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Strategic Housing Market and Local Housing Need Assessment

London Borough of Sutton

Iceni Projects Limited on behalf of
London Borough of Sutton

February 2023

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ON BEHALF OF LONDON
BOROUGH OF SUTTON

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**Strategic Housing Market and Local
Housing Need Assessment**
LONDON BOROUGH OF SUTTON

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1. EXECUTIVE SUMMARY

- 1.1 Icen Projects and Justin Gardner Consulting have been appointed by the Council to produce this evidence base document which will be a key consideration when formulating policies within the Local Plan. However, this document does not set policies in itself.

Housing Market Areas (Chapter 4)

- 1.2 We have examined both the wider housing market area and sub-areas within the Borough. As per the PPG we have examined migration and commuting patterns as well as house prices and house price change.
- 1.3 At a strategic level there remains a high level of commuting from Sutton to Central London and it forms part of the London TTWA. In migration terms, there is also some strong links with the other London Borough but particularly Merton and Croydon. House prices in the Borough are varied but overall there is a strong correlation with those in Croydon.
- 1.4 In conclusion, this information suggests that the Borough continues to be part of the Wider London HMA covering all of Greater London as defined previously in the London SHMA. That said there are still some linkages with the Surrey Local Authorities to the south (Reigate and Banstead and Epsom and Ewell) for which there should continue to be a duty to cooperate on strategic issues.
- 1.5 With the Borough there does not appear to be any rationale to move away from the previously defined committee areas. Indeed, an examination of commuting patterns and house prices suggests that these areas are very suitable for analytic purpose and subsequently for plan making.

Housing Stock (Chapter 5)

- 1.6 According to Council Monitoring, between 2011 and 2021 there has been approximately 4,688 net additional dwellings completed in the Borough taking the total number of dwellings to 84,384.
- 1.7 The tenure, size and type of housing within Sutton is more closely aligned with England as a whole, than with Greater London. This reflects the relative suburban nature of the Borough.
- 1.8 The average completion rate since 2011 has been 469 dpa. Overall, delivery appears to have increased since 2016 with the average from 2016 to 2021 being 539 dpa.
- 1.9 Recent completions in the Borough included concentrations in Hackbridge, Sutton Town Centre and Wallington.

- 1.10 In terms of under-occupation the Borough has a higher level than Greater London, reflecting the typically larger homes and older population.

Housing Market Dynamics (Chapter 6)

- 1.11 In the year to March 2022 the median house price in Sutton was £425,000. This is below the median price for London overall (£510,000). But above that of England (£270,000).
- 1.12 Since 2002 median prices have increased by 316% comparable to London as a whole (313%) while the national growth has been much lower (258%).
- 1.13 Affordability in the Borough has worsened with the workplace based median affordability ratio in Sutton at 14.24, compared to 12.97 across London.

Housing Need (Chapter 7)

- 1.14 The standard method gives the Borough a housing need of 886 dwellings per annum.
- 1.15 This is based on a demographic need of 1,245 uplifted by 64% to address affordability. This gave an uncapped need of 2,045 dpa.
- 1.16 However, as the London Plan is less than 5 years old housing need is capped at 40% above the housing requirement of 469 dpa. This gives a capped need of 657 dpa.
- 1.17 Finally, because Sutton is within the twenty largest urban areas in the country it is then subject to a further 35% increase taking the need to 886 dpa.
- 1.18 There is some justification to lower the demographic need in the Borough but it would not be to the extent where it falls below the capped need of 657 dpa.
- 1.19 The figure of 886 dpa is a minimum housing need figure and can be applied to the whole plan period. This give a total housing need for the Plan Period (2021-41) of 17,720 dwellings.
- 1.20 While the cap reduces the housing need number it “does not reduce housing need itself” and local authorities should plan for the uncapped need as soon as possible.
- 1.21 We have also examined whether recent demographics would justify moving away from the standard method. This analysis shows that the 2014-based household projections used in the standard method substantially over-estimated historic and future growth. However, our alternative projections

are not low enough to impact overall need which is still 886 dpa as the number is still capped to 40% above the London Plan figure.

- 1.22 The result of delivering 886 dpa would see a population growth of 11,545 people over the next 10 years and 22,900 over the Plan Period.

Affordable Housing Need (Chapter 8)

- 1.23 The table below brings together the estimates of annual need for rented affordable housing and affordable home ownership to consider the balance between tenures in different areas.
- 1.24 This table should be considered for reference purposes and will not directly inform decisions about an appropriate mix for any individual area – that will in part be informed by viability and also any local priorities such as to maximise provision of rented accommodation as that is likely to be required by households with the most acute needs.
- 1.25 As shown, when looking at rented needs, the analysis suggests a need for 1,396 affordable homes per annum across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.

	Rented affordable need	Affordable home ownership need	Total annual need	% as AHO
Beddington and Wallington	260	42	302	14%
Carshalton and Clockhouse	138	42	180	23%
Hackbridge, St Helier, the Wrythe	288	15	303	5%
North Cheam, Stonecot & Worcester Park	267	19	286	7%
Sutton Local	277	60	337	18%
Sutton South, Cheam & Belmont	166	84	250	34%
Borough-wide	1,396	262	1,658	16%

Source: Derived from a range of sources

- 1.26 The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit.
- 1.27 On this basis, it is not recommended that the Council have a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.

- 1.28 When looking at the need for AHO products, the analysis also suggests a need across the study area, albeit (at 262 per annum) the need is lower than for rented housing.
- 1.29 In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.
- 1.30 Analysis does suggest that there are many households in Sutton who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector).
- 1.31 This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be a factor).
- 1.32 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 1.33 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 1.34 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area.
- 1.35 It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Private Rental Sector (Chapter 9)

- 1.36 Median rental costs in Sutton (£1,100 pcm) are consistently below that of Merton (£1,475 pcm) and the London average (£1,450 pcm) but above that of England (£795) as a whole.

- 1.37 Rental prices in Sutton have remained consistently below and prices have stagnated since 2019. However local lettings agents report a 10% increase in the last year which post-dates published data.
- 1.38 Rental homes in the Borough are most commonly 2 bedrooms (47.5%) which is particularly high when compared to London (29.5%).
- 1.39 Those aged 25-49 are significantly more likely to live in the PRS than any other age group or in any other tenure. Conversely, the PRS hosts comparatively few people aged over 65 pensionable age.
- 1.40 Around 7.7% of rental households in the Borough are termed as “Other:Other” which is a proxy for HMOs. This is notably lower than the comparators especially London.
- 1.41 The private rented sector in the Borough also supports around 15,000 tenants claiming Housing Benefit or Universal Credit which can includes an element for housing.
- 1.42 Local letting agents report that the rental market has mirrored the sales market, with young professionals and families moving into Sutton from inner London.
- 1.43 Interest is up 50-60% on last year, particularly for two-bedroom flats. However, rental stock is down 45-50% because landlords have been selling properties as interest rates rise.
- 1.44 There are two purpose-built Build to Rent schemes in Sutton Town Centre which after a slow start are now fully let. In part due to an increased level of migration from Hong Kong.
- 1.45 There is a modest platform (longer term rental growth and growing PRS) for a Build to Rent product in the Borough despite a relative lack of activity to date.
- 1.46 In preparing a new Local Plan, the Council should seek to include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered.

Housing Mix (Chapter 10)

- 1.47 The proportion of households with dependent children in Sutton is fairly high with around 32% of all households containing dependent children in 2011 (compared with 29% nationally).
- 1.48 Households in Hackbridge, St Helier and the Wrythe are more likely to contain dependent children although most areas show a proportion above the national average.

- 1.49 There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
- 1.50 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- 1.51 The analysis linked to demographic change concludes that the following table represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Sutton are very high in the market sector).

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	30-35%	35-40%	15-20%
Affordable home ownership	30-35%	40-45%	15-20%	5-10%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

Source: Derived from a range of sources

- 1.52 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues.
- 1.53 The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 1.54 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- 1.55 Analysis also suggests that the majority of units should be flats rather than houses, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to a particular types of development).
- 1.56 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households.

- 1.57 There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
- 1.58 Overall, the role of the Borough has been a location for families and this is reflected in the recommended mix. However, recent delivery and by extension likely future delivery, has been skewed towards one and two bedroom homes. This should either trigger a response through allocating land suitable for families, supporting downsizing to release family homes or an acceptance of the changing role in the Borough and what that entails.

Older People and Those with a Disability (Chapter 11)

- 1.59 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.
- 1.60 The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 1.61 The data shows that Sutton has a younger age structure and lower overall levels of disability compared with the national average – age specific rates of disability are notably lower than seen nationally.
- 1.62 The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future.
- 1.63 An ageing population means that the number of people with disabilities is likely to increase substantially.
- 1.64 Key findings for the 2022-32 period include:
- A 21% increase in the population aged 65+ (potentially accounting for 61% of total population growth);
 - A 19% increase in the number of people aged 65+ with dementia and a 20% increase in those aged 65+ with mobility problems;
 - A need for around 330 housing units with support (sheltered/retirement housing) in the market sector but a surplus of affordable housing;

- A need for around 390 additional housing units with care (e.g. extra-care) – the majority (over 80%) in the market sector;
 - A need for additional residential and nursing care bedspaces (around 520 over the period); and
 - a need for over 900 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- 1.65 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing.
- 1.66 Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).
- 1.67 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user).
- 1.68 It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- 1.69 The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- 1.70 In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- 1.71 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).
- 1.72 There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

Other Specific Groups (Chapter 12)

- 1.73 If assessed over the six and half base periods, there has been a total of 90 registered expressions of interest in a serviced plot of land across Sutton. This is an average of 14 plots per annum.
- 1.74 Approximately 69% of those on the register sought at least a three bed and around 56% sought to build a detached house with a further 17% seeking a semi or detached home.
- 1.75 Most people on the custom and self-build register said they had no preference however there was stated interest in Sutton, Wallington, Carshalton and Cheam.
- 1.76 The average number of households owed a homelessness duty is 232 per quarter of which 46% required a prevention duty and 54% a relief duty.
- 1.77 Of those owed a duty, around 9% had a drug or alcohol dependence issues and 5.5% had a history of offending. Around 55% of homeless presentations were aged between 18-34.
- 1.78 There is unlikely to be any demand for student or service family accommodation in the Borough.

2. INTRODUCTION

- 2.1 In February 2018, the London Borough of Sutton (LBS) adopted a Local Plan. This provides the current basis for determining planning applications within the Borough. The Council has however commenced work on a new Local Plan which, when it is adopted, will replace the 2018 Local Plan.
- 2.2 The need for a new Local Plan is driven, in part, by a greater awareness of the amount, type, mix, and size of housing that is needed in Sutton as this will shape the majority of key decisions and policy choices throughout the Local Plan.
- 2.3 Icen Projects and Justin Gardner Consulting have been appointed by the Council to produce this evidence base document which will be a key consideration when formulating policies within the Local Plan. However, this document does not set policies in itself.

Core Objectives

- 2.4 To inform the preparation of the new Local Plan, and support the policies within it, the Council has commissioned Icen Projects (Icen) supported by Justin Gardner Consulting (JGC) to prepare a Strategic Housing Market and Local Housing Need Assessment. As per the brief, the report is intended to:
- Review current national, sub-regional, and local policy requirements;
 - Confirm Sutton's unconstrained Local Housing Need (LHN);
 - Set out the context for the functional housing market geographies in Sutton;
 - Create a new baseline for the housing issues within Sutton;
 - A specific affordable housing needs assessment;
 - A specific assessment of the housing needs of different groups; and
 - Provide the evidence and data to support the policy making and decision taking to support the delivery of new and affordable homes.
- 2.5 In London, the context for studies such as this, and the preparation of policies within Local Plans for housing provision, is informed by the London Plan. In particular, the Council's new Local Plan will need to be in general conformity with the London Plan. The preparation of this report has however

also had regard to national planning policies as set out within the National Planning Policy Framework (and relevant Ministerial Statements) as well as the associated Planning Practice Guidance.

2.6 The next Local Plan will cover the period from 2021 to 2041. As such, this evidence base document covers the same period.

Scope and Structure of the Report

2.7 This Local Housing Market Assessment is structured to address the following:

- Section 3: Context and London Plan policies;
- Section 4: Housing Market Area;
- Section 5: Housing Stock Baseline;
- Section 6: Housing Market Dynamics;
- Section 7: Overall housing need and demographics;
- Section 8: Affordable housing need;
- Section 9: Examined the Private Rental Sector;
- Section 10: Housing mix including the need for families
- Section 11: Housing needs of older and disabled people; and
- Section 12: Other market segments and specific groups;

3. POLICY REVIEW

- 3.1 Outer London Boroughs such as Sutton are under significant pressure for housing. Sutton has increasing affordability issues with a trend of households moving outwards from Inner London to the Borough, influenced by life changes (including the formation of families), financial resources, quality of schools, open spaces and higher quality of place.
- 3.2 This pattern of migration has been accelerated by the Covid-19 pandemic with households also moving out of the Borough into Surrey and further afield. The general market trend has been households searching for more indoor and outdoor space which in the context of LBS has seen greater demand for larger properties with gardens and an overall increase in pressure on the Borough as well Outer London Boroughs more generally.
- 3.3 However, it is an area which is relatively built-up and available land supply is constrained. These considerations, together with the London Plan, provide an important context to the preparation of this Local Housing Needs Assessment.
- 3.4 In a context in which development needs are unlikely to be met in full, consideration should rightly be given to how to appropriately prioritise housing provision in particular, where possible, to meeting those with the greatest needs and/or local needs arising within the Borough. This also aligns with national policy.

National Planning Policy Framework (NPPF)

- 3.5 The National Planning Policy Framework (NPPF) is the overarching document by which all planning documents must adhere to. The NPPF (2021) defines local housing need as:

“The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 61 of this Framework).”

- 3.6 For local planning authorities to effectively determine the minimum number of homes needed within a planning period, the NPPF requires strategic policies to be informed by a local housing need assessment, conducted using the standard method.
- 3.7 The NPPF allows for local planning authorities to justify an alternative approach, which deviates from the standard method, which reflects current and future demographic trends and market signals providing they can demonstrate exceptional circumstances in this regard.

