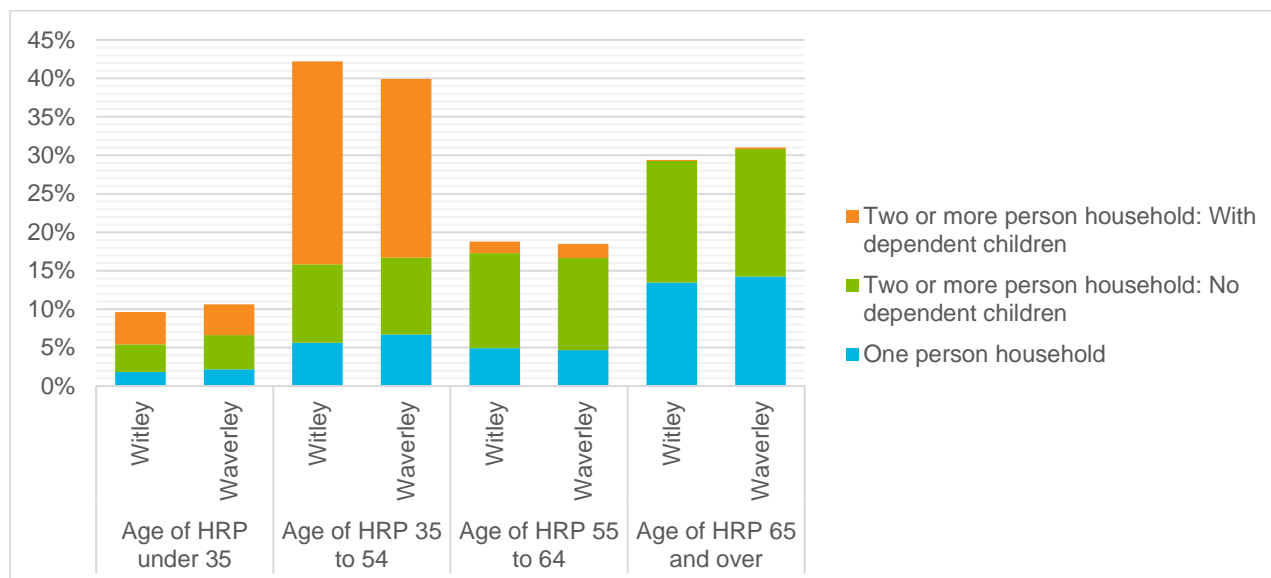


Source: ONS 2011, AECOM Calculations

83. Figure 4-3 below compares households in Witley and Waverley according to the age of the Household Reference Person (HRP). This permits a more nuanced analysis of the occupation patterns, and therefore housing need, associated with Witley residents at different life stages.
84. The proportion of households in which the HRP is aged under 35 and between 55 and 64 are very similar for the NA and the district, while Witley has fewer households in which the HRP is aged above 65 and Waverley has a roughly equivalent proportion fewer households in which the HRP is aged between 35 and 54. The strongest divergence is in

HRP 35 to 54 households with two or more persons including dependent children (26% in Witley compared with 23% in Waverley).

**Figure 4-3: Households by age of the HRP**



Source: ONS 2011, AECOM Calculations

**Future household composition and age mix**

- 85. Having analysed the age structure of the current population and households in the NA, we now turn to how they have changed over the intercensal period and how they are projected to change in future.
- 86. Table 4-7 below presents the changes in the number of people in different age brackets between 2001 and 2011. Witley’s patterns of population growth are quite different to those of Waverley, particularly Witley’s stable population over the age of 85, compared with a 19.8% increase in the district (which may be due in part to an undersupply of suitable accommodation – which is explored later in this study), and a contraction in Witley’s 16-24 year old population, compared with 0.3% growth in the district. Waverley appears to have aged faster than Witley, but also to be replenishing its younger population slightly faster than the NA.
- 87. The rate of change in Witley’s population age structure is not dissimilar to that of the England average, except for Witley’s decline in the 16-44 population (combined -7.6% compared with 18.6% for England) and Witley’s slow growth in the 85 and over population (1.8% compared with 23.7% across England).

**Table 4-7: Rate of change in the age structure of the population, 2001-2011**

Age group	Witley	Waverley	England
0-15	6.2%	7.8%	1.2%
16-24	-3.5%	0.3%	17.2%
25-44	-4.1%	-5.8%	1.4%
45-64	15.0%	8.2%	15.2%
65-84	12.9%	16.2%	9.1%
85 and over	1.8%	19.8%	23.7%

Source: ONS 2001 and 2011, AECOM Calculations

- 88. In order to arrive at an understanding of how the age structure of the population will change over the Plan period, it is necessary to refer to district level data because it is not available at the NA level. Drawn from the 2014-based Household Projections, Table 4-8 below sets out forecast changes to the age structure of the population in Waverley between 2014 and 2039. Percentage change has been calculated from 2011 Census data because that is more accurate than the 2014 estimates.
- 89. The data shows a clear if modest decline in the population of all age brackets up to the age of 55 and provides a different picture to that offered by change in the intercensal 2001-2011 period in Table 4-7 above, which indicates that only the 25-44 age bracket is declining. The 65 and over population is also expected to expand at a much faster rate

than it did over the intercensal period. This data reflects the context of the significant ageing of the UK population as a whole in the coming decades.

90. Given that Witley saw its 85 and over population rise at a rate one tenth as fast as that of the District in the 2001-2011 period (though this wide difference can in part be attributed to the small sample size of Witley's 2001 population of 225 people aged 85+), it is reasonable to expect that Witley's future demographic change will be less extreme than that of Waverley in terms of its ageing. However, as noted above, Witley is not replenishing its young population sufficiently fast to combat the wider trend toward ageing more generally, and the most populous age band in Witley currently (45-64, see Figure 4-2) is due to reach the 65 and over age band by the end of the projected period to 2039.

**Table 4-8: MHCLG Household projections for Waverley by household age**

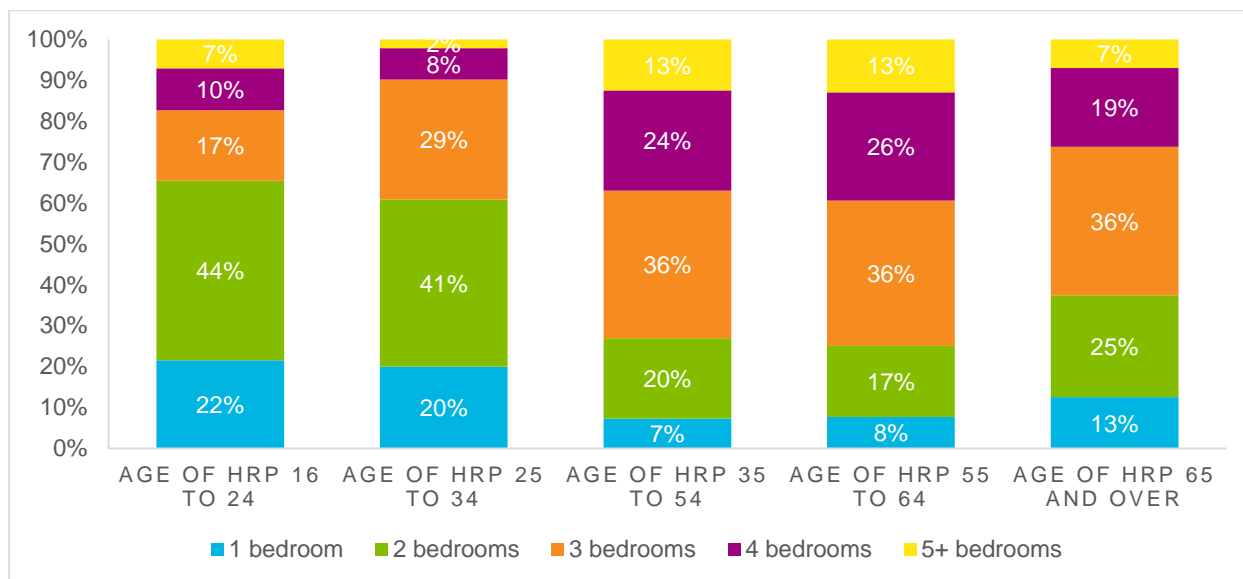
	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	710	4,519	19,664	9,103	15,284
2014	727	4,186	19,424	8,442	17,163
2039	602	3,714	18,581	9,704	26,749
2011-2039 % increase	-15%	-18%	-6%	7%	75%

Source: MHCLG 2014-based household projections, ONS 2011

#### 4.4 Current patterns of occupation

91. To estimate the housing mix needed by the end of the Plan period we adopt an approach which assumes that current occupation patterns – that is, the propensity of households of different ages to occupy different types of accommodation – will persist into the future. For example, projected growth in single person households aged over 65 will lead to an increase in the need for the type of housing currently occupied by single person households of that age.
92. Size of housing is strongly correlated with household life stage. However, no data on housing size occupation by age of the HRP is available at the parish level, so district-level data will again need to be used as a proxy. That data is presented in Figure 4-4 below, showing the size of property occupied by different age groups.
93. While the majority of households where the HRP is aged 16-24 and 25-34 live in two-bedroom dwellings (44% and 41% respectively), all other groups live mainly in three-bedroom dwellings (36%), with four-bedroom dwellings close behind for ages 35 to 64. While most households where the HRP is aged between 16 and 34 live in homes with no more than two bedrooms, those where the HRP is aged between 35 and 64 mainly live in larger, family-sized homes of three bedrooms and above. It is logical that households aged between 35 and 54 live in family-sized homes, as most of them have dependent children (as seen in Figure 4-3). However, very few households between 55 and 64 live with a dependent child (in Waverley, Witley, or in general), which means households tend to remain in their large family homes after their children have moved out. After 65, although the majority of households still live in homes of three bedrooms and above (62%), a larger percentage of households live in smaller dwellings (38% compared with 25% for the next youngest age bracket).

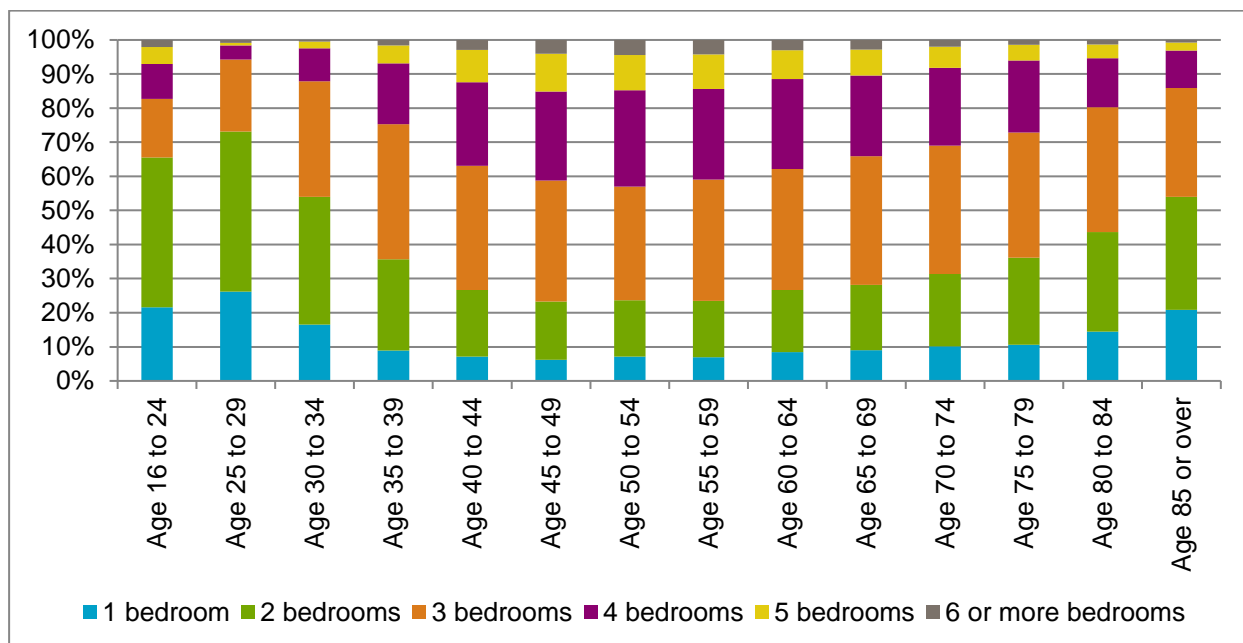
**Figure 4-4: Age of household reference person to size in Waverley, 2011**



Source: ONS 2011, AECOM Calculations

94. Figure 4-5 below is similar to the chart above but is more detailed in terms of age groups and number of bedrooms. It shows that downsizing is a slow process and that a majority of households in the district tend to remain in their larger homes of three bedrooms and above until well into their eighties. The majority of households aged 85 and over live in one to two bedrooms homes, but there is still a large proportion of households living in homes of three bedrooms and above. Ownership of dwellings of four or more bedrooms begins to decline from the age of 55. Another important nuance is that the 25 to 29 age group actually inhabit smaller dwellings than their younger peers, with 73% living in dwellings of two bedrooms or less, while by age 30 to 34 that share has dropped to 54%.