Planning Practice Guidance

- 3.8 The Planning Practice Guidance in relation to housing and economic needs assessments¹ sets out how the NPPF should be translated into practice.
- 3.9 In relation to housing the PPG sets out the steps for the standard method for assessing housing need. However paragraph 4 of the PPG (Reference ID: 2a-003-20190220) states that this is not mandatory if “it is felt that circumstances warrant an alternative approach.” However that would require greater level of scrutiny. The PPG also sets out when a higher housing need should be considered.
- 3.10 Although calculated over a 10 year period the PPG confirms that the method set out by the standard method can be applied across the whole plan period.
- 3.11 In addition to the PPG for housing and economic needs assessments guidance separate guidance exists for the housing needs for different groups² and specifically for older and disabled people.³ These are set out in more detail in the relevant chapter of the report.

Sutton’s 2018 Local Plan

- 3.12 Sutton’s current Local Plan was adopted in 2018 and sets out the current strategic planning framework for development in the Borough to 2031. The Plan seeks to meet the Borough’s share of London’s housing need but ensure that the growth is respectful of the suburban character and historic assets of the Borough.
- 3.13 Policy 1: Sustainable Growth sets a housing target for 6,405 new homes over the 2016-31 period (427 homes per annum), but this has now been superseded by that in the 2021 London Plan of 469

¹¹ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

² <https://www.gov.uk/guidance/housing-needs-of-different-groups>

³ <https://www.gov.uk/guidance/housing-for-older-and-disabled-people>

dpa. This fell substantially below the minimum need figure identified in the 2015 SHMA (1,074 homes per annum).

- 3.14 Policy 8: Affordable Housing sets out the Council's expectation of a minimum of 35% affordable housing on new developments, with a tenure mix of 75% social/affordable housing for rent and 25% intermediate housing. The Council does not expect affordable housing contributions from schemes of less than 10 dwellings unless they are under-developed or in stages of a larger development.
- 3.15 Policy 9: Housing Sizes and Standards outlines that developments inside Sutton Town Centre should provide a minimum of 25% of housing to have three beds or more while outside Sutton Town Centre it should provide a minimum of 50% of all dwellings at this size. All new housing is required to meet the London Plan Space Standards. 90% of new-build housing is required to meet M4(2) accessible and adaptable dwellings standard, with 10% required as M4(3) wheelchair-accessible dwellings.
- 3.16 Policy 10: Loss of Housing and Conversions resists the loss of existing housing where it does not result in better designed higher quality new housing or provide an essential community facility. Conversions to HMO will also be supported if it is a detached home, in an area of potential intensification, does not impact neighbours (including parking) or the character of the area and meets the mayors space standards. Also large HMO will be permitted provided it does not lead to a concentration of HMOs (>20% of properties within a 100m radius).
- 3.17 Policy 11: Communal Accommodation and Specialist Housing supports additional care home accommodation for older people where it meets a need. Other forms of specialist housing will also be granted as long as it designed accordingly. Proposals for housing for vulnerable groups and young people in need of support will also be granted as long as it is in an accessible location and designed to meet their needs.
- 3.18 Policy 13: Housing and Garden Land - is not supportive of back garden development particularly where the land contributes to the character and appearance of the surrounding area, has ecological value, minimises the risk of flooding or would adversely affect the amenity of future occupiers or those currently occupying adjoining or nearby properties

Sutton's Housing Policies

Sutton Housing Strategy

- 3.19 The Sutton Housing Strategy 2015-16 and beyond sets out the Borough's vision for housing which is to build "A community in which the housing needs of all households are met, now and in the future". To help work towards achieving their housing vision the Council have identified the following five priorities:

- A. Increase the supply of affordable housing
- B. Invest in and make best use of the Borough's existing housing stock
- C. Promote excellent housing management standards across all types of housing
- D. Provide housing options advice and address homelessness
- E. Provide housing support and improve the health and wellbeing of residents

Homelessness Review and Strategy (January and April 2020)

- 3.20 Following on from the Housing Strategy the purpose of the review was to gather information to inform a new homelessness strategy for the Borough. This was subsequently published in April 2020.
- 3.21 Between 2014/15 and 2018/19 total homelessness applications to the Council ranged from 426 to 558 with the highest figure representing a dramatic rise in the final year as a result of the Homelessness Reduction Act.
- 3.22 The review also projected homelessness broken down by size for illustration purposes. However, the review was pre-Covid and thus pre-dates the "everyone in" campaign and the increase in homelessness presentations based on a decline in people willing to house friends and family during the pandemic. Therefore the projections probably underestimate demand.
- 3.23 Using a moving average the review projected a fall in homelessness acceptances but also a fall in supply. This results in a cumulative shortfall of 493 households by 2022/23. These groups will likely reside in temporary accommodation as there is a lack of rehousing opportunities.
- 3.24 The Council's overall strategic aim in relation to tackling homelessness is:
- "To reduce the number of households and individuals finding themselves homeless in the Borough, and for those that do, ensure they receive appropriate help to find permanent, good quality accommodation as quickly as possible."*
- 3.25 In support of this aim the Council have set out a number of other specific objectives including preventing homelessness by providing advice and support, assist in to permanent accommodation and minimize the use of temporary accommodation. This includes converting temporary accommodation into permanent residence if the council own it as well as buying back stock where they don't.

2021 London Plan

- 3.26 The new London Plan was formally published on 2nd March 2021. The new Local Plan for Sutton will be required to be in general conformity with the new London Plan which seeks to prioritise building new homes and sets out a housing target for Sutton equal to 469 homes per annum with an expectation that 268 homes per annum will be delivered on small sites.
- 3.27 The London Plan includes a number of key housing policies to which this document should respond. London Plan Policy H5 is clear that there should be a minimum of 35% of homes provided as affordable on major sites with a requirement for 50% of homes as affordable on public sector and industrial land with a policy compliant tenure profile. Developments may follow the Fast Track Route where this can be achieved; however, on some schemes developers seek to argue viability.
- 3.28 The new London Plan under Policy H6 sets out the tenure split which should be applied to residential development as a minimum, of 30% low-cost rented, 30% intermediate and 40% to be determined by the Borough.
- 3.29 In respect of housing mix, the new London Plan under Policy H10 sets out a range of considerations which should feed into determining the appropriate mix of sizes required with a separate requirement for Boroughs to set out a specific size mix for low cost rented homes.
- 3.30 Policy H11 in the new London Plan states that Boroughs should take a positive approach to the Build to Rent sector which is a sector with distinct economics. The policy is clear on the criteria that must be met in order for schemes to qualify as Build to Rent, that the Policy H5 affordable housing requirements equally apply; and expects affordable provision at discount market rent at an equivalent rent to London Living Rent with the remaining 70% at a range of genuinely affordable rents (to be defined by Boroughs).
- 3.31 The new London Plan under Policy H12 also includes a specific policy on supported and specialist housing with an additional Policy H13 on specialist older persons housing. The former includes reference to support disabled Londoners whilst recognising London's diversity and is clear that Boroughs should undertake assessments of the need in the short-term, medium-term and permanent supported and specialised accommodation.
- 3.32 Policy H13 makes clear that housing needs assessments should be clear on the type and tenure of demand; and conscious of the increasing need in London for accommodation suitable for people with dementia.

4. HOUSING MARKET AREAS

4.1 Paragraph 18 of the Planning Practice Guidance (PPG) relating to Plan Making ⁴ defines what a Housing Market Area (HMA) is and sets out the approach local authorities should take when defining these. 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.*” The PPG goes on to add:

“These can be broadly defined by analysing:

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”*

4.2 The guidance sets out a range of suggested data sources for doing this. These include ONS data on internal migration and travel to work areas (TTWA) and HM Land Registry Price Paid data for house prices.

4.3 This slimmed down guidance notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of “*typically 70 per cent*” excluding long distance moves can help identify a suitable HMA. The scale of a Housing Market Area and its required self-containment rate is therefore less definitive, as long as it is identified using the approach in the PPG. However, the Government’s previous advice remains of some relevance and the 70% threshold had become accepted industry best practice.

4.4 It is also worth noting that in realty HMA boundaries do not stop and start at administrative boundaries. Despite this, it is often commonplace, and sensible, for housing market areas to be defined using local authority boundaries. This is because many of the key datasets used in assessing

⁴ Reference ID: 61-018-20190315

housing need (such as the household projections) are only published at a local authority level. In many areas, a pragmatic response has therefore been to define HMAs at a local authority level.

- 4.5 These issues were touched upon in the Planning Advisory Services (PAS) Technical Advice Note on Objectively Assessed Housing Need and Housing Targets⁵ (July 2015) which concluded that *“it is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex..”* However, the Technical Advice Note notably adds that *“this is not always possible and it may be the case that some [local authority] areas, particularly those covering an expansive area fall into more than one HMA.”*

Previously defined geographies

- 4.6 The London Strategic Housing Market Assessment (SHMA) 2017 which underpins the London Plan considers the entirety of Greater London as comprising a single HMA as such the London Borough of Sutton lies within the London HMA. The London SHMA only provides an assessment of housing needs at the Greater London level, it does not assess housing needs at a local level and therefore gives no estimation of required housing for the Sutton.
- 4.7 When looking at sub-areas across the Borough, previous studies such as the 2011 Housing Needs Assessment considers the six committee areas across Sutton. The committees allow Councillors and community representatives within each area to meet to discuss their areas specifically. They intend to give communities a larger platform to have a say on local issues and increase responsiveness to residents in an area. They also agree on various types of funding such as Neighbourhood Grants and event fees and charges.
- 4.8 Tables 4.1 and 4.2 details the extent of the committee areas and the Wards which they comprise of. These form the basis of our sub-areas and will be tested for their continued validity through this process.

⁵ <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>

Table 4.1 Sutton Committee Areas

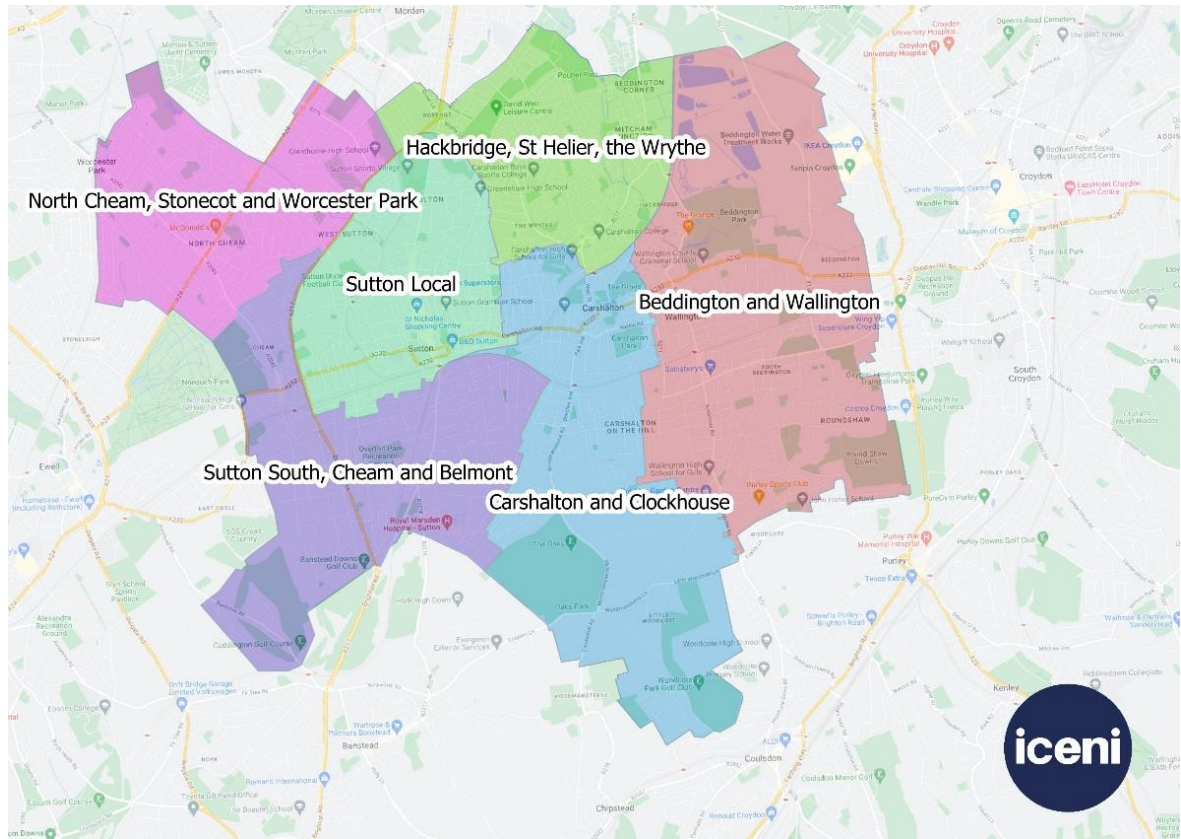


Table 4.2 Sutton Committee Area and Ward

Committee Area	Ward Name
Beddington and Wallington	Beddington North
	Beddington South
	Wallington North
	Wallington South
Sutton South, Cheam and Belmont	Sutton South
	Belmont
	Cheam
Sutton Local	Sutton North
	Sutton West
	Sutton Central
Hackbridge, St Helier, the Wrythe	St Helier
	The Wrythe
	Wandle Valley
Carshalton and Clockhouse	Carshalton Central
	Carshalton South and Clockhouse
North Cheam, Stonecot and Worcester Park	Nonsuch
	Stonecot
	Worcester Park

- 4.9 Please note that ward boundaries changed in May 2022 but no data had been released for these new wards therefore it was not practical to use them for this study.

Migration Flows

- 4.10 The ONS provides annual data on internal migration flows (both in- and out- migration flows) which is informed by a range of official datasets including NHS GP registrations data (which records when people change their GP).
- 4.11 To avoid year on year blips in the data we have taken an average of the last three years. We also focus on gross migration to show overall movements (as net could cancel each other out) and this is weighted to the size of the population as larger areas would typically see larger flows.
- 4.12 As shown in Table 4.3 Sutton is most closely connected with Merton with a gross migration of 7.58 per 1,000, almost twice that seen of the next area Croydon at 4.43, Reigate and Banstead and Epsom and Ewell are also relatively strong. Given these are all neighbouring Boroughs this strong migration linkage can be expected.
- 4.13 Furthermore, Sutton's links with other London Boroughs such as Merton, Croydon, Wandsworth and Lambeth would support its continued inclusion within the London HMA. The location of these Boroughs all within South or South West London also indicates a sub market within this area.