**Figure 4-5: Age of household reference person to size in Waverley, 2011 (detailed)**



Source: ONS 2011, AECOM Calculations

### 4.5 Dwelling mix determined by life-stage modelling

95. In this section, we provide an estimate of the mix homes by size needed by the end of the Plan period by matching future household composition to current patterns of occupation by age (working from the assumption set out at the start of this section that the same household types are likely to wish to occupy the same size of homes in 2032 as they did in 2011).

96. First, we use household projections provided by MHCLG to achieve an understanding of the future distribution of households by the age of the HRP. This data is only available at the District level and for the years 2014 and 2039. Therefore, the distribution of households by the age of the HRP in 2032 has been estimated by dividing the total projected increase by the number of years between 2014-2039 and subtracting seven years' worth of annualised population growth from the 2039 figure. These estimates are given in red in the table. The data, only slightly different from that in Table 4-8 is presented in Table 4-9 below.

**Table 4-9: Projected distribution of households by age of HRP (Waverley)**

	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	710	4,519	19,664	9,103	15,284
2014	727	4,186	19,424	8,442	17,163
2032	637	3,846	18,817	9,351	24,065
2039	602	3,714	18,581	9,704	26,749

Source(s): MHCLG 2014-based household projections, ONS 2011, AECOM Calculations

97. At this point it is necessary to arrive at an estimate of the change to the age structure of the population in Witley. To do so, the percentage of increase expected for each group in Waverley, derived from the data presented in Table 4-9 is applied to the population of Witley. The results of this calculation are presented in Table 4-10 below.
98. It is immediately clear from this projection that Witley's population is projected to age: its demographic profile in 2032 is dominated by the 65 and over age group, followed by the 35 to 54 population (which is slowly declining). In fact, the combined population of these two age bands (35 to 54 and 65 and over) represents 76% of the entire population of the NA in 2032. We should therefore expect the dwelling size preferences of these households to have by far the greatest impact on the ideal dwelling mix put forward below. However, as mentioned above, it should be noted that the population change at NA level is unlikely to follow exactly the same pattern as that of the district, and we have seen in particular that Witley's population does not appear to be ageing quite as fast as Waverley's overall.

**Table 4-10: Projected distribution of households by age of HRP (Witley)**

	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
2011	26	279	1,339	596	933
2014	27	258	1,323	553	1,048
2032	23	237	1,281	612	1,469
2039	22	229	1,265	635	1,633

Source: AECOM Calculations

99. In Table 4-11 below, we work from the same dataset as Figure 4-4 and set out the distribution of dwellings of different sizes occupied by Waverley residents according to the age of the HRP.

**Table 4-11: Age of household reference person to size, grouped (Waverley)**

	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over
1-bed	22%	20%	7%	8%	13%
2-bed	44%	41%	20%	17%	25%
3-bed	17%	29%	36%	36%	36%
4-bed	10%	8%	24%	26%	19%
5+ bed	7%	2%	13%	13%	7%

Source(s): MHCLG 2014-based household projections, ONS 2011, AECOM Calculations

100. Having established the projected number of households in Witley falling into each of these stages at the end of the Plan period in 2032 (Table 4-10), and the preference shown by households at different life-stages towards dwellings of different sizes (Table 4-11), it is possible to put forward an estimation of the 'ideal' mix of dwellings sizes required to accommodate the future population of Witley.
101. From there, we can develop a recommendation as to how the housing stock should evolve in terms of size over the Plan period to overcome any misalignments between the existing supply of dwellings and demand.

102. Table 4-12 below takes the projection population falling into each age band, and then apportions those households among different sizes of dwellings according to the preferences expressed by households at district level. As noted previously, because more than three-quarters of the 2032 population are aged 35 to 54 or 65 and over, the dwellings size preferences of those two age cohorts have an outsized impact on the total recommended dwelling mix. As three-bedroom dwellings are the most popular dwelling size among both groups, they dominate the recommended dwelling mix, with two- and four-bedroom dwellings the next most popular options.

**Table 4-12: Ideal size distribution in Witley in 2032, by household life stage**

	Age of HRP 24 and under	Age of HRP 25 to 34	Age of HRP 35 to 54	Age of HRP 55 to 64	Age of HRP 65 and over	Total
Population 2032	23	237	1,281	612	1,469	3,623
1-bed	5	48	93	47	184	377
2-bed	10	97	252	106	366	832
3-bed	4	70	462	218	534	1,287
4-bed	2	18	313	162	283	779
5+ bed	2	5	160	79	102	348

Source: Census 2011, AECOM Calculations

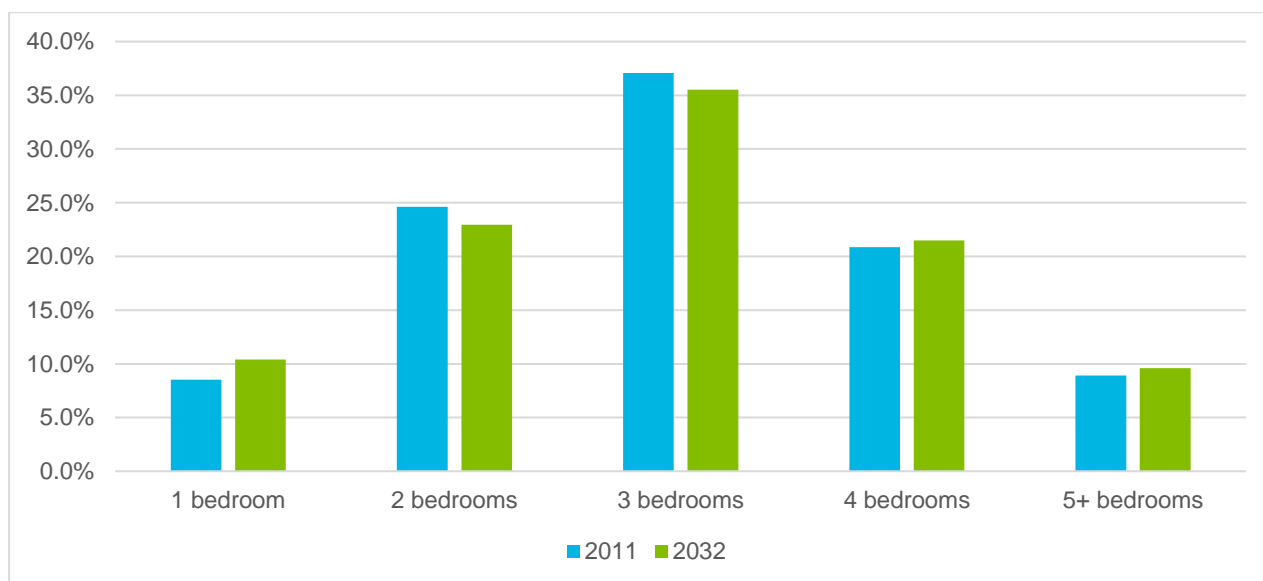
103. We are now able to compare the housing mix in terms of size in 2011 with the projected requirement based on the estimates set out above. Table 4-13 and Figure 4-6 show that the current distribution of dwellings is broadly similar to that required in future, but that it should be weighted slightly more towards the smaller and larger ends of the size spectrum.

**Table 4-13: Size distribution in 2011 compared to ideal distribution in 2032 (Witley)**

Number of bedrooms	2011		2032	
1-bed	270	8.5%	377	10.4%
2-bed	780	24.6%	832	23.0%
3-bed	1,175	37.1%	1,287	35.5%
4-bed	661	20.9%	779	21.5%
5+ bed	282	8.9%	348	9.6%
Total households (not counting those with 0 bedrooms)	3,168		3,623	

Source: Census 2011, AECOM Calculations

**Figure 4-6: Size distribution in 2011 compared to ideal distribution in 2032 (Witley)**



Source: Census 2011, AECOM Calculations

104. Table 4-14 **Error! Reference source not found.** below sets out the misalignment between the current stock in the NA and future demand for housing of different sizes, based on the preferences expressed by households at different life-



stages. It is important to note that even if the proportion of dwellings of a particular size should decrease, the number of those dwellings may still need to increase due to growth in the overall population.

**Table 4-14: Misalignments of supply and demand for housing**

Number of bedrooms	2011	2032	Change to housing mix	Recommended split for new housing
1-bed	270	377	107	23.6%
2-bed	780	832	52	11.4%
3-bed	1,175	1287	112	24.7%
4-bed	661	779	118	25.9%
5+ bed	282	348	66	14.6%

Source: AECOM Calculations

105. However, the size distribution differs significantly from that put forward for Waverley in the SHMA to 2033. In order to arrive at a recommended dwelling mix that is both locally specific and in line with the district-wide trend, we therefore calculate the average of the dwelling mix presented above and that put forward in the SHMA. This average is presented in Table 4-15 below.
106. Note that because the largest category in the SHMA is dwellings of four or more bedrooms, as opposed to five or more bedrooms, which we have been using above, we have added together the four-bedroom and five- or more bedroom totals so that the categories align exactly.

**Table 4-15: Average of Witley size distribution and Waverley size distribution**

Number of bedrooms	Witley 2032 size distribution	Waverley 2033 size distribution (SHMA)	Average (%)
1-bed	23.6%	9.3%	16.5%
2-bed	11.4%	32.1%	21.8%
3-bed	24.7%	38.2%	31.5%
4+ bed	40.5%	20.4%	30.5%

Source: Census 2011, SHMA Table 60, AECOM Calculations

107. What emerges from this exercise is the recommendation that, in order to avoid misalignment between supply and demand and to re-equilibrate the stock, around 31.5% of dwellings in new developments should be three-bedroom units, 30.5% four-bedroom units, 21.8% two-bedroom units, and 16.5% one-bedroom units. New supply ought to remain relatively well balanced across the four categories, with slightly greater emphasis on the larger sizes.
108. Because the projected increase in the number of households used here does not represent the overall quantity of new housing needed in Witley, the appropriate final step is to apply the recommended split of new dwellings by size to Witley's target of a minimum of 480 net additional dwellings over the Plan period to 2032. This is given in Table 4-16 below.

**Table 4-16: Dwelling mix needed over the remainder of the Plan period**

Number of bedrooms	Recommended split for new housing	Additional dwellings required 2018-2032
1-bed	16.5%	79
2-bed	21.8%	104
3-bed	31.5%	151
4+ bed	30.5%	146

Source: AECOM Calculations

109. This final recommendation is an approximation of future housing need that takes into account the local specificity of Witley's population dynamics, as well as the broader tendencies of households across the wider district to occupy homes of various sizes. However, it requires a significant caveat.
110. The propensity of households of different age bands to occupy different sizes of dwelling is not a pure expression of preference. It is also constrained by the actual housing stock on offer: households can only make choices based on the limited range of options available to them.

111. Although the housing market does to an extent ensure that supply reflects demand at the time of construction, the UK's housing stock has been built up over centuries. The total stock of housing that has been accumulated to the present day is therefore not necessarily well-aligned with today's demographic profile and consumer preferences.
112. One example of this misalignment, which is of particular relevance to Witley, stems from the rapid ageing of the population. A 2018 poll of 3,000 UK residents aged 65 and over found that 38% would consider downsizing now, a further 10% would do so if a stamp duty exemption or other tax incentive were introduced, and the total percentage of respondents considering downsizing is increasing at a rate of 4% per year.<sup>6</sup>
113. The obstacle for many potential-downsizers is an undersupply of suitable smaller dwellings to move into. So the 26% of Waverley households aged 65 and over and living in dwellings with four or more bedrooms are exhibiting a tendency to occupy large dwellings that may be a result of limited choice as well as preference.
114. The District level is considered the most appropriate geography for gaining an understanding of what we have described as preference for dwellings of various sizes because it is assumed that those preferences are more likely to be shared by people living in the NA. For example, people may choose to live in Witley or Waverley because of the rural characteristics shared by those places. The preferences of city-dwellers, who would be included in wider geographies, would not be as relevant to Witley's future population.
115. Nevertheless, the national picture provides some useful context. At that scale, according to the 2011 Census, the percentage of people aged 65 and over who tend to occupy dwellings of four or more bedrooms is 14% – compared with 26% in Waverley. This suggests that, given a greater degree of choice, more older households might consider downsizing in Waverley and, by extension, in Witley. In that case, fewer additional four- or more bedroom properties would be needed.
116. It is important to view the sizes of additional dwellings needed in Witley over the Plan period in the context of such issues, and may also be useful to gather additional sources of data, such as household surveys about the desire and ability of Witley residents to downsize to smaller properties, when planning for the future dwelling mix.

## 4.6 Conclusions

117. Witley's stock of existing housing is well-aligned with the wider district, though with slightly lower proportions of large dwelling sizes and detached houses. Accordingly, 70.3% of Witley households occupy dwellings of three bedrooms or fewer, compared with 68.8% in Waverley.
118. This modest skew toward smaller dwelling sizes is not reflected in the composition of Witley's households, which tend to be larger and younger than those in the wider district:
- Witley's average household size is 2.56 people, compared with 2.47 in Waverley and 2.4 in England;
  - Witley has a lower proportion of one-person households than Waverley, and a higher proportion of families with children (40.6% compared with 36.3%);
  - Witley also has a higher share of younger residents, particularly children, while Waverley has a higher proportion of older ones;
  - Witley's share of households aged 85 and over increased one tenth of the rate of Waverley's over the intercensal period, however its population of under 24 year olds is replenishing at a slower rate than that of the wider district.
119. Having established this context, we gathered data on the projected population of the district by age, as well as the propensity of households in particular age bands to occupy particular sizes of dwelling. Applying this information to the demographic profile of Witley itself affords a reasonable estimate of the age structure of the town at the end of the Plan period, and the sizes of dwellings that its future population are likely to want to occupy.
120. Despite a less dramatic ageing of the population to the present day than the district and national average, Witley's demographic profile in 2032 is still projected to be dominated by households aged 65 and over (which make up 40% of all households), followed by those aged 35 to 54 (35%), those aged 55 to 64 (17%), and the combined categories aged below 34 (7%).
121. Generally speaking, the age bands most likely to occupy larger dwellings are strongly represented in the projected population, and those most likely to occupy smaller dwellings are not well represented. Although Waverley households

<sup>6</sup> McCarthy & Stone, *Retirement Housing: Integral to an ageing Britain* 2018. These figures should be weighed with caution, however, as the study was commissioned by a specialist developer of older people's housing.

aged 65 and over have begun to shift back towards mid-sized dwellings, they still occupy dwellings of four or more bedrooms at nearly three times the rate of households aged 25 to 34 (28% compared with 10%).

122. Given that Witley's current dwelling stock is made up of slightly smaller dwellings compared with the District while its household size is larger, it is logical that the recommended dwelling mix at the end of the Plan period requires the provision of three- and four-bedroom homes. However, the relative youthfulness of the population is also reflected in a recommendation for a relatively high proportion of two-bedroom dwellings.
123. The recommended dwelling mix is generally well-balanced between the different sizes of property, and achieving this balance would be a worthwhile aim of housing policy in the Neighbourhood Plan.
124. It is also worth noting that Witley's ageing population offers a chance to listen closely to local needs and recalibrate the planned dwelling mix if it is discovered that more households would like to downsize in future than is suggested by the occupation preferences evident at the District level.

## 5. RQ 2. Tenure and Affordable Housing

*RQ2: What Affordable Housing (social housing, affordable rented, shared ownership, intermediate rented) and other market tenures should be included in the housing mix?*

### 5.1 Background and definitions

126. Tenure refers to the legal arrangements in place that enable a household to live in their home; it determines their rights and influences the payments that are to be made in return for these rights. Broadly speaking, tenure falls into two categories: Affordable Housing (AH), in which households receive some sort of subsidy to enable them to live in their homes; and market housing, in which they do not.
127. We will address this question by examining the tenure of dwellings in the current stock and recent supply, and make an assessment, based on a reasonable interpretation of the evidence we have been able to gather, whether the continuation of these trends would meet future needs. Alternatively, we may identify that misalignments exist between the supply of different tenures of housing and local need. Such misalignments can justify policies that guide new development to prioritise certain tenures, so as to bring supply and demand into better alignment.<sup>7</sup>
128. It is necessary at this stage of the study to make clear the distinction between Affordable Housing in planning terminology and the colloquial meaning of the phrase. In the course of this study, we refer to Affordable Housing, abbreviated to 'AH'. We mean by this those forms of housing tenure that fall within the definition of Affordable Housing set out in the current National Planning Policy Framework (NPPF): Social Rent, Affordable Rent, Affordable Private Rent (brought forward by Build to Rent schemes) and forms of AH designed to offer affordable routes to home ownership such as shared ownership, starter homes and discounted housing for market sale.<sup>8</sup> To distinguish this from the colloquial definition of homes that are broadly within reach for the majority of the population, we refer to the latter as affordable market housing.
129. The definition of AH set out in the NPPF makes clear the government's commitment to home ownership but recognises the important role of Social, Affordable and Private Rent tenures for those not currently seeking home ownership.
130. It is important to note however that the 2012 version of the NPPF refers to the 'national rent regime' not 'Government's rent policy'. It has been suggested that this change in wording may give central Government, and by extension local authorities, wider flexibility in arriving at social rents.<sup>9</sup>
131. The revisions seek to broaden the definition of AH to include a range of low-cost housing opportunities for those aspiring to own a home, including Starter Homes.
132. In paragraph 64 of the revised NPPF, Government introduces a recommendation that "*where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.*" In line with PPG,10 the assumption should be that 'major housing development' can be defined as sites of more than 10 units, and that affordable home ownership includes Starter Homes, Shared Ownership homes and homes available for discount market sale.

### 5.2 Current tenure profile

133. In order to set a baseline for our examination of tenure, it is necessary to present the current tenure profile of the NA based on the most recent reliable data. Figure 5-1 below presents Census data from 2011, which shows that Witley's tenure profile is quite different from that of Waverley: despite a similar rate of ownership (that is significantly higher than the national average), Witley has a lower rate of private renting and higher rates of social renting and shared ownership.

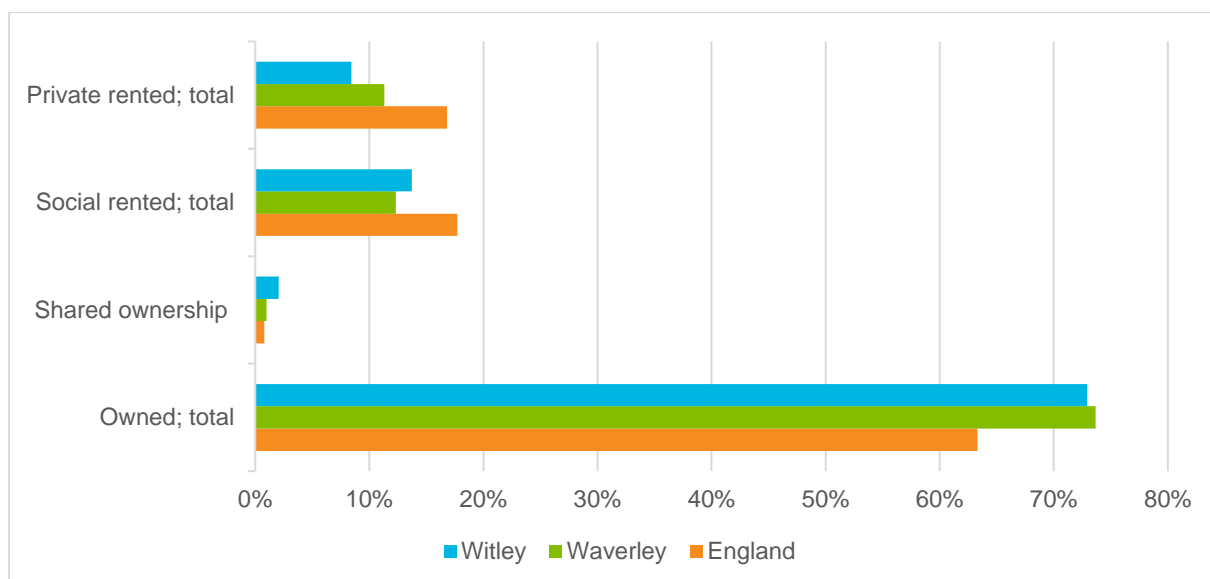
<sup>7</sup> PPG Paragraph: 021 Reference ID: 2a-021-20160401

<sup>8</sup> NPPF, July 2018

<sup>9</sup> McGready, B, Affordable Housing and Planning, MBL seminars, April 2018

<sup>10</sup> PPG 031 Reference ID: 23b-031-20161116

**Figure 5-1: Tenure (households), 2011**



Source: Source: ONS 2011, AECOM Calculations

134. It is also important to consider how Witley’s tenure profile has evolved over time. Table 5-1 below shows how tenure patterns have changed between the 2001 and 2011 census. The number of households owning their homes has moderately increased in Witley, while rates of shared ownership have increased considerably – to 65 households from a low base of 30 households. The prevalence of social renting has declined at a faster rate than the district and national trends, while rates of private renting have significantly increased in alignment with wider trends.
135. It would seem that with rates of social renting in decline and rates of private renting increasing, households in need are turning to the lower end of the private market. However, it is an important finding that while the number of social renting households has declined by 25, the number in shared ownership has increased by 35. As will be explored below, shared ownership is an increasingly popular way of meeting the needs of households who cannot afford home ownership through conventional market channels, and it is an encouraging sign that this tenure option is becoming more available in Witley.

**Table 5-1: Rates of tenure change, 2001-2011**

Tenure	Witley	Waverley	England
Owned; total	3.0%	1.6%	-0.6%
Shared ownership	116.7%	42.3%	30.0%
Social rented; total	-5.4%	-1.2%	-0.9%
Private rented; total	76.8%	71.3%	82.4%

Source: Source: ONS 2001 and 2011, AECOM Calculations

### 5.3 What quantity of Affordable Housing is required in Witley over the Plan period?

136. In Table 5-2 below we put forward calculations, using PPG11 as a starting point, to provide an estimate of the need for additional AH over the Plan period. The accuracy of the findings generated by the model is only as strong as the evidence we have available to us. For example, the Census 2011 is increasingly out-of-date and ideally more recent data relating to overcrowding and concealment would be helpful. However, given the test of proportionality for neighbourhood planning, and the need to conform with Local Authority strategic policies, the calculations set out in Table 5-2 provide a sound basis for both understanding and planning for community need for AH.
137. The table shows that, there are currently about 45 households in Witley who are unable to access tenures suitable to their needs. The table suggests that, over the Plan period, a further 50 households will fall into need, producing a total AH need of 95 dwellings that should be addressed over the Plan period.

<sup>11</sup> Paras 024-026 Reference ID: 2a-026-20140306

138. This figure amounts to just under 20% of Witley's housing target of 480 dwellings over the Plan period, and would appear to be achievable through Waverley's Affordable Housing (AH) policy requirement of 30% of supply on new development sites.
139. However, as the area within the settlement boundary of Witley is not designated as a rural area, the 30% AH requirement of Waverley Local Plan Policy AHN1 only applies to developments providing a net increase of 11 dwellings or more. For smaller developments an equivalent payment may be accepted in place of AH provision.
140. As Witley is a village with comparatively few opportunities for largescale housing delivery, it may be expected that outside of the 240 dwellings provided for by site allocations of more than 11 dwellings, many development sites will provide fewer than 11 dwellings. Since, as we have seen, the need of the local population is for 20% AH, an appropriate policy response it Witley's Neighborhood Plan may be to require that development sites smaller than 11 dwellings are also required to provide a similar proportion of AH, subject to viability constraints. Note that viability constraints typically make providing 25-30% AH difficult on sites smaller than 5 dwellings, so this may be considered an appropriate minimum development size.