Table 4.3 Top Migration Flows with Sutton per 1,000 population

Sutton	Gross Migration Per 1,000		In Migration		Out Migration	
1st	Merton	7.58	Merton	2,310	Croydon	1,138
2nd	Croydon	4.43	Croydon	1,487	Reigate and Banstead	1,007
3rd	Reigate and Banstead	3.78	Wandsworth	900	Merton	818
4th	Epsom and Ewell	3.77	Kingston upon Thames	572	Epsom and Ewell	663
5th	Kingston upon Thames	2.71	Lambeth	550	Kingston upon Thames	468
6th	Wandsworth	2.24	Epsom and Ewell	419	Wandsworth	299
7th	Lambeth	1.43	Reigate and Banstead	335	Tandridge	260
8th	Tandridge	1.14	Hounslow	192	Mole Valley	248
9th	Mole Valley	1.09	Southwark	183	Lambeth	209
10th	Crawley	0.59	Lewisham	163	Arun	191

Source: Internal migration - Matrices of moves between local authorities year ending June 2017 to June 2019

- 4.14 As this dataset does not include any movements within a local authority it is not practical to use to examine self-containment rates or to validate sub areas within the Borough.

House Prices and House Price Change

- 4.15 The PPG states that when identifying HMAs the “relationship between housing demand and supply across different locations, using house prices and rates of change in house prices” should be considered. It goes on to say that “this should identify areas which have clearly different price levels compared to surrounding areas.”
- 4.16 Table 4.4 analyses median house prices by property type by local authority, it considers neighbouring London Boroughs as well as Epsom and Ewell and Reigate and Banstead which lie within Surrey.
- 4.17 Sutton and neighbouring Croydon share the most similarities in property prices both less than prices seen in neighbouring Boroughs. Sutton however is generally more expensive than Croydon although this could be related to the mix of housing with Croydon having more flats. Merton and Kingston Upon Thames see the highest prices across the property types.

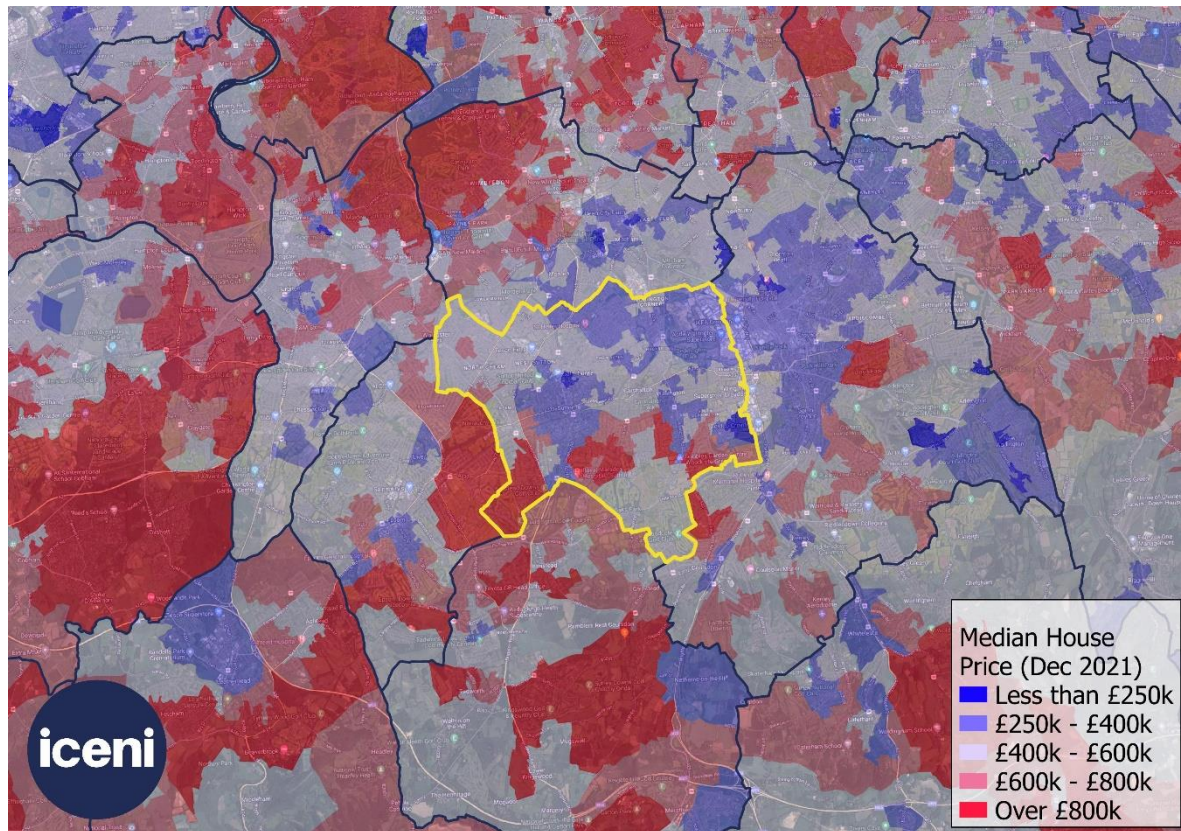
- 4.18 This likely indicates a closer linkage in property markets between Sutton and Croydon and given the higher prices seen in Merton and Kingston Upon Thames it is possible that both Sutton and Croydon may see increased demand from prospective buyers coming from more expensive areas. This is certainly borne out by the net migration between Merton and Sutton.

Table 4.4 Median House Price by type

	Overall	Detached	Semi-Detached	Terraced	Flats
Sutton	£430,000	£825,000	£552,000	£440,000	£280,000
Merton	£540,000	£2,377,500	£790,000	£618,000	£410,000
Croydon	£412,500	£700,000	£515,000	£407,500	£285,000
Reigate & Banstead	£452,250	£765,750	£482,750	£400,000	£263,750
Epsom & Ewell	£523,000	£810,000	£563,000	£450,000	£320,000
Kingston upon Thames	£535,000	£1,018,750	£690,000	£525,000	£375,000
Wandsworth	£650,000	£2,656,550	£1,306,250	£1,000,000	£520,000
Lambeth	£552,000	£1,302,500	£970,000	£872,550	£485,000
Tandridge	£475,000	£755,000	£470,000	£393,500	£280,000
Mole Valley	£550,000	£821,255	£525,000	£413,500	£275,000
Crawley	£310,000	£515,000	£355,000	£300,000	£210,000
Greater London	£512,000	£850,000	£580,000	£550,000	£430,000
England	£280,000	£400,000	£252,000	£227,500	£235,000

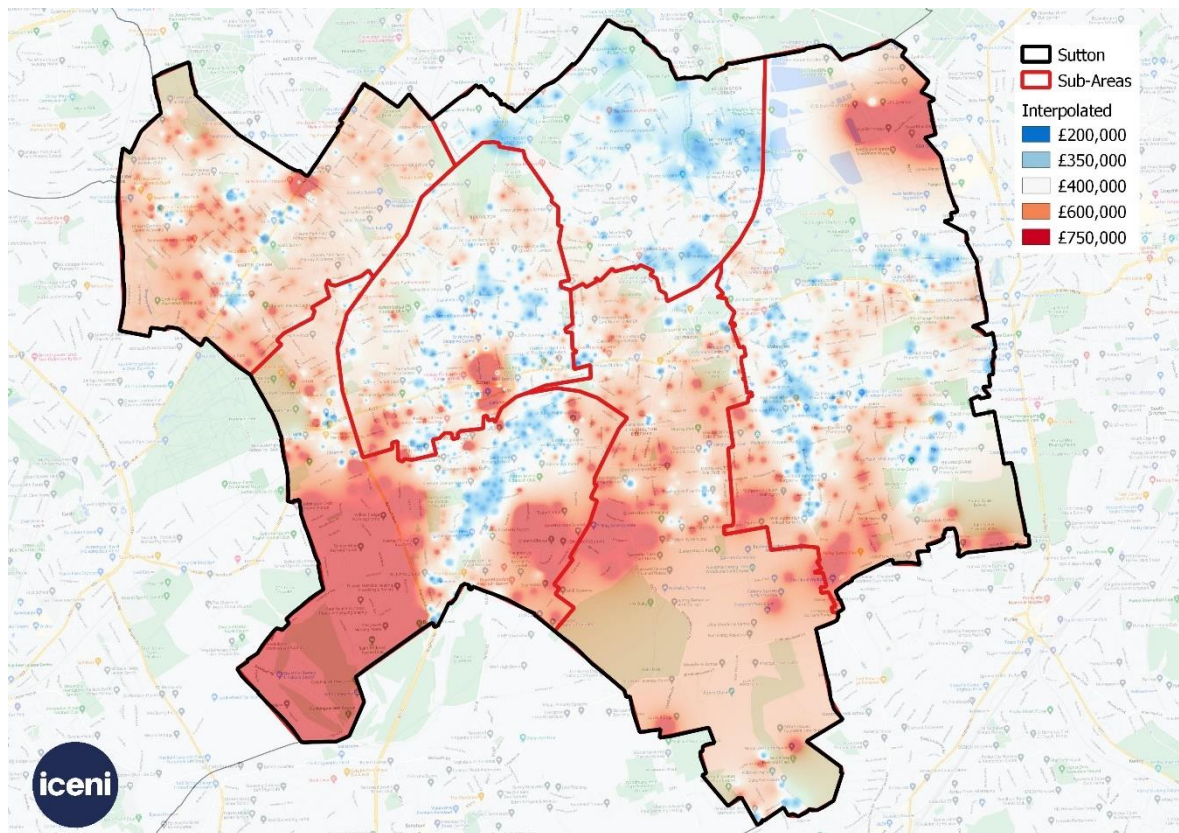
Source: ONS, Median house prices for administrative geographies: HPSSA dataset 9 (Each column is coloured separately with the lowest figures in Blue and the highest in Red)

- 4.19 Table 4.5 demonstrates a clear link can be made between the lower property prices in the North-East of Sutton and Croydon which lies directly to the East. A similar link can be made between prices in the South-West of the Borough and Epsom and Ewell.

Table 4.5 Median House Prices (YE December 2021)

Source: IcenI analysis of ONS house price statistics

- 4.20 The median cost of housing in Sutton and the surrounding areas demonstrates a divide between the more densely populated areas of Sutton in the centre and Hackbridge in the North of the Borough compared to that in Sutton South, Cheam and Belmont in the West and Carshalton and Clockhouse in the South.
- 4.21 Looking more closely at the Borough itself there are quite a range of values. This can be linked to quality of place as well as the mix of housing. Broadly this shows higher values to the south and lower values to the north east.
- 4.22 Exceptions to this includes a low value area in Sutton Town Centre which is likely due to most sales being flats and a high value area in Beddington which is either erroneous (most likely) or a live work unit with the values being pushed by the work element.

Table 4.6 House Price Heatmap (YE December 2021)

Source: Icen analysis of HMLR Price Paid Data

4.23 Table 4.7 provides an aggregation of house price by the sub-areas. This shows some quite clear distinction which broadly support the continued use of the Sutton committee areas as housing sub areas within the Borough.

Table 4.7 Average price by sub-area

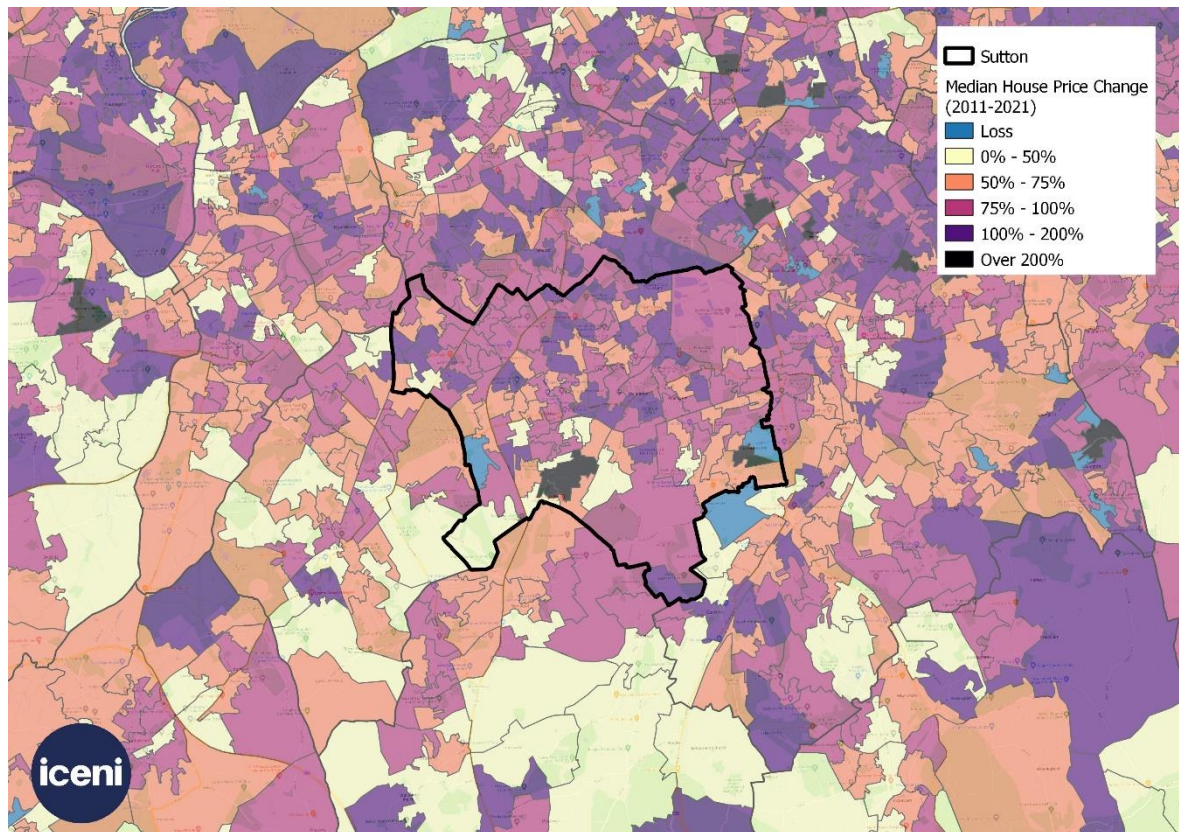
Committee Area	Average Price (2021)
Beddington and Wallington	£465,554
Sutton South, Cheam and Belmont	£561,421
Sutton Local	£457,794
Hackbridge, St Helier, the Wrythe	£364,213
Carshalton and Clockhouse	£548,943
North Cheam, Stonecot and Worcester Park	£511,381

Source: Icen analysis of ONS house price statistics

4.24 As shown in the table above Hackbridge, St Helier, the Wrythe is the least expensive sub-area by some distance whilst Sutton South, Cheam and Belmont and Carshalton and Clockhouse are the most expensive. This could be indicating some convergence of the sub-areas to the south of the Borough.