**Table 5-2: Affordable Housing model**

Step	Stage	Source	Calculation	Stage and Step Description
<b>1. CURRENT HOUSING NEED (GROSS)</b>				
a	Homeless households	ONS Census 2011 (QS101EW - Residence type)	0	
b	Need on housing register	WBC	25	Drawing upon data from the Waverley Housing Needs Register, we have been advised the number of households in Witley currently applying to the register in bands A, B, and C comes to 25. There are a further 5 households in the discretionary pool, which are not counted here.
c	Overcrowded households	Census 2011	24	We assume that number remains the same as in 2011 in which the Parish recorded 24 households containing more than one person per room; and that these households are not on the Housing Needs Register.
d	Concealed households	Census 2011	21	We assume that number remains the same as in 2011 in which the Parish recorded 21 households who were concealed; and that these households are not registered on the Housing Needs Register.  However, the combined total of 45 overcrowded and concealed households may well include the 25 households on WBC's housing register. To avoid double-counting, we therefore only count the difference of 20 households.
f	<b>Backlog need</b>	AECOM	<b>45</b>	Sum of stages a-d
<b>2. NEWLY ARISING NEED</b>				
g	Number of households in 2011	Census 2011	3,173	
h	Annual household formation between 2011 and 2032	2014-based HHP; AECOM Calculations	23	Taking households in 2011 in the NA as a proportion of all households in the district (6.44%); Witley's share of district households in 2032 will be 3,662 (rounded), an increase of 489 since 2011; which is an annual increase of 23 households (rounded) (489 / 21 years).
i	New household formation between 2011 and 2018	AECOM Calculations	161	$h \times 7$ (no. years between 2011 – 2018)
j	Estimated current number of households	AECOM Calculations	3,334	Sum of g + i

k	New household formation between 2018 and 2032	AECOM Calculations	322	$h \times 14$ (no. years between 2018 – 2032)
l	Proportion of newly forming households unable to access market housing	AECOM Calculations	15%	On account of the lack of income data available at the parish level, the formula used to arrive at the proportion of households that come into existence unable to access market housing is the number of households in social housing at the time of the 2011 Census (436) + backlog need (45) divided by all current households (3,173).
m	<b>Newly Arising Need</b>	AECOM	<b>50</b>	$k \times l$
n	<b>TOTAL AFFORDABLE HOUSING NEED</b>		<b>95</b>	Sum of f + m
<b>3. THE TOTAL CURRENT SUPPLY OF AH</b>				
o	Current occupied stock	Census 2011	436	
p	Vacant units (surplus stock)	WBC	0	There are currently 0 dwellings on secure tenancies in Witley empty for more than 3 weeks. This figure does not include the 72 housing association properties, for which no vacancy data is available.
q	AH built between 2011 and 2017	WBC	2	There have been 2 AH completions in Witley since 2011, both social rented and completed in 2013.
r	Units taken out of management	Census 2011	0	Assume continuation of past trends; given the increase in AH during the 2001-11 inter-censal period and lack of vacant stock, we assume no units will be removed from management over the Plan period.
s	<b>Total AH stock</b>		<b>438</b>	Sum of o-r
w	<b>PROJECTED REQUIREMENT OVER THE PLAN PERIOD</b>		<b>95</b>	This model estimates there will be a need for 122 additional AH dwellings during the Plan period

## 5.4 Affordability

141. This section details the affordability requirements for each tenure in Witley, with reference to average incomes, in order to assess which tenures of housing are within reach for the local population, and what future supply should look like. The key assumptions made in assessing the affordability of different tenures are explained alongside the calculations below.

### 5.4.1 Income

142. Incomes are considered first, as they have an important relationship with the ability of households to exercise choice in the housing market and the level of need for affordable housing products. For this, we use estimates of average household incomes for 2015/16 published by ONS at the Middle-layer Super Output Area (MSOA). As Witley's parish boundary falls predominantly within one MSOA (Waverley 012), this will be used as a proxy. Note however, that the MSOA extends beyond Witley and includes other parishes.

143. The average net annual household income before housing costs (equalised) in 2015/2016 was £44,700, while the average total annual income was £60,900.<sup>12</sup>

<sup>12</sup> Total annual household income is the sum of the gross income of every member of the household plus any income from benefits such as Working Families Tax Credit.

## 5.4.2 Market housing

144. To determine affordability in market housing, we consider two primary indicators, 'Purchase Thresholds' (PT), which denote the standard household income requirement to access mortgage products, and 'Income Thresholds' (IT), which denote the maximum share of a family's income that should be spent on accommodation costs.

### Market sales

145. The PT examines affordability for market homes. In this sub-section, we consider two measures of housing price: the average (mean) house price, and the lower quartile (LQ) house price. The LQ house price is the price below which the cheapest 25% of houses may be bought and is a measure of 'entry-level' property in the area (cheaper, more affordable housing).<sup>13</sup> Nonetheless, an entry-level dwelling can also be understood as one suitable for a household comprising two or three individuals. In order to conform with the Government guidance on overcrowding, such a home would require three habitable rooms (a flat or house with two bedrooms). Entry-level properties can therefore also be understood as two-bedroom flats/houses.
146. To determine the price of market sale homes, we calculated the average price of houses sold in Witley in 2017, using Land Registry data (Table 5-3 below).

**Table 5-3: Average prices for market sale homes, 2017**

Average	Price Witley	Price Waverley
Mean	£508,063	£542,059
Median	£428,000	£430,000
Lower quartile	£335,000	£320,750
Max	£1,900,000	£4,750,000
Min	£114,000	£78,750

Source: Land Registry, 2018

147. The PT is calculated by discounting 10% of the house price to reflect a mortgage deposit. The resulting cost is then divided by 3.5.<sup>14</sup>
148. The PT for the average property price is  $£508,063 \times 10\% = £50,806$ ;  $£508,063 - £50,806 = £457,257$ ;  $£457,257 / 3.5 = £130,645$ . A single person would need to be earning £130,645 annually to afford an average priced property.
149. The PT for an entry-level property is  $£335,000 \times 10\% = 33,500$ ;  $£335,000 - £33,500 = £301,500$ ;  $£301,500 / 3.5 = £86,143$ . A single person would need to be earning £86,143 annually to afford an entry-level property. Note that the lower quartile average price given here is significantly higher than the lower quartile sales price for Waverley of £260,000 cited in the West Surrey SHMA from 2015. This may be due to a combination of rising prices in the market and different data in the samples.

### Private rented sector (PRS)

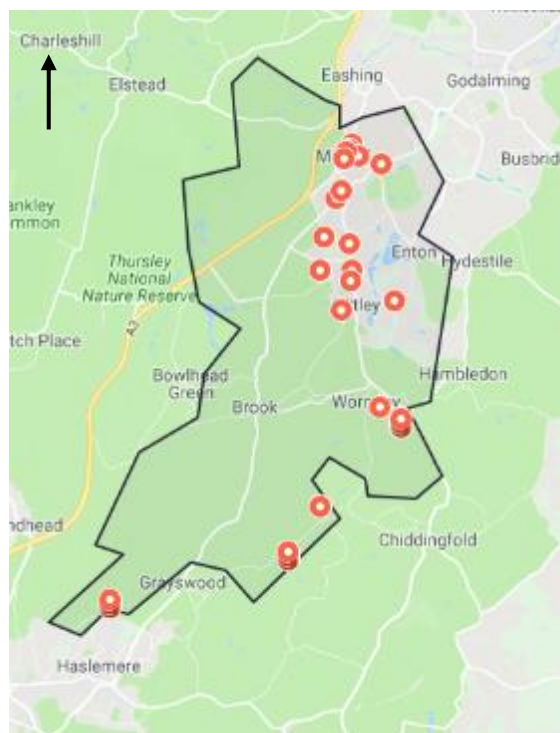
150. The IT examines affordability for rental market homes. Again, we consider two measures of price: the average rent price and the LQ rent price. However, data is not available for long-term trends at the NA scale, making it impossible to calculate LQ rent price. Nonetheless, as mentioned above, an entry-level dwelling can also be understood as two-bedroom flats/houses.
151. A search of properties available for private rent was made on [www.rightmove.com](http://www.rightmove.com), with the search radius presented in Figure 5-2 below.

<sup>13</sup> Definition of 'entry-level' taken from <https://www.ons.gov.uk/visualisations/dvc393/affordabilitycalculator/content.html>

<sup>14</sup> Lending criteria: How much a mortgage provider is prepared to lend you (how many times income).



**Figure 5-2: Witley rental market radius**



Source: <https://www.rightmove.co.uk>

- 152. There were 25 properties listed as for let or let agreed at the time of search. The average rental price for each size of property, with the number in the sample, is presented in Table 5-4 below. Because the sample size is relatively small, alongside the Rightmove data for Witley is equivalent average rental data for the wider GU8 postcode from Home.co.uk, which can be used to sense check the results.
- 153. Because the average rents are very similar between the two data sources, the more recent and specific Witley data from Rightmove is deemed accurate and will be used going forward.
- 154. What is particularly noticeable is that the majority of properties for rent are larger (three-bedroom and above) dwellings. In the Rightmove sample, 52% of dwellings for rent have three or more bedrooms, while in the Home.co.uk sample, 60% fall into that category. This is more or less in proportion to the share of three- or more bedroom dwellings in the Witley stock (66.7%), but it is contrary to the expectation that smaller and more affordable dwellings tend to be over-represented in the properties available to rent.

**Table 5-4: Property rents in Witley by number of bedrooms**

	Witley no. of properties	Witley average monthly rent	GU8 no. of properties	GU8 average monthly rent
1-bed	9	£813	9	£857
2-bed	3	£1,265	16	£1,208
3-bed	9	£1,859	25	£1,659
4-bed	4	£2,288	13	£2,317

Source: <https://rightmove.co.uk>, <https://www.home.co.uk>

- 155. We now determine the income needed to afford market rents. The IT is derived through the annualisation of the monthly rental cost. For the purpose of this exercise and in line with the SHMA, affordability is defined as spending 25% of income on housing costs.<sup>15</sup>
- 156. The annualised average rents for each size of property in Witley is given in Table 5-5 below, along with the income threshold needed to afford it, with no more than 25% of income spent on rent.

<sup>15</sup> SHMA 2012 “A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income”

**Table 5-5: Annualised Witley rents and income thresholds**

	Annualised rent	Required income threshold
1-bed	£9,751	£39,003
2-bed	£15,180	£60,720
3-bed	£22,313	£89,253
4-bed	£27,450	£109,800
Average all sizes	£17,757	£71,027

Source: <https://rightmove.co.uk>, AECOM Calculations

157. The average annual rent for Witley is £17,757, and the income threshold is therefore £71,027.
158. The average annual entry-level rent in Witley (the average rent for a two-bedroom dwelling) is £15,180, and the income threshold is therefore £40,800.
159. This is significantly higher than the indicative household income required for lower quartile private renting in Waverley of £31,200 that can be extrapolated from the average lower quartile rent of £650 in the SHMA. However, district level lower quartile rents are understandably lower since the larger sample size will include more cheaper properties than the limited sample of nine one-bedroom units available in Witley.

### 5.4.3 Affordable Housing

160. The tenures that constitute the new definition of AH within the NPPF (2018 version) are: Social Rent and Affordable Rent, Starter Homes, Discounted market sales housing, and other affordable routes to home ownership.
161. This variety of AH tenures reflects an ambition by the Government to provide a pathway to home ownership to those who seek it, as well as introducing market principles into the provision of subsidised housing for rent. The aim is to divide AH into a series of products designed to appeal to different sectors of the market and, by changing eligibility criteria, bring rents closer in line with people's ability to pay.
162. A good example is the introduction of dwellings for Affordable Rent in 2012. Rent for this tenure is set at up to 80% of market rent, with the intention that the additional income is used to help fund the development of new homes. Labelled an 'intermediate' product, this would be suitable for people with an income that precludes them from eligibility for Social Rent dwellings (those dwellings where the rent is set in accordance with the Government's rent policy), but who cannot afford to access the private market.
163. The overall aim is to reduce the size of the group who are eligible for Social Rent dwellings to those who have, relatively speaking, very low household incomes. However, within this segment, market principles also apply given the link between rents and size of dwelling, with a strong financial incentive for households to only occupy a dwelling deemed suited to their composition, based on an 'occupancy rating' formula set by the Government.

#### Social Rent

164. Rents in socially rented properties reflect a 'formula rent' based on a combination of individual property values and average earnings in each area, maintaining substantial discounts to market rents. As such, it is suitable for the needs of those on low incomes, and is subject to strict eligibility criteria.
165. To determine Social Rent prices we have used the Statistical Data Return (SDR) from the Regulator of Social Housing. This data is only available at the district level, but operates as an acceptable proxy for Witley given the shared demographic and employment characteristics identified in this study between the two geographies. SDR provides data about rents and the size and type of stock owned and managed by Private Registered Providers (PRPs) and is presented in Table 5-6 below.

**Table 5-6: Waverley Social Rent levels**

Size	1 bed	2 beds	3 beds	4 beds	All <sup>16</sup>
Average weekly rent (excluding IR, AR and HIST)	£100	£118	£127	£148	£118
Average PCM (per calendar month)	£436	£512	£551	£645	£514
Annual average	£5,217	£6,129	£6,587	£7,711	£6,148
Income needed	£20,867	£24,517	£26,349	£30,844	£24,592

<sup>16</sup> Weighted average

Source: HCA, AECOM Calculations

### Affordable Rent

166. Commentators have repeatedly raised concerns about Affordable Rent not constituting a realistic form of AH given that in many areas this reduces rent to levels that are still beyond the means of the target group: those on incomes substantially below the mean.

167. To determine Affordable Rent prices we can also use the SDR. The data is presented in Table 5-6 below.

**Table 5-7: Waverley Affordable Rent levels**

Size	1 bed	2 beds	3 beds	4 beds	All <sup>17</sup>
Average weekly rent (excluding those subject to HIST)	£147	£256	£277	£445	£247
Average Affordable Rent PCM	£646	£1,121	£1,214	£1,951	£1,085
Annual average	£7,665	£13,297	£14,396	£23,145	£12,865
Income needed	£30,661	£53,188	£57,583	£92,579	£51,460

Source: HCA, AECOM Calculations

### Intermediate tenures

168. The term intermediate housing describes homes for sale and rent provided at a cost above social rent, but below market levels, subject to the criteria in the Affordable Housing definition above. This can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not Affordable Rent.

- **Starter Homes**

169. A Starter Home is a new build home with a value not exceeding £250,000 outside London and £450,000 inside the city, which is eligible only for first time buyers aged under 40.

170. The Housing and Planning Act 2016 (HPA) includes provisions to introduce a general duty on planning authorities in England to promote the supply of Starter Homes, and a specific duty to require a minimum number or proportion of Starter Homes on certain residential development sites. In paragraph 64 of the NPPF18, the Government introduces a recommendation that “where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.”

171. This is a fulfilment of the direction of travel set in the Housing White Paper. It states that, “in keeping with our approach to deliver a range of affordable homes to buy, rather than a mandatory requirement for ‘Starter Homes,’ we intend to amend the NPPF to introduce a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units. It will be for local areas to work with developers to agree an appropriate level of delivery of ‘Starter Homes’, alongside other affordable home ownership and rented tenures.”

172. This is a substantial watering-down of the Starter Home requirement as envisaged when policy contained in the Housing and Planning Act was first conceived. In effect, it leaves it to local groups, including neighbourhood plans, to decide and promote an appropriate level of affordable home ownership products, while taking note of the 10% policy expectation.

173. The decision whether to treat Starter Homes as AH should be determined by whether lowering the asking price of new build homes of a size and type suitable to first time buyers by 20% would bring them within reach of people currently unable to access affordable market housing for purchase.

174. In order to provide a conservative assessment of the suitability of Starter Homes, we propose to use the value we have estimated for an entry-level dwelling of £335,000.

175. Applying a discount of 20% results in an approximate selling price of £268,000. Allowing for a 10% deposit further reduces the remaining value of the property to £241,200. The PT at a multiple of 3.5 is £68,914.

- **Shared ownership**

176. There were 65 households living in shared ownership dwellings in Witley at the time of the 2011 Census which, as we have seen, represents an 117% increase on the 35 households doing so in 2001. Despite the relatively low incidence of the shared ownership tenure, its rapid expansion indicates the potential importance of its future role.

<sup>17</sup> Weighted average

177. Shared ownership involves the purchaser buying an initial share in a property, typically between 25% and 75%, and paying rent on the remaining share retained by the provider. Shared ownership is flexible in two respects: in the share which can be purchased and in the rental payable on the share retained by the provider. Both of these are variable.
178. The share owned by the leaseholder can be varied by 'staircasing'. Generally, staircasing will be upward, thereby increasing the share owned over time. In exceptional circumstances and at the discretion of the provider, shared owners may staircase down, thereby reducing the share they own. Shared equity is available to first-time buyers, people who have owned a home previously, and council and housing association tenants with a good credit rating whose household income does not exceed £60,000.
179. To determine the affordability of shared ownership, calculations are based on the entry-level house price in Witley (£335,000). The amount of the deposit available to the prospective purchaser is assumed to be 10% of the value of the dwelling, and the standard loan to value ratio of 3.5 is used to calculate the income required to obtain a mortgage. The income required to cover the rental component of the dwelling is based on the assumption that a household spends no more than 25% of the income on rent (as for the IT for PRS).
180. A 25% equity share of £335,000 is £83,750, from which a 10% deposit of £8,375 is netted off. To secure a mortgage of £75,375 (£83,750 – £8,375), an annual income of £21,536 (£75,375 divided by the loan-to-value ratio of 3.5) is therefore needed. In addition to the mortgage costs, rent is charged on the remaining 75% shared ownership equity, the unsold value of £251,250. An ongoing annual rent equivalent to 2.75% of the value of the unsold equity is assumed, which is £6,909 and requires an income of £27,638. Therefore, an income of around £49,173 (£21,536 + £27,638) is required to afford a 25% shared equity purchase of an entry-level dwelling.
181. The same calculation is reiterated for different initial share levels and the results are presented in Table 5-8 below:

**Table 5-8: Affordability calculator for shared ownership**

Purchase price:	£335,000	Minimum income needed	Mortgage	Income needed for mortgage	Annual Rent	Income needed for rent	Deposit required
Initial share	25%	<b>£49,173</b>	£75,375	£21,536	£6,909	£27,638	£8,375
	35%	<b>£54,103</b>	£105,525	£30,150	£5,988	£23,953	£11,725
	40%	<b>£56,567</b>	£120,600	£34,457	£5,528	£22,110	£13,400
	50%	<b>£61,496</b>	£150,750	£43,071	£4,606	£18,425	£16,750
	60%	<b>£66,426</b>	£180,900	£51,686	£3,685	£14,740	£20,100
	75%	<b>£73,820</b>	£226,125	£64,607	£2,303	£9,213	£25,125

Source: AECOM Calculations

## 5.5 Conclusion

182. We are now able to directly compare the cost of market rent, market purchase, Social Rent, Starter Homes, Shared Ownership at 25%, 50% and 75%, and Affordable Rent in Witley, and the level of income needed to afford these tenure options. Table 5-9 below summarises the income required to support the costs of each tenure.

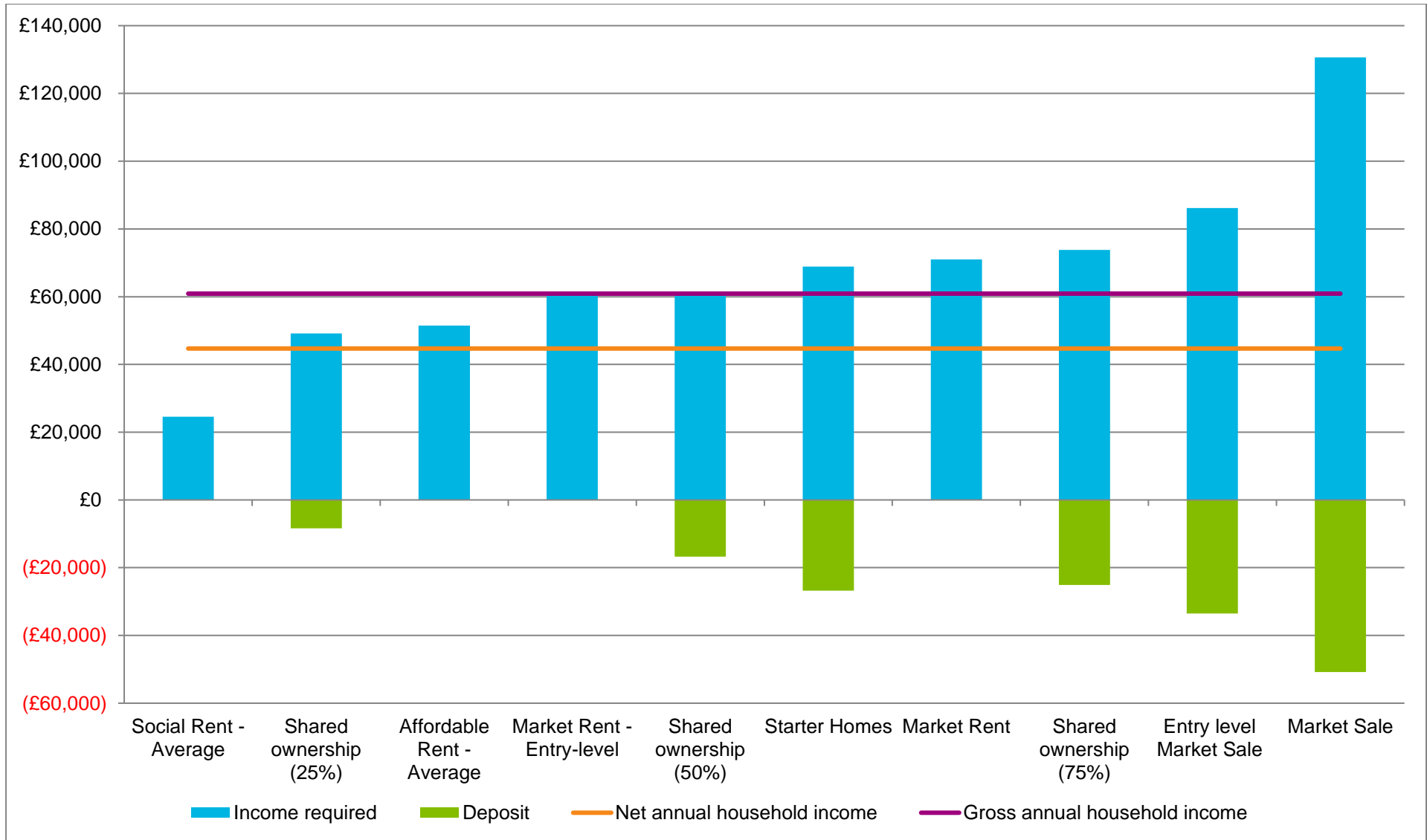
**Table 5-9: Affordability thresholds (income required)**

Tenure	Cost of purchase	Annual rent	Deposit	Income Required
Social Rent - average	-	£6,148	-	<b>£24,592</b>
Shared ownership (25%)	£75,375	£6,909	£8,375	<b>£49,173</b>
Affordable Rent - average	-	£12,865	-	<b>£51,460</b>
Market rent - entry-level	-	£15,180	-	<b>£60,720</b>
Shared ownership (50%)	£150,750	£4,606	£16,750	<b>£61,496</b>
Starter Homes	£268,000	-	£26,800	<b>£68,914</b>
Market rent	-	£17,757	-	<b>£71,027</b>
Shared ownership (75%)	£226,125	£2,303	£25,125	<b>£73,820</b>
Entry level market sale	£335,000	-	£33,500	<b>£86,143</b>
Market sale	£508,063	-	£50,806	<b>£130,645</b>

Source: AECOM Calculations

183. The income required to afford these different tenures is then benchmarked against the average gross annual household income of £60,900 and the average net annual household income before housing costs of £44,700. Figure 5-3 shows that households earning around the average net household income can only afford to occupy the Social Rent tenure.

Figure 5-3: Witley household income and affordability of housing tenures



Source: AECOM Calculations

184. We have estimated that 45 Witley households are currently unable to access housing that meets their needs, and that a further 50 households will be in need of AH over the plan period. If Witley's housing target of 480 dwellings is provided over the Plan period in accordance with the 30% AH requirement of the Waverley Local Plan, a total of 144 AH units and 336 market units will be delivered. This should be sufficient to meet the AH needs of the community, amounting to 95 units.
185. However, the margin of delivery is relatively small, so every effort should be made to maximise AH provision going forward while ensuring that overly ambitious targets do not imperil the viability of new development in general. As the Local Plan 30% requirement only applies to developments of 11 or more units, an appropriate policy response may be for the Neighbourhood Plan to lower the minimum threshold above which an AH requirement applies.
186. Other tenures may also play a growing role in alleviating AH need in Witley. However, though average annual net household incomes before housing costs are relatively high at £44,700, this level of income is insufficient to occupy all tenures apart from Social Rent according to our affordability analysis. In this context creating more affordable routes to home ownership is an equally important priority to the provision of Social Rented accommodation.
187. Witley has an incidence of home ownership that is higher than the national average but lower than the wider district, while the proportion of households renting privately is lower than both Waverley and England, and the proportion renting socially is slightly higher than the district but lower than England. Over the intercensal period, the frequency of ownership increased slightly, while both shared ownership and private renting expanded greatly, and social renting declined moderately.
188. Given the strong growth in private renting and shared ownership (from a low base), it is likely that these tenures are becoming more common as a way to meet demand from those priced out of home ownership, which is not close to being affordable for the vast majority of people on average incomes. This trend is occurring despite the fact that market renting is not affordable to a household on an average level of income. Shared ownership at a 25% and 50% share, however, are within the financial capability of the average household's gross income level and for lower-priced dwellings may be a vital option. The 117% increase in the frequency of this form of tenure over the intercensal period appears to bear this out, and it is reasonable to conclude that increasing the supply of shared ownership properties would help to reduce affordability pressures for many households.
189. Delivering more affordable houses for market sale and market rent would also reduce affordability pressures on these tenures and expand the options available to households at all income levels.