- 4.25 Table 4.8 demonstrates the median house price change from December 2011 to December 2021. Overall, it would appear that house prices with Sutton have risen at broadly the same rate as surrounding areas within London and slightly faster than those within Surrey. This is perhaps due to a higher starting point within Surrey. In general, this supports the inclusion of Sutton within the London HMA.

Table 4.8 House Price Change (2011 - 2021)



Source: Icen analysis of ONS small area house price statistics

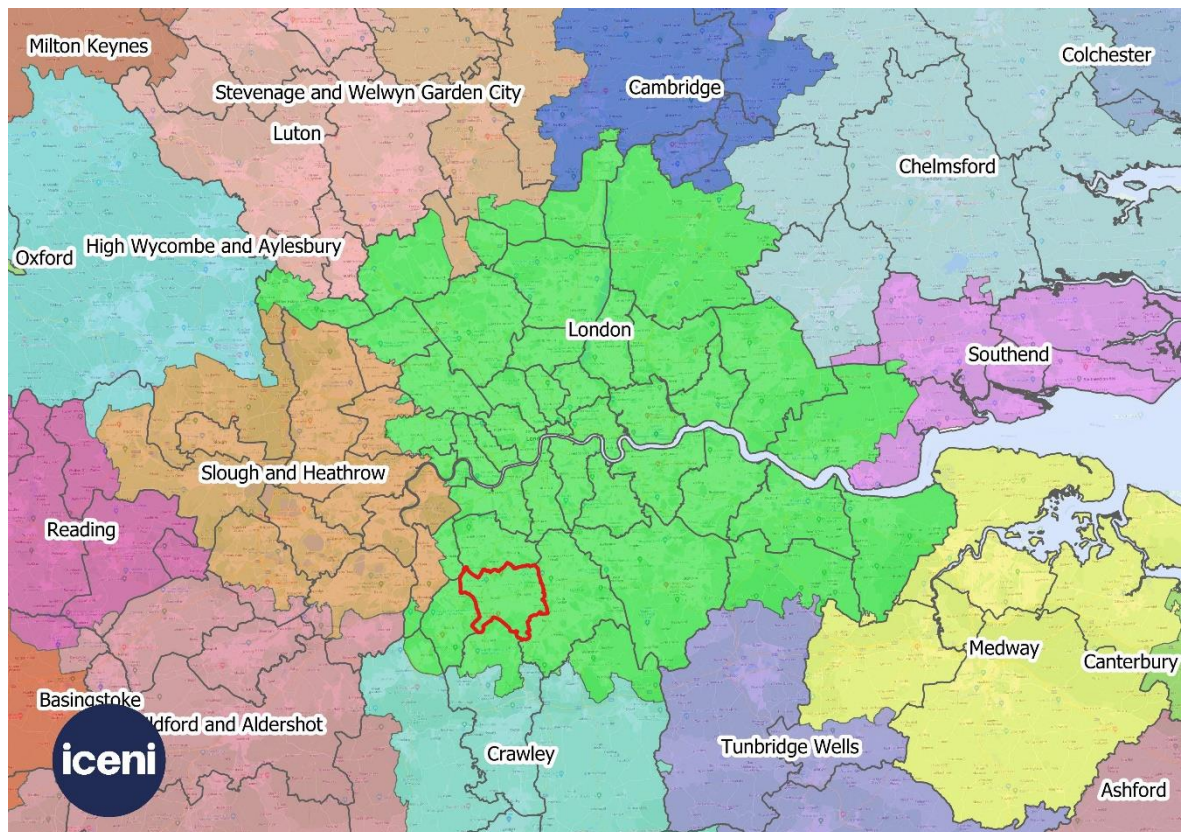
- 4.26 Within the Borough, the largest increases are within North Cheam, Stonecot and Worcester Park and Carshalton and Clockhouse much of which lies within the 75-100% growth range. Although it is difficult to use this data to draw any firm conclusions on housing market sub-areas as each sub-area has both high and low growth area.

Commuting Patterns

- 4.27 As demonstrated in Table 4.9, the Office of National Statistics places Sutton within the London Travel to Work Area (TTWA). The London TTWA does go beyond the Greater London boundary, stretching into the Home Counties on all sides although parts of West London fall within the Slough and Heathrow TTWA.

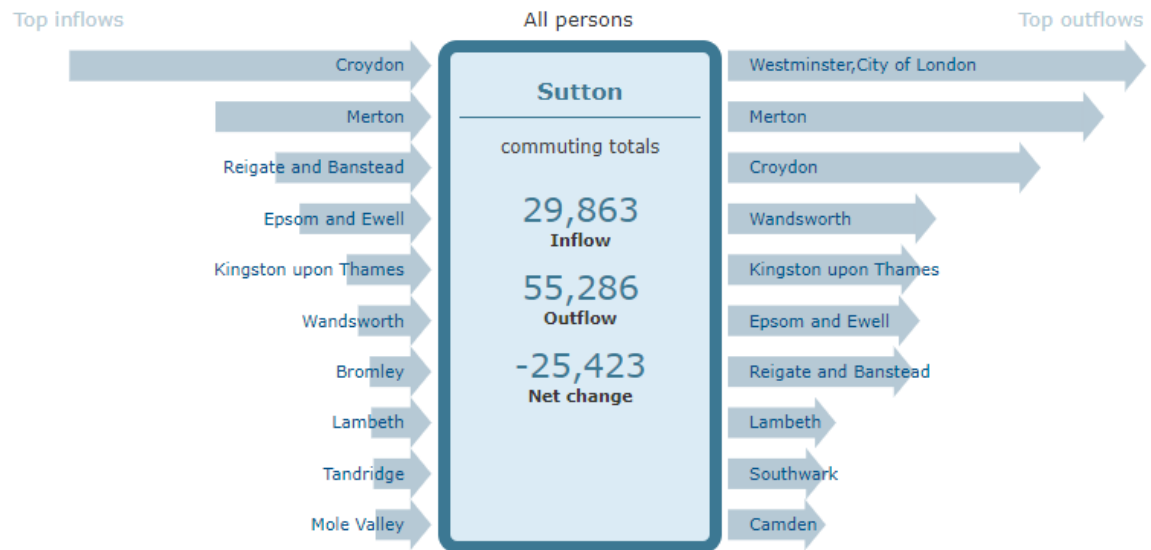
- 4.28 The London TTWA is very large, as can be expected of the country's economic hub, it provides high value work as well as good transport access allows for a particularly large TTWA by virtue of access to a highly skilled workforce. Sutton forms just one part of this TTWA and it cannot be expected that the entirety of those living within the London TTWA will work within central London.

Table 4.9 Travel to Work Areas (2011)



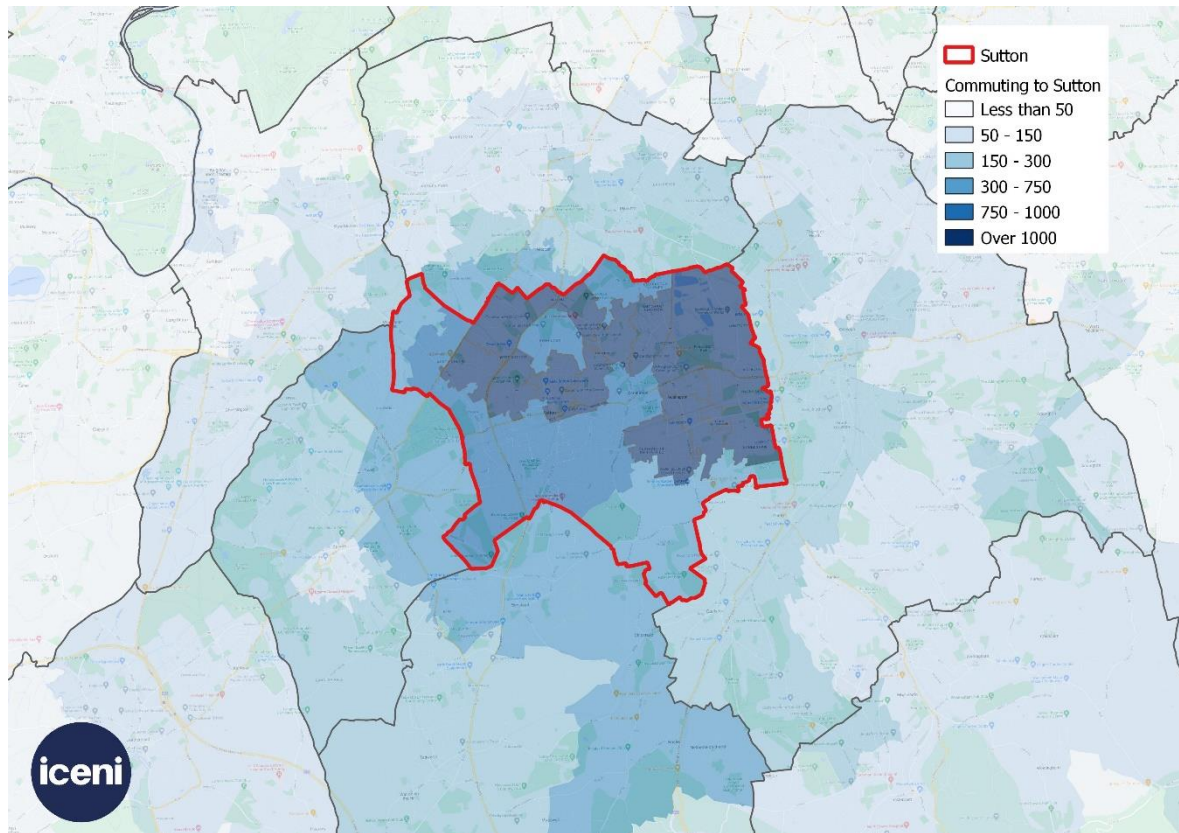
Source: ONS Travel to Work Areas

- 4.29 Nomis provides visualisations on commuting patterns by Local Authority based on 2011 Census data. Table 4.10 demonstrates the top inflows and outflows to and from Sutton. Westminster sees the highest outflow from Sutton with 7,927 people commuting out each day. This is followed by more localised moves to Merton at 7,117 and Croydon at 5,850.
- 4.30 Sutton is a net contributor of labour force rather than jobs. There is a significant amount of in commuting from Croydon of 6,806 people per day, higher than the total outflow to the area from Sutton. This can be linked to employment in the Beddington industrial estates which adjoin Croydon.

Table 4.10 Commuting change

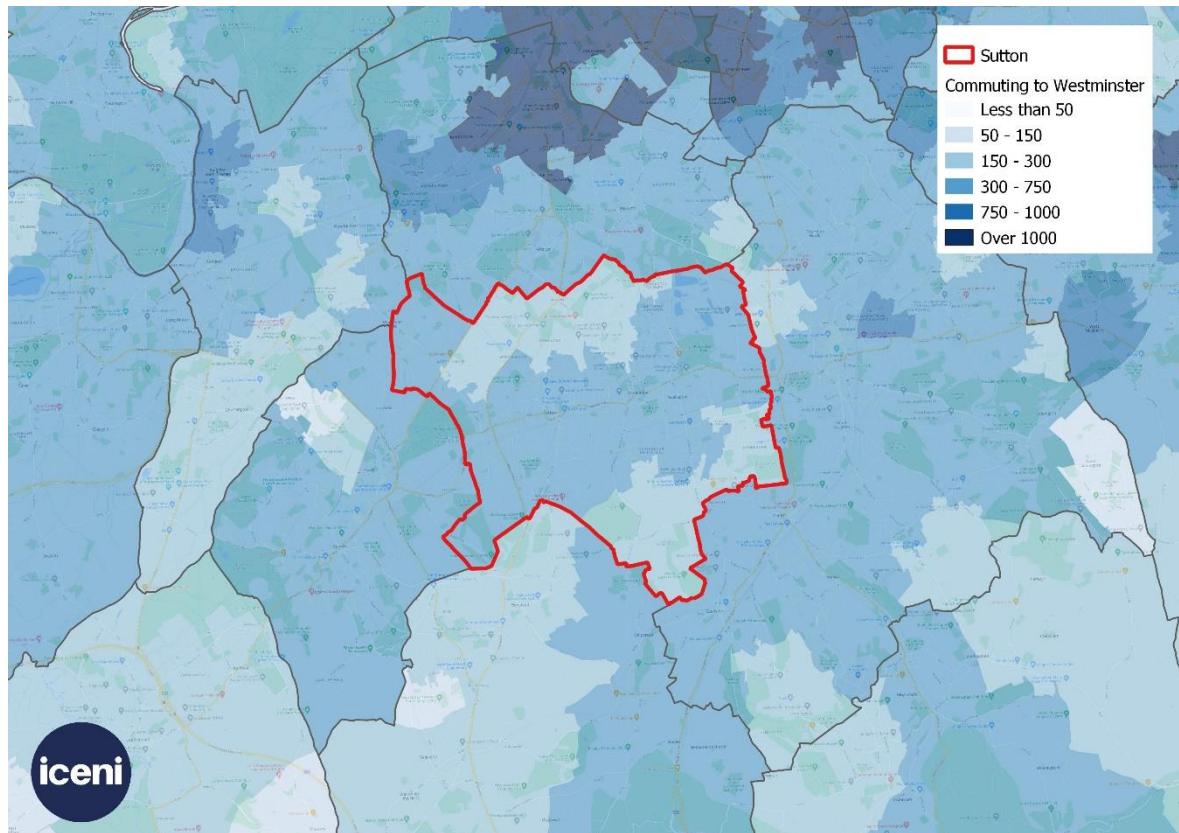
Source: Nomis, ONS Census 2011

- 4.31 Clear links to Westminster and the neighbouring authorities of Merton and Croydon demonstrate further links between the population and further support the inclusion of Sutton within the London HMA as well as a more localised South London HMA.
- 4.32 Looking at commuting flows on a Lower Super Output Area (LSOA) level can go further to identify how commuting patterns differ within Sutton itself. The following maps show commuting to Central London, Croydon, Merton but firstly a map of internal commuting within Sutton.
- 4.33 Table 4.11 shows that there are particularly high concentrations of internal commuters within Beddington and Wallington as well as in Sutton Local sub-area. Southern areas such as Sutton South, Cheam and Belmont as well as Carshalton and Clockhouse have slightly lower number of internal commuters. As established the latter has close links to Croydon.