#### **The tenure split**

190. In terms of the tenure split of Affordable Housing, it is important to note the affordability crisis that exists among households with below average incomes in Witley, who are only able to afford Social Rented accommodation. For this reason, we recommend that AH provision should focus on dwellings for Social Rent. This is in alignment with the West Surrey SHMA, which found that Waverley's AH need is made up of 68% Social and Affordable Rent, and 32% intermediate tenures.
191. Having said this, such policies should in practice be flexibly applied given the need for viability. This question is particularly pertinent in rural locations where small in-fill schemes predominate. For these schemes, providers sometimes reject Social Rented stock due to relatively high maintenance costs, seeking to vary the tenure to Affordable Rent or shared ownership. As we have seen, both of these tenures provide viable options for Witley households, and should be well-represented in the dwelling mix.
192. We also recommend that Starter Homes be delivered in the NA, in accordance with the Government's 10% policy expectation.
193. On the basis of the evidence we have gathered, the following split of AH tenures is put forward:

**Table 5-10: Recommended tenure split (Affordable Housing)**

<b>Routes to home ownership, of which</b>	<b>30%</b>
Starter Homes	10%
Shared ownership	20%
<b>Affordable Housing for rent, of which</b>	<b>70%</b>
Social Rent	50%
Affordable Rent	20%

Source: AECOM calculations

## 6. RQ 3. Housing for specific groups

*RQ3. What provision should be made for specialist housing for retired people and the elderly in Witley?*

194. This section sets out AECOM's estimate of the specialist housing needs of those aged 75+. We do this through two methods, one projection based on the tenure of dwellings typically occupied by people in this age group and, for the purposes of comparison, another based on the Housing Learning and Improvement Network's (HLIN) recommended levels of provision per 1,000 of the population.
195. Older people typically occupy a broad range of accommodation, including both market housing and more specialist accommodation. Two main types of specialist accommodation for older people include sheltered housing, which is designed for and often only available to older people – and the need for which can often be met by adaptations to existing dwellings or new adaptable dwellings, and extra care housing, which includes the provision of a range of care services (see Appendix B for definitions). Both of these overarching types can be offered by local authorities or housing associations as Affordable Housing, or they can be supplied on the open market.
196. It is important to note that bed spaces in communal establishments such as live-in care homes are not included in the calculation below. Such dwellings occupy a different land-use class to other types of specialist housing for older people, and are subject to separate need calculations that are outside of the scope of this study, which is confined to the needs of 'private households'. That said, we will note the provision of such accommodation in Witley.

### 6.1 Tenure-led projections

197. Firstly, we review data on the tenure of households aged 55-75 across Waverley. We take this cohort approach because it is these households which, over the next 20 years, will be reaching the age of 75+. This is considered the typical threshold age for specialist housing provision, and thus forms the basis for calculations of future housing need and provision within this age group using the HLIN toolkit.
198. We will then use the tenure split within this cohort to project forward the need for specialist housing according to different tenures, based on the premise that those currently occupying their own home will wish to do so in future, even where downsizing or moving into specialist accommodation, and that those who currently rent, either in the private or social sectors, will need affordable rented accommodation of some kind.
199. It is clear that the majority of households own their homes, and that of those who rent almost all are in Social Rented accommodation.

**Table 6-1: Tenure of households aged 55-75 in Waverley, 2011**

All owned	Owned outright	Owned with a mortgage or shared ownership	All rented	Social rented	Private rented	Living rent free
86%	60%	26%	14%	12%	1%	0%

Source: Census 2011

200. Next, in Table 6-2 below, we project how the overall number of people in Witley is likely to change in future based on the ONS sub-national population projections for the year 2032, in order to arrive at an estimate of the number of residents aged 75 and over in 2032.

**Table 6-2: Modelled change in the population over 75 2011-2032**

Year	2011		% Witley population in Waverley	2032 Projection	
	Witley	Waverley		Witley	Waverley
All ages	8,130	121,572	6.69%	9,052	135,300
75+	731	11,861	6.16%	1,250	20,300
% of 75+	8.99%	9.76%	-	13.8%	15.00%

Source: 2014-based Sub-national population projections, MHCLG and Census 2011 (ONS), AECOM calculations

201. The method we use to arrive at this number can only be an estimate given that MHCLG population projections do not provide data at the NA level. AECOM uses the following four-step method to arrive at the estimate:



- Using ONS population projections, we take the projected size of the total district population (135,300) and population aged 75 and over (20,300) at the end of the Plan period;
- Using Census 2011 data, we note the population sizes of Witley and Waverley, as well as the sizes of their 75 and over populations;
- We come to an estimate of the size of the total population living in Witley at the end of the Plan period by assuming it is the same proportion of the Waverley population as in 2011 (6.69%), which produces a number of 9,052;
- To arrive at an estimate of the 75 and over population in Witley at the end of the Plan period, we assume it is the same proportion of the Waverley population aged 75 and over as in 2011 (6.16%), which produces a number of 1,250.

This calculation results in an increase in the 75 and over population for both geographies of 71%. In Waverley, this amounts to an increase of 8,439, while in Witley it amounts to an increase of 519. However, this is merely a projection: it is likely that the rates of increase in the district and NA will be quite different. Indeed, between 2011 and 2011 the number of people aged 75 and over in Witley increased by 6.9% compared with a much faster rate of 13.2% in Waverley. In this context it may be reasonable to expect that Witley's future population aged over 75 will be lower than that produced in the calculation above.

202. The results of this exercise provide us with a projection of the number of people living in each tenure in the 55-75 cohort in 2032 as shown in the table below.

**Table 6-3: Projected tenure of households aged 75+ in Witley to 2032 (figures may not sum due to rounding)**

All owned	Owned outright	Owned with a mortgage or shared ownership	All rented	Social rented	Private rented	Living rent free	Total
1,083	756	327	167	155	12	0	1,250

Source: Census 2011, ONS SNPP 2013, AECOM Calculations

203. Thirdly we have considered the incidence of mobility limitations, as defined by the census, within each tenure group for those aged 65+ in Witley. This allows us to link the levels of need (as defined by the level of mobility limitation within the population) to tenure (based on the premise that such needs can serve as a proxy for the need for specialist housing in this age group). The tendency for people in rented housing to have higher dependency levels is well established, and partly arises because people with higher dependency levels tend to have lower incomes and so are less able to afford to buy, even at earlier stages in their lives.

**Table 6-4: Tenure and mobility limitations of those aged 65+ in Witley, 2011**

Tenure	All	Day-to-day activities limited a lot	Day-to-day activities limited a little	Day-to-day activities not limited
<b>All categories: Tenure</b>	<b>1,387</b>	<b>236</b>	<b>17%</b>	<b>328</b>
<b>All owned</b>	<b>1,115</b>	<b>169</b>	<b>15%</b>	<b>248</b>
Owned outright	978	141	14%	215
Owned with a mortgage shared ownership	137	28	20%	33
<b>All rented</b>	<b>272</b>	<b>67</b>	<b>25%</b>	<b>80</b>
Social rented	215	55	26%	65
Private rented or living rent free	57	12	21%	15

Source: 2011 Census LC3408EW Health status

204. If we focus on those whose activities are limited a lot, the calculations suggest that of the 1,083 households aged 75 and over that own and 167 that rent in Witley in 2032, there could be need for 162 specialist homes

for owner occupiers (15% x 1,083) and 42 for renters of all kinds (25% x 167), or 204 new specialist homes in total.

205. These outputs are shown in the table below, based on the assumption that those whose day-to-day activities are limited a lot will need extra care housing (e.g. with significant on-site services, including potentially medical services), whilst those with their day to day activities limited only a little may need adaptations to their existing homes, or sheltered housing (providing some degree of oversight or additional services for older people). These outputs are added to the numbers reached for those whose activities are limited a lot above.

**Table 6-5: AECOM estimate of specialist housing need in Witley, 2032**

	Affordable	Market	Total (rounded)
Extra care housing	Multiply the number of people across all rented housing (not just social rent as those aged 65+ who need to rent are overwhelmingly likely to need Affordable Housing) by the percent in that tenure who have day to day activity limitations limited a lot. This comes to 167 x 25% = 42.	Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a lot. This comes to 1,083 x 15% = 162.	204
Sheltered housing or adaptations	Multiply the number of people across all rented housing by the percent who have day to day activity limitations limited a little. This comes to 167 x 29% = 48.	Multiply the number of people across all owned housing by the percent in that tenure who have day to day activity limitations limited a little. This comes to 1,083 x 22% = 238.	286
Total	90	400	490

Source: Census 2011, AECOM Calculations

206. The total number of households falling into potential need for specialist accommodation is 490, which is 39% of the 1,250 households aged 75 and above projected to live in Witley in 2032.

## 6.2 HLIN projections

207. It is worth comparing these findings with the recommendations of HLIN, an authority on how to plan for the housing needs of the elderly. In Table 6-6 below we reproduce from their Strategic Housing for Older People (SHOP) study a guide as to the numbers of specialist dwellings that should be provided for older people, and how these should be split into the different tenures.

**Table 6-6: Apportionment of specialist housing for older people**

FORM OF PROVISION	ESTIMATE OF DEMAND PER THOUSAND OF THE RELEVANT 75+ POPULATION
Conventional sheltered housing to rent	60
Leasehold sheltered housing	120
Enhanced sheltered housing (divided 50:50 between that for rent and that for sale)*	20
Extra care housing for rent	15
Extra care housing for sale	30
Housing based provision for dementia	6

Source: Housing Learning and Improvement Network

208. As we have seen in Table 6-3 **Error! Reference source not found.** above, the NA is forecast to have a population of the over 75s of 1,250 by the end of the Plan period. According to HLIN's breakdown, this should result in the following breakdown of need:

- Conventional sheltered housing to rent = 60 x 1.25 = 75
- Leasehold sheltered housing = 120 x 1.25 = 150

- Enhanced sheltered housing (divided 50:50 between that for rent and that for sale) =  $20 \times 1.25 = 25$
- Extra care housing for rent =  $15 \times 1.25 = 19$
- Extra care housing for sale =  $30 \times 1.25 = 38$
- Housing based provision for dementia =  $6 \times 1.25 = 8$

209. This produces a total of 315 specialist dwellings (rounded).

210. Below are the HLIN recommendations equivalent to the findings in Table 6-5 above, which produce a significantly lower figure weighted more towards affordable provision and with even greater emphasis on lower care needs. For consistency, we assume that adaptations to existing homes or new adaptable dwellings can equally meet the needs of those for whom the HLIN model recommends the provision of sheltered housing.

**Table 6-7: HLIN estimate of specialist housing need in Witley, 2032**

	Affordable	Market	Total
Extra care housing	Includes: enhanced sheltered housing for rent (13) + extra care housing for rent (19) + housing based provision for dementia (8) = 40	Includes: enhanced sheltered housing for sale (12) + extra care housing for sale (38) = 50	90
Sheltered housing or adaptations	Conventional sheltered housing for rent (75)	Leasehold sheltered housing (150)	225
Total	115	200	315

Source: Housing Learning and Improvement Network

## 6.3 Conclusions

211. When comparing the two figures – that of the tenure-led projection and the HLIN breakdown – it is clear that the former would not be a viable delivery target for Witley, and relies on relatively broad assumptions about the connection between mobility impairment and actual need for different accommodation.

212. It is therefore more appropriate to consider the tenure-led approach as generating an aspirational number that may be delivered in the absence of constraints on resources. For this reason, our recommendation would be to treat these targets as a range, with at least 315 dwellings available to service the needs of older and elderly people over the Plan period and the tenure-led number of 490 dwellings functioning as an upper, aspirational target.

213. As this range relates to the total number of dwellings by the end of the Plan period, the final step is to deduct an estimation of the current supply of specialist housing for older people in Witley and to arrive at a minimum requirement for additional provision over the Plan period, broken down by tenure.

### Current supply

214. There are 141 bed spaces in specialist housing in Witley, serving a 2011 population of 731 people aged 75 and above. This produces an actual rate of provision in the NA of 193 dwellings (rounded) per 1,000 of the population aged 75 and over.

215. Referring to the minimum target produced by the HLIN calculation, there are an additional 174 specialist units (315 – 141) that need to be provided over the Plan period.

216. The current supply of bed spaces, presented in

217. Table 6-8, is spread across four communities, ranging from recently-built extra care market housing (Butlers Place) to sheltered Affordable Housing (Dower House). There are also two care homes, the 30-bedspace Surrey Heights and 45-bedspace Surrey Hills Nursing Home, however these do not supply the needs of 'private households' as noted above, and so will not be included in the calculation. That said, a care home or similar establishment may be supported in the Witley Neighbourhood Plan and would provide an option that may lessen the need for extra care housing within the Parish.

**Table 6-8: Witley specialist housing bed spaces**

#	Name	Description	Bed spaces	Type
1	Highcroft	18 2-bed and 7 1-bed flats or bungalows	43	Sheltered housing for leasehold sale
2	Dower House	9 2-bed and 21 1-bed flats	39	Sheltered housing for social rent
3	Church Close	20 studio and 1-bed flats	20	Sheltered housing for social rent
4	Butlers Place	19 2-bed and 1 1-bed flats	39	Sheltered housing for leasehold sale
Total bed spaces in Witley			141	

Source: <https://housingcare.org>, phone calls to each establishment, Rightmove sold listings for Butlers Place

219. We can now deduct current supply by tenure category from the targets supplied by HLIN. Table 6-9 provides this final recommendation. Note that all current supply falls within the 'sheltered housing' category without additional onsite care provided, so the requirement for extra care housing has not changed and should be a priority for future supply.
220. It is also not currently possible to determine the number of those households that are already adapted in the current stock, or those households where the person with limited mobility has their needs met through family or other care rather than requiring adaptations to their living space. So it may be that actual need for sheltered or adapted housing is lower than that indicated here.
221. That 56 of 174 units, or 32%, fall into AH tenures is deemed to be just within the realm of feasibility given our prior analysis of tenure in general. However, specialist housing for the elderly tends to incur higher build costs, and so this recommendation should be assessed on the basis of viability.

**Table 6-9: Final recommendation for additional specialist housing provision to 2032**

	Affordable	Market	Total
Extra care housing	40	50	90
Sheltered housing or adaptations	75 – 59 = 16	150 – 82 = 68	84
Total	56	118	174

HLIN, <https://housingcare.org>, AECOM Calculations

222. Seen in the context of Witley's overall housing target, 174 specialist housing units for the elderly is relatively high. However, the 174 specialist units is not additional to the 480-unit overall target. But neither does it form a significant part of that target. Rather, this recommendation should be thought of as an independent calculation providing an indication of the ideal level of specialist housing provision based on the needs of the current population.
223. Furthermore, it would not be practical or viable for all 174 units to be provided within the Parish itself. It is more likely that this need for specialist dwellings will have to be met (and is already to an extent being met) by provision across the wider district. This will enable the elderly to live as close to Witley as possible without the need for large scale development of specialist housing complexes within this rural area.
224. In many cases, it will be more appropriate for a 'hub and spoke' model to be developed - i.e. a development of specialist care dwellings in a nearby larger, more accessible town or city such as Godalming or even Guildford serving the needs of a number of smaller, more rural settlements such as Witley. This approach takes account of the larger settlements' higher levels of accessibility to services and facilities. This is helpful in the recruitment and retention of specialist care staff and enables economies of scale (e.g. a centralised dementia care unit or enhanced sheltered development serving a widely dispersed rural population from a single location).
225. Finally, it may be an appropriate policy response to this evidence for the Neighbourhood Plan to require a heightened level of new dwellings to be adaptable for the needs of older people. As a percentage of the 480

total housing target, 84 adapted units would be delivered if 17.5% of new homes were adaptable. The Parish may also consider whether further evidence, for example a survey of older people in the area, might indicate that Lifetime Homes-standard dwellings or adaptations to existing homes would be a suitable substitute for the provision of new sheltered housing.

## 7. Conclusions

### 7.1 Overview

**Table 7-1: Summary of factors affecting housing need in Witley**

Factor	Evidence	Conclusion
<p><b>Size</b></p>	<p>Witley's stock of existing housing is made up of slightly smaller dwellings than that of the wider District. 70.3% of Witley households occupy dwellings of three bedrooms or fewer, compared with 68.8% in Waverley.</p> <p>Yet Witley's average household size is 2.56 people, compared with 2.47 in the district, and Witley has a higher proportion of households with children (40.6% vs 36.3%) and a lower proportion of one person households (25.8% vs 27.8%).</p> <p>Waverley's over 65 population increased by 19.8% in the intercensal period 2001-2011 compared with just 1.8% in Witley, which appears to be ageing at an unusually slow rate and has a higher proportion of young people.</p> <p>However, due to the trend in the wider district and the UK's generally ageing demographic trajectory, Witley's demographic profile in 2032 is still projected to be dominated by households aged 65 and over (which make up 40% of all households), followed by those aged 35 to 54 (35%), those aged 55 to 64 (17%), and the combined categories aged below 34 (7%).</p> <p>Generally speaking, the age bands most likely to occupy larger dwellings are strongly represented in the projected population, and those most likely to occupy smaller dwellings are not well represented. Although Waverley households aged 65 and over have begun to shift back towards mid-sized dwellings, they still occupy dwellings of four or more bedrooms at nearly three times the rate of households aged 25 to 34 (28% compared with 10%).</p>	<p>To adjust for the moderate misalignment between large household sizes and the comparatively low proportion of larger homes, and to satisfy the requirements of an ageing population while enabling younger households to remain in the area, we recommend the following housing mix for future additional supply:</p> <ul style="list-style-type: none"> <li>• 1-beds: 16.5%;</li> <li>• 2-beds: 21.8%;</li> <li>• 3-beds: 31.5%;</li> <li>• 4+ beds: 30.5%;</li> </ul> <p>The key feature of this dwelling mix is the balance it provides between different sizes of dwellings. The existing housing stock is already quite well balanced, and this feature should be maintained where possible.</p> <p>However, we add the important caveat that this reflects occupation patterns in the District that do not appear to fully express the desire for older households to downsize when smaller properties are available to them. If local evidence points to a strong desire for smaller properties, we recommend that more 1- and 2-beds be supplied in place of larger units.</p> <p>This housing mix should be applied flexibly, considering site specific characteristics, including context and local character, as well as the market dynamics at the time of the specific development.</p>
<p><b>Tenure</b></p>	<p>There are currently about 45 households in Witley who are unable to access tenures suitable to their needs. Over the Plan period, a further 50 households will fall into need, producing a total AH need of 95 dwellings that should be addressed over the Plan period.</p> <p>73% of households in Witley own their own homes, a fast-growing 2% live in shared-ownership properties, 14% are in Social Rented accommodation, and 8% in private rented accommodation. Rates of ownership and private renting increased, and rates of social renting decreased over the intercensal period.</p>	<p>The quantity of AH need can be met through the Waverley Local Plan requirement for 30% AH on new development sites, though with a small margin of difference, so Witley may wish to lower the threshold at which that requirement applies from sites of 11 dwellings to no fewer than 5 dwellings.</p> <p>In the context of only Social Renting being the only accessible tenure to households on average net incomes, this tenure should be the focus of future delivery, but creating more</p>

Factor	Evidence	Conclusion
	<p>Average annual net household incomes before housing costs are relatively high at £44,700. The level of income required to afford each type of tenure is the following:</p> <ul style="list-style-type: none"> <li>• Social Rent: £24,592;</li> <li>• Shared ownership (25%): £49,173;</li> <li>• Affordable Rent: £51,460;</li> <li>• Entry-level market rent: £60,720;</li> <li>• Starter Homes: £68,914;</li> <li>• Average market rent: £71,027;</li> <li>• Entry-level market sale: £86,143;</li> <li>• Average market sale: £130,645.</li> </ul>	<p>affordable routes to home ownership is a necessity of equal importance.</p> <p>Shared ownership at a 25% share is a particularly effective option, close to the financial capabilities of the average household, and becoming more popular in the NA.</p> <p>On the basis of the evidence we have gathered, the following split of AH tenures is put forward:</p> <ul style="list-style-type: none"> <li>• Social Rent: 50%;</li> <li>• Affordable Rent: 20%;</li> <li>• Shared ownership: 20%;</li> <li>• Starter Homes: 10%.</li> </ul>
<p><b>Specialist housing</b></p>	<p>Of Witley's projected 2032 population, nearly 14% are estimated to be aged 75 and over, which equates to 1,250 people – and an increase of 519 since the last census. This is a lower proportion than that of the district, at 15%.</p> <p>Witley has 141 bed spaces in specialist housing for older people, or 193 per 1,000 of the 75+ population.</p> <p>The current provision of specialist accommodation is not sufficient to meet the needs of the projected elderly population according to the results of the tenure-led projection and HLIN breakdown exercises.</p>	<p>Witley should aspire to deliver an additional 174 bed spaces over the Plan period, up to an upper-bound target of 349.</p> <p>These should be split into the following tenures to reflect national trends and imbalances in the current stock:</p> <ul style="list-style-type: none"> <li>• 40 affordable extra care units;</li> <li>• 50 market extra care units;</li> <li>• 16 affordable sheltered units;</li> <li>• 53 market sheltered units.</li> </ul> <p>However, these units should not be considered as additional to or part of the overall housing target of 480 dwellings.</p> <p>It is also not practical or necessary for all of these units to be delivered within the Parish boundary.</p>

## 7.2 Recommendations for next steps

226. This Neighbourhood Plan housing needs advice has aimed to provide Witley Parish Council with evidence on housing trends from a range of sources. We recommend that the parish should, as a next step, discuss the contents and conclusions with Waverley Borough Council with a view to agreeing and formulating draft housing policies, in particular the appropriate approach to identifying the level of need for new housing in the NP area, bearing the following in mind:

- Neighbourhood Planning Basic Condition A, that it has regard to national policies and advice contained in guidance issued by the Secretary of State; Condition D, that the making of the Neighbourhood Plan contributes to the achievement of sustainable development; and Condition E, which is the need for the Neighbourhood Plan to be in general conformity with the adopted strategic development plan;
- the views of WBC – in particular in relation to the housing need figure that should be adopted;
- the views of local residents;
- the views of other relevant local stakeholders, including housing developers;
- the numerous supply-side considerations, including local environmental constraints, the location and characteristics of suitable land, and any capacity work carried out by the LPA, including but not limited to the SHLAA;



- the recommendations and findings of this study; and
227. How recent changes to the planning system (for example the NPPF published in July 2018) will continue to affect housing policies at a local authority and, by extension, a neighbourhood level.
228. This advice note has been provided in good faith by AECOM consultants on the basis of housing data and national guidance current at the time of writing (alongside other relevant and available information).
229. Bearing this in mind, we recommend that the steering group should monitor carefully strategies and documents with an impact on housing policy produced by the Local Authority or any other relevant body and review the Neighbourhood Plan accordingly to ensure that general conformity is maintained.
230. At the same time, monitoring on-going demographic or other trends over the period in which the Neighbourhood Plan is being developed would help ensure the relevance and credibility of its policies.

## Appendix A : Housing Needs Assessment glossary

### Adoption

The final confirmation of a local plan by a local planning authority.

### Affordability<sup>18</sup>

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households. 'Affordable housing' refers to particular products outside the main housing market.

### Affordability Ratio

Assessing affordability involves comparing house costs against the ability to pay. The ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Ministry for Housing, Community and Local Governments publishes quarterly the ratio of lower quartile house price to lower quartile earnings by local authority (LQAR) as well as median house price to median earnings by local authority (MAR) e.g. income = £25,000, house price = £200,000. House price: income ratio = £200,000/£25,000 = 8, (the house price is 8 times income).

### Affordable Housing (NPPF Definition)/Intermediate Housing<sup>19</sup>

Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision. Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England. Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable). Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

### Affordable rented housing

Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime\*\* but is subject to other rent controls that require a rent of no more than 80% of the local market rent (Including service charges, where applicable)\*\*\* \*\* The national rent regime is the regime under which the social rents of tenants of social housing are set, with particular reference to the Guide to Social Rent Reforms (March 2001) and the Rent Influencing Regime Guidance (October 2001). \*\*\* Local market rents are calculated using the Royal Institution for Chartered Surveyors (RICS) approved valuation methods. The Tenant Services Authority has issued an explanatory note on these at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

### Annual Monitoring Report

A report submitted to the Government by local planning authorities assessing progress with and the effectiveness of a Local Development Framework.

### Basic Conditions

The basic conditions are the legal tests that are made at the examination stage of neighbourhood development plans. They need to be met before a plan can progress to referendum.

### Backlog need

<sup>18</sup> <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>19</sup> <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

The backlog need constitutes those households who are eligible for Affordable Housing, on account of homelessness, over-crowding, concealment or affordability, but who are yet to be offered a home suited to their needs.

### **Bedroom Standard<sup>20</sup>**

A measure of occupancy (whether a property is overcrowded or under-occupied, based on the number of bedrooms in a property and the type of household in residence. The Census overcrowding data is based on occupancy rating (overcrowding by number of rooms not including bathrooms and hallways). This tends to produce higher levels of overcrowding/ underoccupation. A detailed definition of the standard is given in the Glossary of the EHS Household Report

### **Co-living**

Co-living denotes people who do not have family ties sharing either a self-contained dwelling (i.e. a 'house share') or new development akin to student housing in which people have a bedroom and bathroom to themselves, but share living and kitchen space with others. In co-living schemes each individual represents a separate 'household'.

### **Community Led Housing/Community Land Trusts**

Housing development, provision and management that is led by the community is very often driven by a need to secure affordable housing for local people in the belief that housing that comes through the planning system may be neither the right tenure or price-point to be attractive or affordable to local people. The principle forms of community-led models include cooperatives, co-housing communities, self-help housing, community self-build housing, collective custom-build housing, and community land trusts. By bringing forward development which is owned by the community, the community is able to set rents and/or mortgage payments at a rate that it feels is appropriate. The Government has a range of support programmes for people interested in bringing forward community led housing.

### **Community Right to Build Order<sup>21</sup>**

An Order made by the local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a site-specific development proposal or classes of development.

### **Concealed Families (Census Definition)<sup>22</sup>**

The 2011 Census defined a concealed family as one with young adults living with a partner and/or child/children in the same household as their parents, older couples living with an adult child and their family or unrelated families sharing a household. A single person cannot be a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family; the latter are reported in an ONS analysis on increasing numbers of young adults living with parents.