Table 4.11 Commuting to Sutton

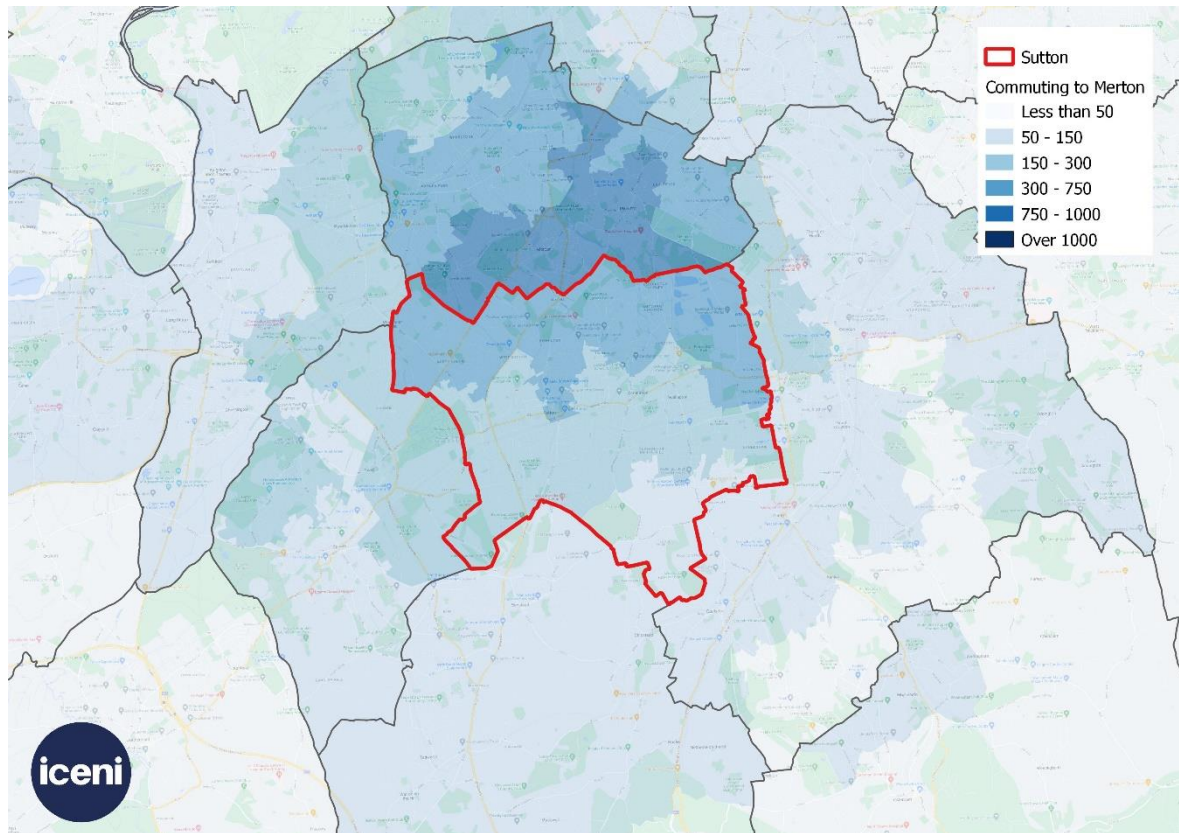
Source: Census 2011

- 4.34 Despite Westminster seeing the highest outflows from Sutton there does not appear to be any particularly high concentrations of outflow within the Borough. Rather it appears that outflow is relatively equal across the Borough with few areas seeing less than 50 people commute into Westminster.
- 4.35 Ultimately, although there is no clear concentration of outflow, the general consistency across the Borough results in a high total level of outflow. This also further supports the inclusion of Sutton within the London HMA.

Table 4.12 Commuting to the Westminster, City of London

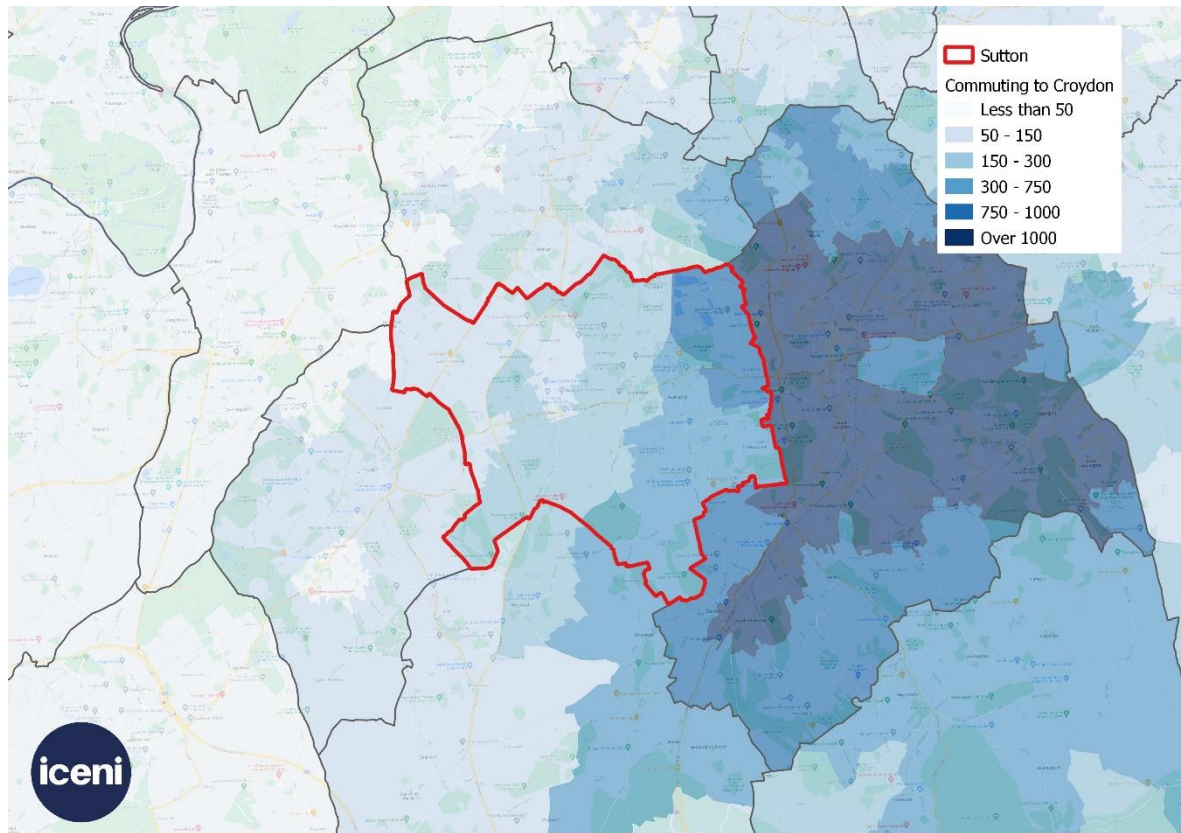
Source: Census 2011

- 4.36 When looking at total commuting outflow to Merton, although the overall number of out commuters is not largely different from the total commuting to Westminster, only 810 people less, the concentration of this varies. Table 4.13 illustrates that those who commute to Merton are largely based in the North of the Borough, given Merton's location directly to the North this is expected.
- 4.37 This also somewhat supports the use of Sutton committees areas as housing sub-areas, that of North Cheam, Stonecot and Worcester Park and Hackbridge, St Helier, the Wrythe as well as to some extent Sutton Local have stronger links to Merton than the southern sub-areas.

Table 4.13 Commuting to Merton

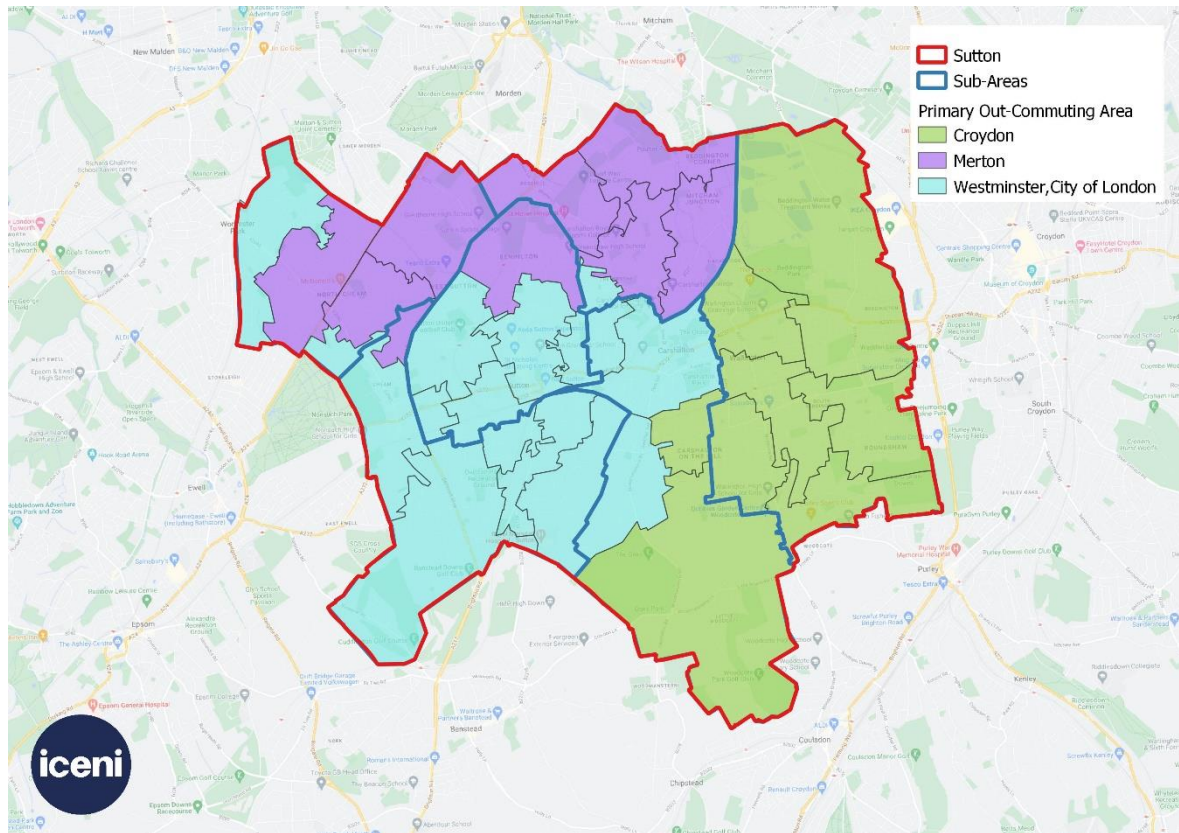
Source: Census 2011

- 4.38 Croydon sees the third highest commuting outflows from Sutton, Table 4.14 demonstrates the concentrations of these outflows are in the eastern area of the Borough. A particular concentration in the north-east is likely a result of the Croydon/Beddington industrial estate which straddles across the Croydon/Sutton border in this area.
- 4.39 Again this clear link to the eastern sub-areas of Beddington and Wallington and Carshalton and Clockhouse and the less apparent links elsewhere further supports the consideration of these as sub-areas as distinct.

Table 4.14 Commuting to Croydon

Source: Census 2011

- 4.40 Sub-area trends in out-commuting are easier to see when sorted by most common location of employment. Table 4.15 demonstrates the clear divide between the east, north and south western areas of Sutton.
- 4.41 Where locations closer to the Merton and Croydon borders see most out-commuting to these Boroughs, in the South West Westminster is the most common destination. This is also reflected in the higher house prices in these areas.

Table 4.15 Primary Out-Commuting by area

Source: Census 2011

- 4.42 The distinctions between these commuting patterns by the sub-areas once again confirm that their continuation is reasonable. While there could be a merit in merging the northern, eastern and western sub-areas on this basis there are clear differences in the house prices between each of these.
- 4.43 We therefore conclude that the sub-areas as previously defined remain a robust base for which to conduct analysis within this report and latterly to develop policy.

Housing Market Area – Key Points

- *We have examined both the wider housing market area and sub-areas within the Borough. As per the PPG we have examined migration and commuting patterns as well as house prices and house price change.*
- *At a strategic level there remains a high level of commuting from Sutton to Central London and it forms part of the London TTWA. In migration terms, there is also some strong links with the other London Boroughs but particularly Merton and Croydon. House prices in the Borough are varied but overall there is a strong correlation with those in Croydon.*
- *In conclusion this information suggests that the Borough continues to be part of the Wider London HMA covering all of Greater London as defined previously in the London SHMA. That said there are still some linkages with the Surrey Local Authorities to the south (Reigate and Banstead and Epsom and Ewell) for which there should continue to be a duty to cooperate on strategic issues.*
- *With the Borough there does not appear to be any rationale to move away from the previously defined committee areas. Indeed, an examination of commuting patterns and house prices suggests that these areas are very suitable for analytic purpose and subsequently for plan making.*

5. HOUSING STOCK

- 5.1 As of 2011 there were 79,696 dwellings in the London Borough of Sutton which equates to 2.3% of the Greater London housing stock. Not all of the dwellings were occupied at the time with a total number of Households slightly lower at 78,174. As such the vacancy rate of the Borough is very low at only 1.9%.