### **Equity Loans/Shared Equity**

An equity loan which acts as a second charge on a property. For example, a household buys a £200,000 property with a 10% equity loan (£20,000). They pay a small amount for the loan and when the property is sold e.g. for £250,000 the lender receives 10% of the sale cost (£25,000). Some equity loans were available for the purchase of existing stock. The current scheme is to assist people to buy new build.

### **Extra Care Housing<sup>23</sup>**

New forms of sheltered housing and retirement housing have been pioneered in recent years, to cater for older people who are becoming more frail and less able to do everything for themselves. Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as very or enhanced sheltered housing, assisted living, or simply as 'housing with care'. It comes in many built forms, including blocks of flats, bungalow estates and retirement villages. It is a popular choice among older people because it can sometimes provide an alternative to a care home. In addition to the communal facilities often found in sheltered housing (residents' lounge, guest suite, laundry), Extra Care often includes a restaurant or dining room, health & fitness

<sup>20</sup> <https://www.gov.uk/government/publications/english-housing-survey-2011-to-2012-headline-report>

<sup>21</sup> <https://www.gov.uk/guidance/national-planning-policy-framework/annex-2-glossary>

<sup>22</sup> [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

<sup>23</sup> <http://www.housingcare.org/jargon-extra-care-housing.aspx>

facilities, hobby rooms and even computer rooms. Domestic support and personal care are available, usually provided by on-site staff. Properties can be rented, owned or part owned/part rented. There is a limited (though increasing) amount of Extra Care Housing in most areas and most providers set eligibility criteria which prospective residents have to meet.

### **Fair Share**

'Fair share' is an approach to determining housing need within a given geographical area based on a proportional split according to the size of the area, the number of homes in it, or its population.

### **Habitable Rooms**

The number of habitable rooms in a home is the total number of rooms, less bathrooms, toilets and halls.

### **Household Reference Person (HRP)**

The concept of a Household Reference Person (HRP) was introduced in the 2001 Census (in common with other government surveys in 2001/2) to replace the traditional concept of the head of the household. HRPs provide an individual person within a household to act as a reference point for producing further derived statistics and for characterising a whole household according to characteristics of the chosen reference person.

### **Housing Market Area (PPG Definition)<sup>24</sup>**

A housing market area is 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. It might be the case that housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

### **Housing Needs**

There is no official definition of housing need in either the National Planning Policy Framework or the National Planning Practice Guidance. Clearly, individuals have their own housing needs. The process of understanding housing needs at a population scale is undertaken via the preparation of a Strategic Housing Market Assessment (see below).

### **Housing Needs Assessment**

A Housing Needs Assessment (HNA) is an assessment of housing needs at the Neighbourhood Area level.

### **Housing Products**

Housing products simply refers to different types of housing as they are produced by developers of various kinds (including councils and housing associations). Housing products usually refers to specific tenures and types of new build housing, such as Starter Homes, the Government's flagship 'housing product'.

### **Housing Size (Census Definition)**

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted. If two rooms have been converted into one they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted.

### **Housing Type (Census Definition)**

This refers to the type of accommodation used or available for use by an individual household, including detached, semi-detached, terraced including end of terraced, and flats. Flats are broken down into those in a purpose-built block of flats, in parts of a converted or shared house, or in a commercial building.

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<sup>24</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

**Housing Tenure (Census Definition)**

Tenure provides information about whether a household rents or owns the accommodation that it occupies and, if rented, combines this with information about the type of landlord who owns or manages the accommodation.

**Income Threshold**

Income thresholds are derived as a result of the annualisation of the monthly rental cost and then asserting this cost should not exceed 35% of annual household income.

**Intercensal Period 2001-2011**

The period between the last two censuses, i.e. between years 2001 and 2011.

**Intermediate Housing**

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. Homes that do not meet the above definition of affordable housing, such as 'low cost market' housing, may not be considered as affordable housing for planning purposes.

**Life Stage modelling**

Life Stage modelling is forecasting need for dwellings of different sizes at the end of the Plan period on the basis of changes in the distribution of household types and key age brackets (life stages) within the NA. Given the shared behavioural patterns associated with these metrics, they provide a helpful way of understanding and predicting future community need. This data is not available at the parish level so District level data is employed on the basis of the NA falling within a defined Housing Market Area.

**Life-time Homes**

Dwellings constructed to make them more flexible, convenient adaptable and accessible than most 'normal' houses, usually according to the Lifetime Homes Standard, 16 design criteria that can be applied to new homes at minimal cost: <http://www.lifetimehomes.org.uk/>.

**Life-time Neighbourhoods**

Lifetime neighbourhoods extend the principles of Lifetime Homes into the wider neighbourhood to ensure the public realm is designed in such a way to be as inclusive as possible and designed to address the needs of older people, for example providing more greenery and more walkable, better connected places.

**Local Development Order**

An Order made by a local planning authority (under the Town and Country Planning Act 1990) that grants planning permission for a specific development proposal or classes of development.

**Local Enterprise Partnership**

A body, designated by the Secretary of State for Communities and Local Government, established for the purpose of creating or improving the conditions for economic growth in an area.

**Local Planning Authority**

The public authority whose duty it is to carry out specific planning functions for a particular area. All references to local planning authority apply to the District council, London borough council, county council, Broads Authority, National Park Authority and the Greater London Authority, to the extent appropriate to their responsibilities.

**Local Plan**

The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004. Current core strategies or other planning policies, which under the regulations would be considered to be development plan documents, form part of the Local Plan. The term includes old policies which have been saved under the 2004 Act.

**Lower Quartile**

The bottom 25% value, i.e. of all the properties sold, 25% were cheaper than this value and 75% were more expensive. The lower quartile price is used as an entry level price and is the recommended level used to evaluate affordability; for example for first time buyers.

### **Lower Quartile Affordability Ratio**

The Lower Quartile Affordability Ratio reflects the relationship between Lower Quartile Household Incomes and Lower Quartile House Prices, and is a key indicator of affordability of market housing for people on relatively low incomes.

### **Market Housing (PPG Definition)**

Market housing is housing which is built by developers (which may be private companies or housing associations, or Private Registered Providers), for the purposes of sale (or rent) on the open market. It is the opposite of affordable housing.

### **Mean (Average)**

The sum of all values divided by the number of values. The more commonly used "average" measure as it includes all values, unlike the median

### **Median**

The middle value, i.e. of all the properties sold, half were cheaper and half were more expensive. This is sometimes used instead of the mean average as it is not subject to skew by very large or very small statistical outliers.

### **Median Affordability Ratio**

The Lower Quartile Affordability Ratio reflects the relationship between Median Household Incomes and Median House Prices, and is a key indicator of affordability of market housing for people on middle-range incomes.

### **Mortgage Ratio**

The mortgage ratio is the ratio of mortgage value to income which is typically deemed acceptable by banks. Approximately 75% of all mortgage lending ratios fell below 4 in recent years<sup>25</sup>, i.e. the total value of the mortgage was less than 4 times the annual income of the person who was granted the mortgage.

### **Neighbourhood Plan**

A plan prepared by a Parish or Town Council or Neighbourhood Forum for a particular neighbourhood area (made under the Planning and Compulsory Purchase Act 2004).

### **Older People**

People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs.

### **Output Area/Lower Super Output Area/Middle Super Output Area**

An output area is the lowest level of geography for publishing statistics, and is the core geography from which statistics for other geographies are built. Output areas were created for England and Wales from the 2001 Census data, by grouping a number of households and populations together so that each output area's population is roughly the same. 175,434 output areas were created from the 2001 Census data, each containing a minimum of 100 persons with an average of 300 persons. Lower Super Output Areas consist of higher geographies of between 1,000-1,500 persons (made up of a number of individual Output Areas) and Middle Super Output Areas are higher than this, containing between 5,000 and 7,200 people, and made up of individual Lower Layer Super Output Areas. Some statistics are only available down to Middle Layer Super Output Area level, meaning that they are not available for individual Output Areas or parishes.

### **Overcrowding**

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<sup>25</sup> <https://www.which.co.uk/news/2017/08/how-your-income-affects-your-mortgage-chances/>

There is no one agreed definition of overcrowding, however, utilising the Government's bedroom standard, overcrowding is deemed to be in households where there is more than one person in the household per room (excluding kitchens, bathrooms, halls and storage areas). As such, a home with one bedroom and one living room and one kitchen would be deemed overcrowded if three adults were living there.

### **Planning Condition**

A condition imposed on a grant of planning permission (in accordance with the Town and Country Planning Act 1990) or a condition included in a Local Development Order or Neighbourhood Development Order.

### **Planning Obligation**

A legally enforceable obligation entered into under section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

### **Purchase Threshold**

Purchase thresholds are calculated by netting 10% off the entry house price to reflect purchase deposit. The resulting cost is divided by 4 to reflect the standard household income requirement to access mortgage products.

### **Proportionate and Robust Evidence (PPG Definition)**

Proportionate and robust evidence is evidence which is deemed appropriate in scale, scope and depth for the purposes of neighbourhood planning, sufficient so as to meet the Basic Conditions, as well as robust enough to withstand legal challenge. It is referred to a number of times in the PPG and its definition and interpretation relies on the judgement of professionals such as Neighbourhood Plan Examiners.

### **Private Rented**

The Census tenure private rented includes a range of different living situations in practice, such as private rented/ other including households living "rent free". Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord. This could mean people whose rent is payed by their employer, including some people in the armed forces. Some housing association tenants may also have been counted as living in the private rented sector because of confusion about what a housing association is.

### **Rural Exception Sites**

Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

### **Shared Ownership**

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75%, and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share in order to save/increase the deposit level

### **Sheltered Housing<sup>26</sup>**

Sheltered housing (also known as retirement housing) means having your own flat or bungalow in a block, or on a small estate, where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their own front doors. There are many different types of scheme, both to rent and to buy. They usually contain between 15 and 40 properties, and range in size from studio flats (or 'bedsits') through to 2 and 3 bedroomed. Properties in most schemes are designed to make life a little easier for older people - with features like raised electric sockets, lowered worktops, walk-in showers, and so on. Some will usually be designed to accommodate wheelchair users. And they are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage

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<sup>26</sup> <http://www.housingcare.org/jargon-sheltered-housing.aspx>

the scheme and help arrange any services residents need. Managed schemes will also usually have some shared or communal facilities such as a lounge for residents to meet, a laundry, a guest flat and a garden.

### **Strategic Housing Land Availability Assessment (NPPF Definition)**

A Strategic Housing Land Availability Assessment (SHLAA) is a document prepared by one or more local planning authorities to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period. SHLAAs are sometimes also called LAA (Land Availability Assessments) or HELAAS (Housing and Economic Land Availability Assessments) so as to integrate the need to balance assessed housing and economic needs as described below.

### **Strategic Housing Market Assessment (NPPF Definition)**

A Strategic Housing Market Assessment (SHMA) is a document prepared by one or more local planning authorities to assess their housing needs, usually across administrative boundaries to encompass the whole housing market area. The NPPF makes clear that SMAs should identify the scale and mix of housing and the range of tenures the local population is likely to need over the plan period. Sometimes SMAs are combined with Economic Development Needs Assessments to create documents known as HEDNAs (Housing and Economic Development Needs Assessments).

### **Specialist Housing for the Elderly**

Specialist housing for the elderly, sometimes known as specialist accommodation for the elderly, encompasses a wide range of housing types specifically aimed at older people, which may often be restricted to those in certain older age groups (usually 55+ or 65+). This could include residential institutions, sometimes known as care homes, sheltered housing, extra care housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people, including often providing care or other additional services. This housing can be provided in a range of tenures (often on a rented or leasehold basis).

### **Social Rented Housing**

Social rented housing is owned by local authorities and private registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008.) for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with Homes England.<sup>27</sup>

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<sup>27</sup> <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>



## Appendix B : Group comments

(For internal use after group-review stage)

### AECOM Comment Actions

Date:

<b>Comment No. or Summary</b>	<b>AECOM Action or Non-Action</b>	<b>Explanation</b>
The recommended dwelling mix by size underestimates the value of 2-bed units to the community and departs from the findings of the SHMA.	A further step has been added to the analysis to average out the dwelling mix originally proposed with that presented in the SHMA.	This allows the dwelling mix to reflect both local circumstances and wider trends and is viewed as a positive addition.
Insufficient clarity and consistency in the definitions of terms in the specialist housing section.	All terms have been made consistent with one-another and further definitions provided.	Helpful clarification.
Other clarifications in specialist housing section: the idea that the NA total can be shared with the district; whether that figure is additional to or part of the overall housing needs figure.	Clarifications and explanations added to the text.	Helpful clarification.
Various clarifications about steps in the calculation.	Explanations provided in a phone call with the group on 21/03 and accepted by the group. No need to further elaborate in the study.	Group are happy with this approach.
Various edits to the text to correct errors and add useful local context.	All changes made.	Helpful corrections.

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