Table 5.1 Number of dwellings and households, 2011

Area	Number of Dwellings	Number of Households
London Borough of Sutton	79,696	78,174
Greater London	3,358,163	3,266,173
England	22,976,066	22,063,368

Source: ONS, Census 2011

- 5.2 Since the last Census 4,688 net additional dwellings have been built in the Borough to 2021 at an annual average of 469. This would take the total number of units in the Borough to 84,384 dwellings. The 2021 census has the number of households in the Borough 82,300 meaning that vacant dwellings have increased slightly to around 2.5%.
- 5.3 When broken down by sub area Beddington and Wallington has the highest number of dwellings and households, Carshalton and Clockhouse the lowest. The sub-area also had the lowest number of completions but given that much of the southern portions of Carshalton and Clockhouse is greenfield land this can perhaps be expected.

Table 5.2 Dwellings by sub-area (2011)

Area	Number of Dwellings 2011	Additional Dwellings 2011-21	Number of Dwellings 2021	Number of Households 2011
Beddington and Wallington	17,577	905	18,482	17,130
Carshalton and Clockhouse	7,859	421	8,280	7,769
Hackbridge, St Helier, the Wrythe	13,653	959	14,612	13,508
North Cheam, Stonecot and Worcester Park	12,800	502	13,302	12,609
Sutton Local	14,304	1,392	15,696	14,047
Sutton South, Cheam and Belmont	13,503	509	14,012	13,111

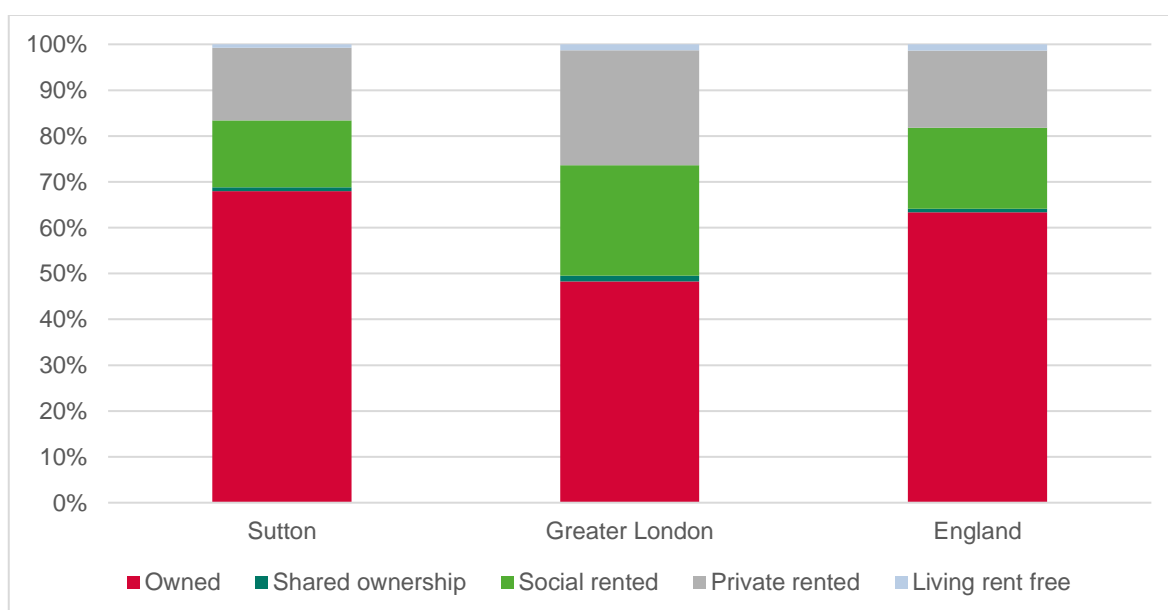
Source: ONS, 2011 Census and LBS Council

- 5.4 The Sutton Local Sub-Area saw the highest level of completions which includes significant Town Centre flatted development in the 2017-18 to 2019-20 period.

Tenure

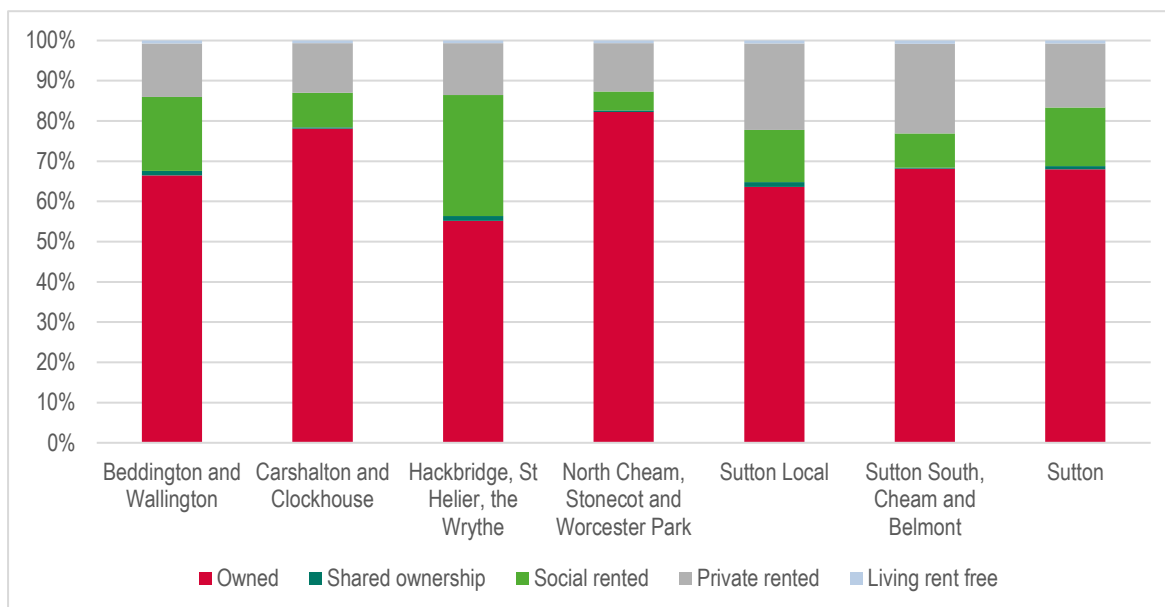
- 5.5 Census data relating to tenure has not yet been published therefore we rely on 2011 census data as a starting point. This is updated to 2020 using experimental data from ONS. While recognising these shortcomings it is unlikely that the mix will shift rapidly between the censuses.
- 5.6 While owner occupied is the most prevalent tenure type in the three geographies, Greater London sees the lowest proportion at 48%. Whilst Sutton lies within Greater London, the tenure split is more closely aligned with England as a whole.
- 5.7 The Borough sees the highest proportion of owner occupiers at 68% as well as the lowest proportion of social renters at 15% and private renters at 16%. Shared ownership and living rent free are the lowest across all areas, not exceeding 1% each in any geography.

Table 5.3 Households by tenure, 2011



Source: ONS, Census 2011

- 5.8 The majority of properties in all sub areas are owner occupied. The lowest level of home ownership is in Hackbridge, St. Helier, the Wrythe (55.2%) and the highest in North Cheam, Stonecot and Worcester Park (82.21%).
- 5.9 In four of the six sub-areas the proportion of private rental properties exceed that of social rented. Beddington and Wallington at 18.4% social rented to 13.2% private rented and Hackbridge, St Helier, the Wrythe 30.1% social rented to 12.9% private renting. There is a particularly low proportion of social renting in North Cheam, Stonecot and Worcester Park (4.7%) which sees the highest proportion of home ownership amongst the Boroughs sub-areas.

Table 5.4 Households by tenure in sub areas 2011

Source: Census 2011

- 5.10 Data from ONS allows us to track tenure movements since 2011. As shown in Table 5.5, local authority stock has seen the largest losses of 402 units (-6.3%). This loss is likely due to loss of properties to private ownership through right-to-buy and potentially to Registered Providers through stock transfer. As shown, Registered Providers and Private Sector stock has increased by 33% and 4.9% respectively.

Table 5.5 Change in tenure 2011-2020

Sutton	Local Authority (incl. owned by other LA's)	Registered Provider	Other public sector	Private Sector	Total
2011	6,409	4,529	30	68,728	79,696
2020	6,007	6,023	31	72,065	84,126
Change	-402	1,494	1	3,337	4,430
%Change	-6.3%	33.0%	3.3%	4.9%	5.6%

Source: ONS, Table 100 Dwelling stock: Number of Dwellings by Tenure; 2020

- 5.11 Experimental ONS data allows us to look at the split in private sector housing i.e. owner occupied or privately rented and how this has changed since 2011. However, this is only experimental data and ONS themselves cautions its use.
- 5.12 As shown in Table 5.6 there was an increase of 1,189 privately rented properties, a change of 9.5%, while owner occupied properties growth although higher in actual change is lower as a proportion at 7.8%.

Table 5.6 Change in private and social tenure 2012-2020

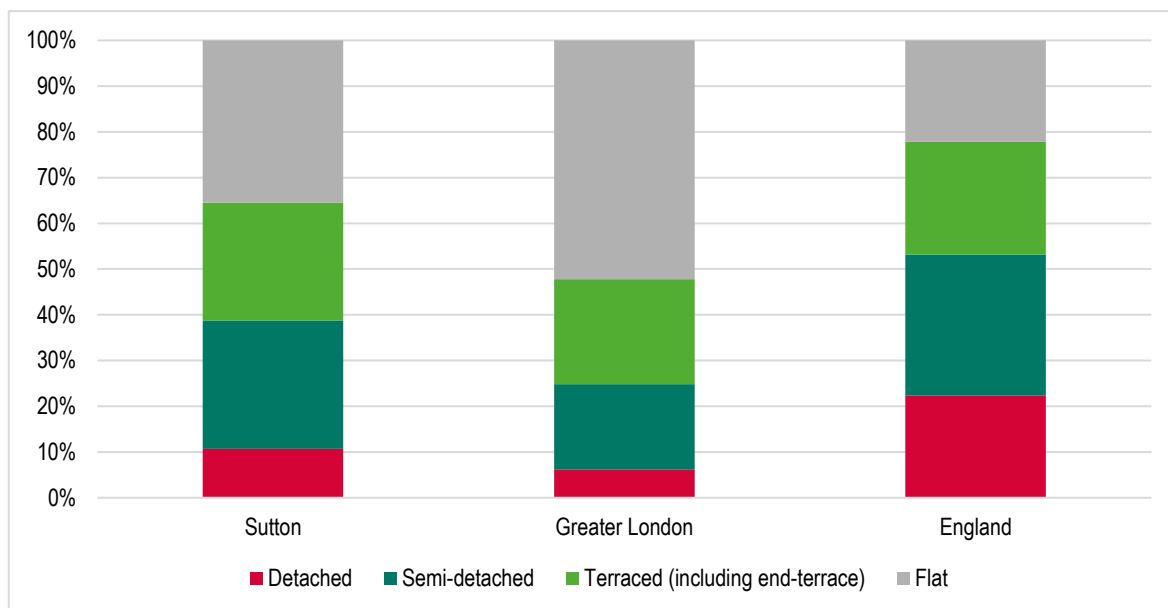
Sutton	Owner Occupied (either outright or with a mortgage)	Privately Rented	Socially Rented
2012	55,412	12,525	11,350
2020	59,757	13,714	11,198
Change	4,345	1,189	-152
%Change	7.8%	9.5%	-1.3%

Source: ONS, *Sub-national dwelling stock by tenure estimates, 2020*

- 5.13 The number of properties available for social rent decreased by 1.3%, this includes council and registered provider owned accommodation, this may indicate an increased need for replacement social rented properties.
- 5.14 The growth in rental accommodation demonstrates the structural shift from owner occupation to rental accommodation seen nationally. While the reason for this is myriad (affordability, lack of access to mortgage products, etc.) the intention is for this to be addressed through first homes and other affordable routes to home ownership.

Dwelling type

- 5.15 In 2011, Flats were the most common dwelling type within Sutton at 35.6% of total dwelling stock, followed by Semi-detached (28.7%) and Terraced (25.8%) properties. Detached properties are least common at 10.7%.
- 5.16 The dwelling stock of Sutton varies somewhat from that of Greater London which is skewed even further towards denser dwelling types. Given Sutton's location on the periphery of Greater London this is likely reflective of a slightly more suburban and less dense built form than central London.
- 5.17 The proportions of dwellings in England see a more even split across the different types with Semi-detached properties taking the highest proportion (30.8%) followed by Terraced (24.6%), detached and flatted properties see a fairly even split at 22.3% and 22.8% respectively.

Table 5.7 Dwellings by type 2011

Source: ONS, Census 2011

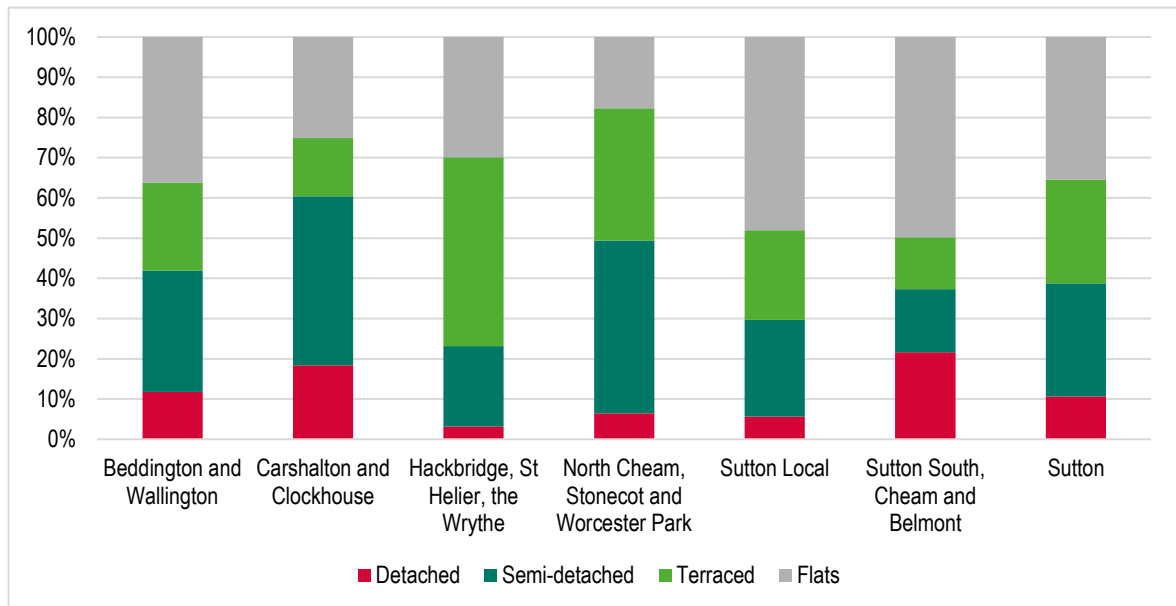
- 5.18 Since 2011 the vast majority of delivery in the Borough (71.3%) has been flatted development followed by houses including bungalows (20.8%). This is likely to have brought the Borough into closer alignment with the rest of the city.

Table 5.8 Net Additional Dwellings by Type (2011/12-2020/21)

Type	Total	% Total
Flat or Maisonette	3,343	71.3%
House or Bungalow	974	20.8%
Studio/Bedsit	135	2.9%
Other	9	0.2%
Unknown	227	4.8%
Grand Total	4,688	100.0%

Source: LBS Monitoring, 2022

- 5.19 The split of dwelling types within Sutton's sub areas varies, those areas which are more urban such as Sutton Local and Sutton South, Cheam and Belmont see a higher proportion of flats. Although conversely Sutton South, Cheam and Belmont also sees the highest proportion of detached properties.

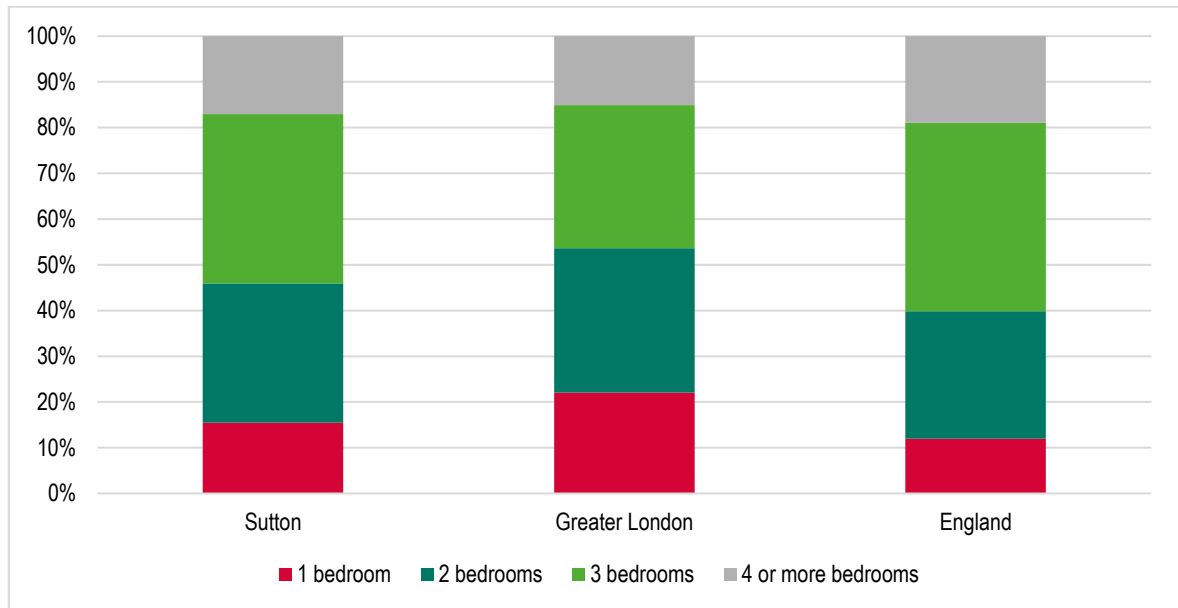
Table 5.9 Dwellings by type in sub area (2011)

Source: ONS, Census 2011

Bedrooms

- 5.20 When comparing the number of bedrooms within properties in Sutton to Greater London and England. Sutton aligns closer to the proportions of England as a whole than of Greater London, which is skewed towards properties with fewer bedrooms. Again this draws on Census data as monitoring data does not record number of bedrooms.
- 5.21 Properties with only one bedroom are particularly high in Greater London at 22.0% compared to Sutton (15.4%) and England (12.0%). Although Sutton does broadly follow the proportion of bedrooms seen within England as a whole, it does see slightly higher proportions of smaller 1 and 2 bedroom properties and a slightly lower proportions of 3 and 4+ bedroom properties.

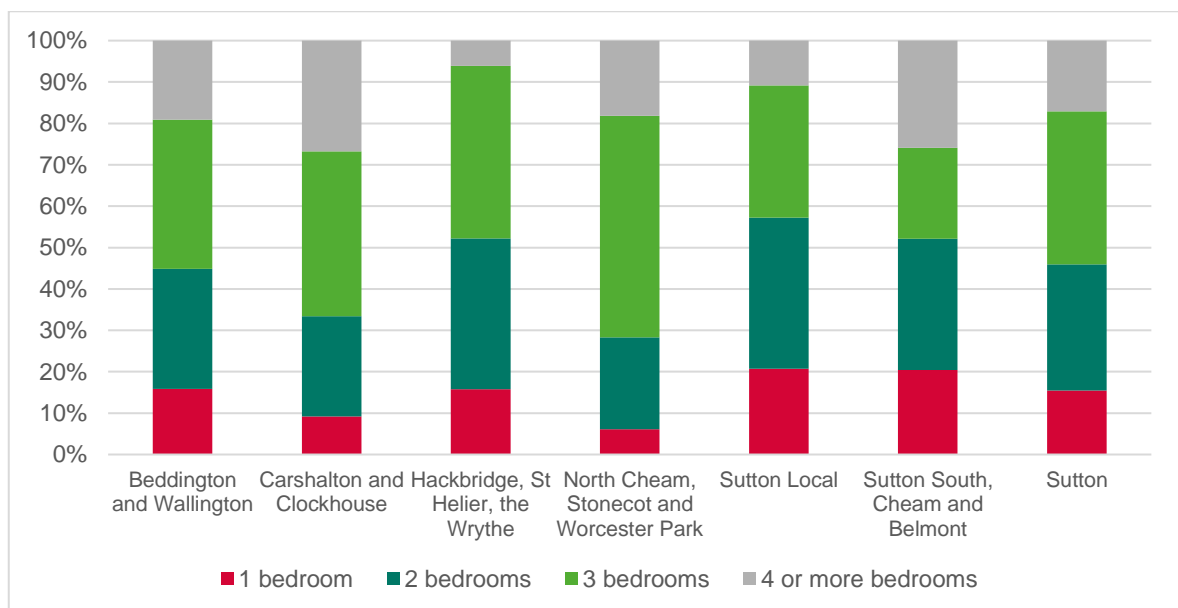
Table 5.10 Number of bedrooms



Source: ONS, Census 2011

5.22 Within the sub-areas those with a higher proportion of flats generally see a higher proportion of properties with fewer bedrooms and vice versa. Sutton South, Cheam and Belmont for example which contains the highest proportion of flats and detached properties amongst the sub-areas also contains greater proportions of 1, 2 and 4+ bedroom properties within the Borough.

Table 5.11 Bedrooms by sub area

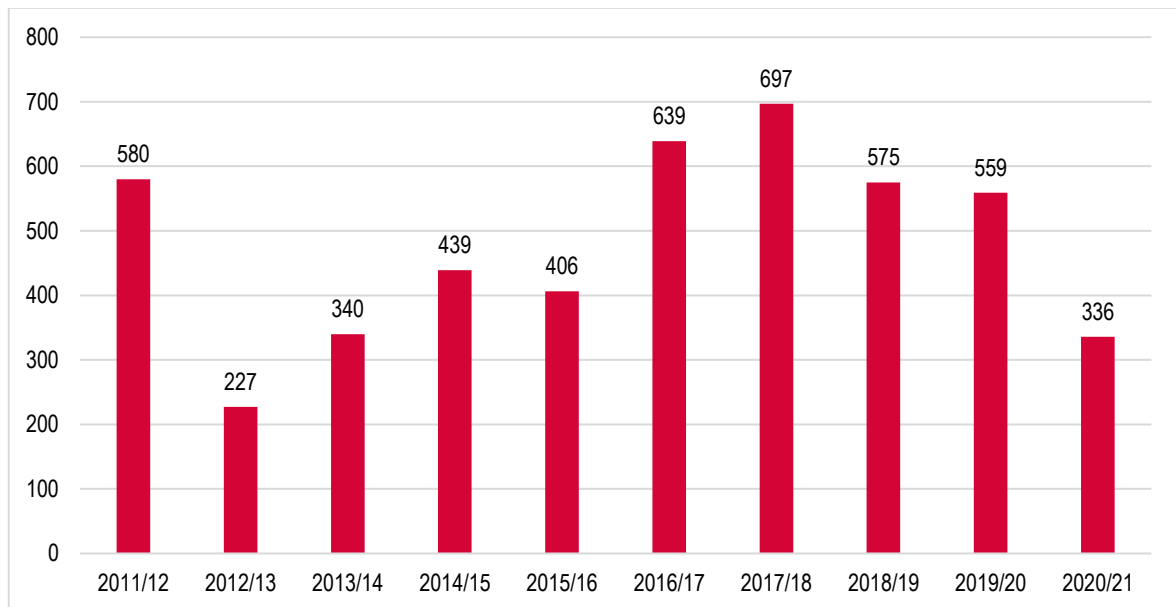


Source: ONS, Census 2011

Completions

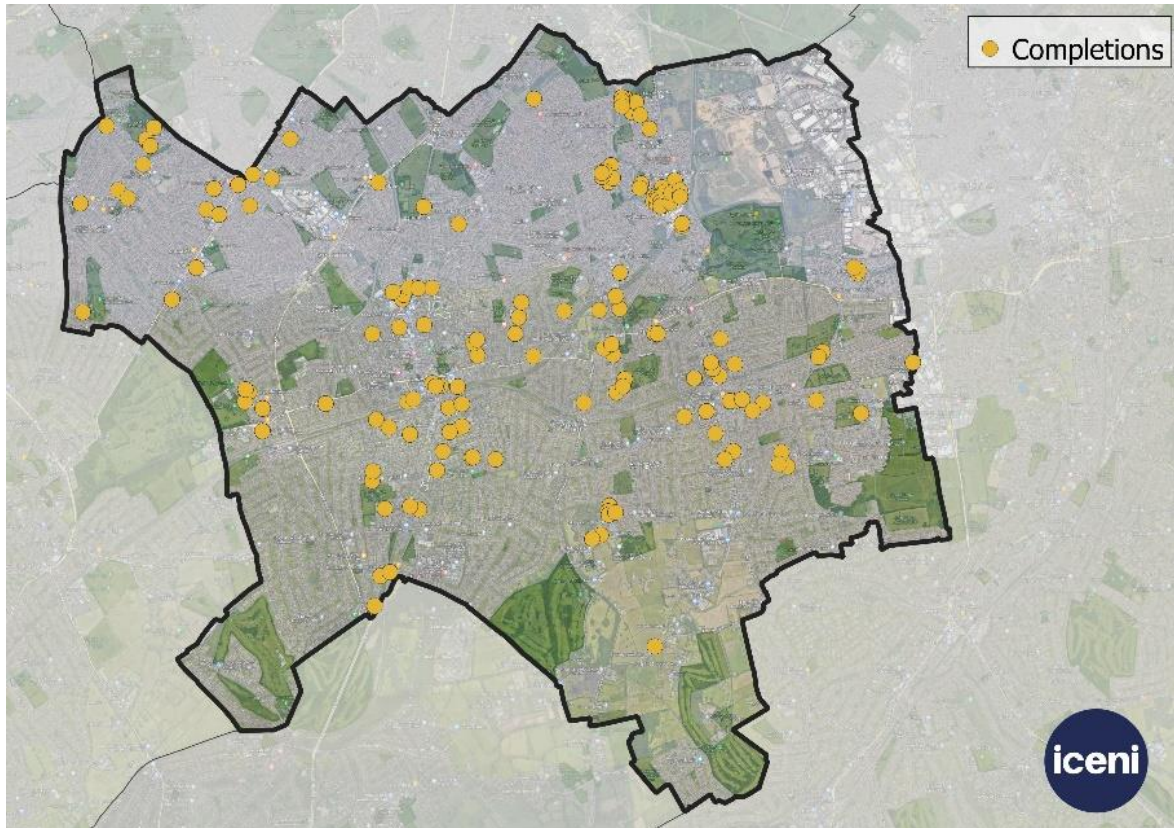
- 5.23 Annual net completions have varied since 2011 with a high of 697 in 2017-18 and a low of 227 total properties in 2012-13, with an average completion rate of 480 dwellings per annum (dpa).

Table 5.12 Net annual completions



Source: London Borough of Sutton Monitoring data

- 5.24 Delivery appeared to have increased since 2016/17 of 639, This also includes the lowest (pandemic impacted) year, without which, the average would be 617 dpa. By comparison the average from 2011/12 to 2015/16 was 398 dpa. This is important as the PPG also states that “previous levels of housing delivery in an area” as one of the times when it might be appropriate to exceed the Standard Method.
- 5.25 Table 5.13 shows the location of recent dwelling completions in Sutton. This is taken from Energy Performance Certificates issued to new build houses. There have been clusters of delivery including concentration at Hackbridge, Sutton Town Centre and Wallington.

Table 5.13 Completions

Source: IcenI analysis of EPC data

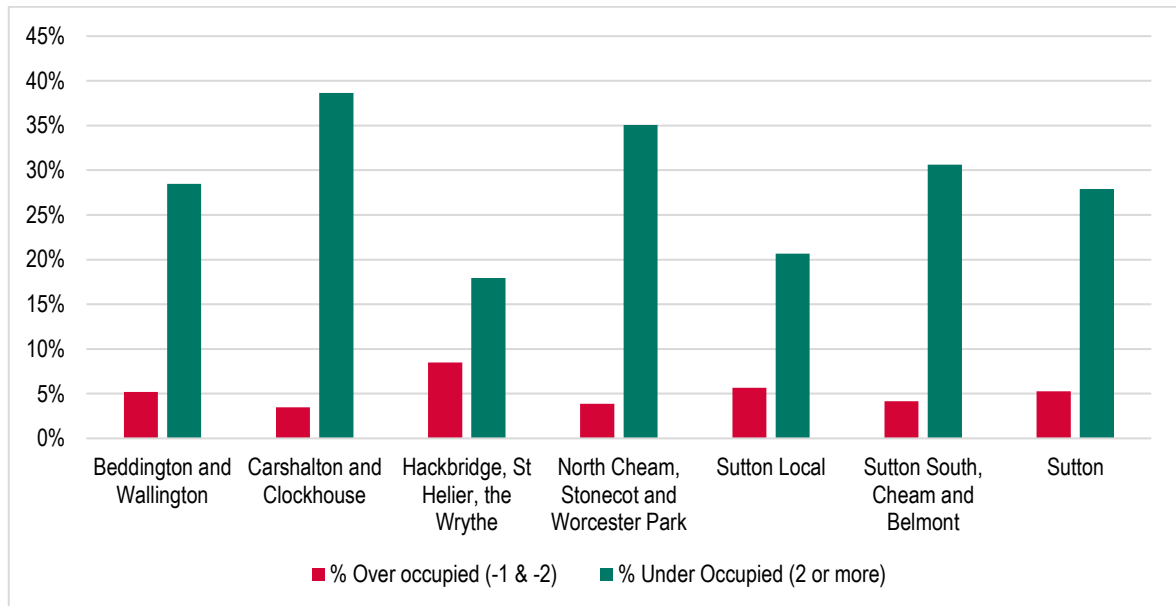
Occupancy rating

- 5.26 Occupancy rating is assessed by the Census (2011) by examining the required number of bedrooms for the household occupying it with the actual number of bedrooms it has. The required number of bedrooms is based on the age, sex and relationship of the members of each household. Over occupied means more bedrooms are required for the household, under occupied means that the household has more bedrooms than it requires.
- 5.27 Across all areas properties are more frequently under occupied than over-occupied or right sized. This is to do with the aging population maintaining the family home and people buying homes larger than their assessed need when they can afford to do so.
- 5.28 There is a smaller proportion of under occupied properties in Sutton (61.5%) than England (68.7%) but a larger proportion than Greater London (49.4%). Conversely, there is a higher proportion of over-occupied properties in Sutton than in England however the difference is minor, 5.3% in Sutton to 4.6% in England. Greater London sees the highest proportion of over-occupied properties at 11.3%.

Table 5.14 Occupancy rating

Source: ONS, Census 2011

- 5.29 The higher percentage of over-occupied property can be a symptom of deprivation within certain areas where households cannot afford to move into larger properties, or as a sign of a lack of supply of larger properties and that an increased number are required. It can often be linked to migrant communities who for finance or social reasons live in multi-generational, over-occupied homes.
- 5.30 When looking at sub-areas Carshalton and Clockhouse sees the highest proportion of under-occupied properties (38.6%), and the lowest over-occupied (3.5%), The opposite is seen in Hackbridge St. Helier, the Wrythe at 17.9% under-occupied and 8.5% over-occupied.

Table 5.15 Occupancy Rates (Bedroom Standard) – Sub Area (2011)

Source: ONS, Census 2011

Housing Baseline – Key Points

- According to Council Monitoring, between 2011 and 2021 there has been approximately 4,688 net additional dwellings completed in the Borough taking the total number of dwellings to 84,384.
- The tenure, size and type of housing within Sutton is more closely aligned with England as a whole, than with Greater London. This reflects the relative suburban nature of the Borough.
- The average completion rate since 2011 has been 469 dpa. Overall, delivery appears to have increased since 2016 with the average from 2016 to 2021 being 539 dpa.
- Recent completions in the Borough included concentrations in Hackbridge, Sutton Town Centre and Wallington.
- In terms of under-occupation the Borough has a higher level than Greater London, reflecting the typically larger homes and older population.

6. HOUSING MARKET DYNAMICS

6.1 This section of the report examines housing market dynamics in the Borough. It draws on a range of data sources including HM Land Registry and ONS as well as engagement with local estate and letting agents.

House Prices

6.2 In the year to March 2022 the median house price in Sutton was £425,000. This is below the median price for neighbouring authority Merton (£540,000) and London overall (£510,000). It does, however, lie above that of Croydon (£408,250) and the median for all England (£270,000).

Table 6.1 Median House Prices (Year ending March 2022)

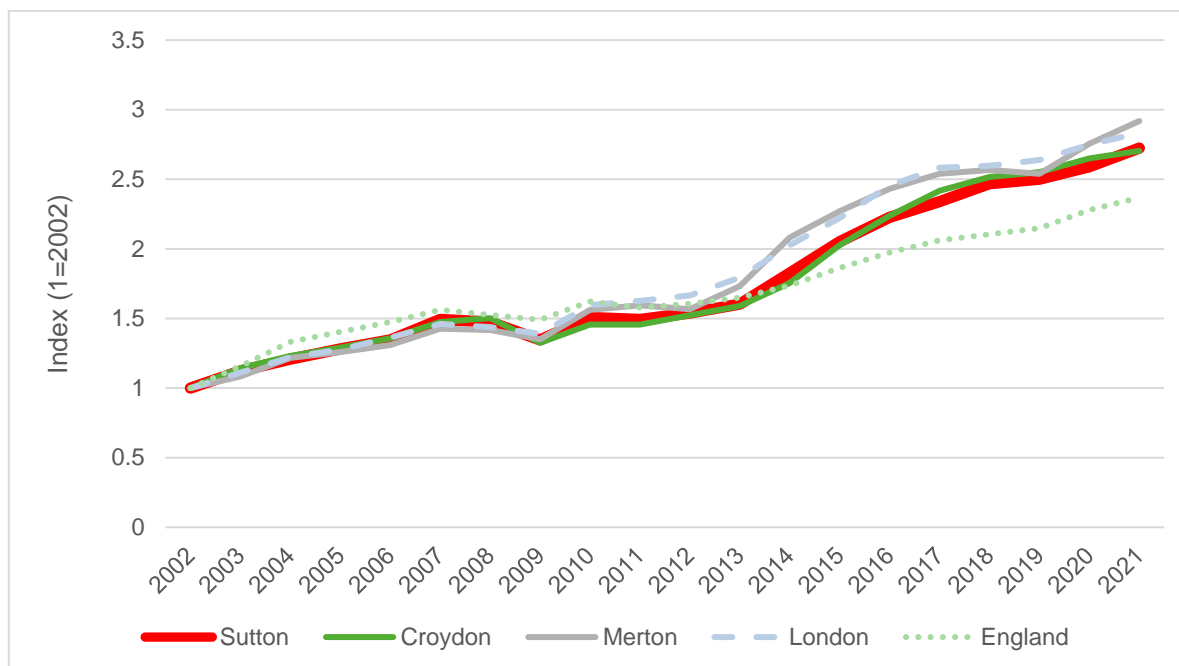
Area	Price
Sutton	£425,000
Merton	£540,000
Croydon	£408,250
Greater London	£510,000
England	£270,000

Source: ONS Median House price for Administrative Geographies

6.3 Given Sutton's location within the London HMA it is relatively unsurprising that the Borough is more expensive than the country as a whole. Although the relatively low property prices when compared to the London median average indicates a potentially lower level of demand for properties in Sutton and Croydon in comparison to other London Boroughs.

6.4 When median prices over time are compared it is possible to see the overall growth of prices. These have been indexed as the areas have a different starting point. Overall, Croydon (4.44) has grown most since 2002 with England seeing the slowest amount of growth (3.58). Greater London sees index growth up to 4.13, below Sutton (4.16) and the other London Boroughs assessed. Indicating that although growth in London has outpaced England overall, this varies across the City.

6.5 There was a particularly strong growth in the Outer London borough's in the last year as people sought larger homes and more garden space.

Table 6.2 Indexed median House Price sales over time

Source: ONS, Median House price for Administrative Geographies

House Price by Type

- 6.6 When looking at median prices by type, Sutton sees lower prices for all types of property than London but higher than England overall.
- 6.7 When assessing the relative difference in prices between London and Sutton it is notable that the prices for flats are on average £143,000 higher in London. However, the cost of flats in Sutton is similar to those in neighbouring Croydon. This likely reflects high value flats in central London skewing values. It may also represent a weaker market for smaller homes in less central locations.

Table 6.3 Median price by type (Year to March 2022)

Area	Detached	Semi-Detached	Terraced	Flats
Sutton	£830,000	£560,000	£445,000	£280,000
Merton	£2,460,000	£867,000	£620,000	£397,500
Croydon	£720,000	£525,000	£410,000	£280,000
London	£875,000	£590,000	£555,000	£423,000
England	£400,000	£250,000	£223,500	£225,000

Source: ONS data, Median House price for Administrative Geographies

- 6.8 We have looked at sub-area prices over a slightly longer period to iron out any Covid-related spikes and to use a slightly larger sample size. The average price paid for each property type varies across the Borough. The highest prices for most house types are found in Sutton South, Cheam and Belmont with flats being most expensive in North Cheam, Stonecot and Worcester Park. However, because

of the mix of housing i.e. greater numbers of large homes the most expensive sub-area is Carshalton and Clockhouse.

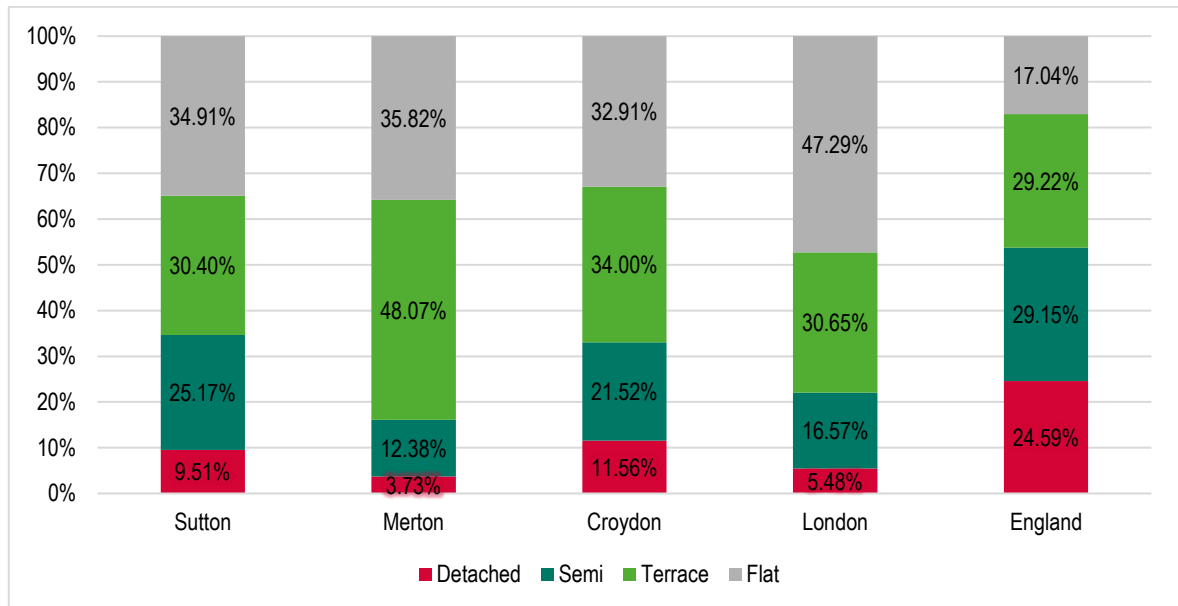
- 6.9 With the mix of sales skewed towards flatted development Hackbridge is also the least expensive sub-area. Although the sub-area is also the least expensive for all house and flat types.

Table 6.4 Median price by Sub-Area (2019-22)

Area	Detached	Semi-Detached	Terraced	Flats	Overall
Beddington and Wallington	£723,750	£585,125	£435,605	£261,250	£402,750
Carshalton and Clockhouse	£791,250	£615,625	£485,500	£282,875	£575,250
Hackbridge, St Helier, the Wrythe	No Data	£449,083	£403,667	£251,250	£377,250
North Cheam, Stonecot and Worcester Park	£632,500	£592,083	£502,917	£294,667	£503,000
Sutton Local	£672,750	£505,317	£442,000	£283,667	£387,833
Sutton South, Cheam and Belmont	£1,087,000	£650,000	£510,678	£281,000	£446,667
LB Sutton	£796,077	£564,511	£460,622	£274,583	£439,208

Source: Icenis analysis of HM Land Registry Price Paid Data

- 6.10 Additional analysis on lower quartile house prices (to buy and rent) is provided in the affordable housing need section of this report.
- 6.11 Table 6.5 demonstrates the split in property sales by the type of property in Sutton and comparable authorities. The proportional split in property sales will reflect the existing dwelling stock in the Borough.
- 6.12 In Sutton property sales are more likely to be terraced or flatted with 65.3% of all sales in these types. However, compared to the London average and the other London Boroughs this is a low proportion with 83.9% of sales in Merton, 66.9% in Croydon and 77.9% in London.
- 6.13 Conversely, there is a higher proportion of semi-detached properties sold in Sutton (25.2%) compared to Merton (12.4%) and Croydon (21.5%). Largely this is an indicator of the slightly more suburban and less dense nature of Sutton in comparison to these Boroughs.
- 6.14 That said you would expect areas with a greater level of flatted homes to generate lower values. This is not the case with Merton suggesting that there is a premium in Merton which is likely to reflect better transport links and proximity to Central London.

Table 6.5 Property sales by type (March 2022)

Source: Icen analysis of HM Land Registry Price Paid Data

Affordability

- 6.15 Table 6.6 shows the Median workplace based affordability ratios over time. In all areas affordability has worsened with the ratio now highest in Sutton at 14.24, London also sees a high ratio at 12.97.
- 6.16 Notably, the Sutton ratio has varied in recent years from a slight peak at 13.34 in 2018 it then dropped to 11.11 in 2020 before rising again. Given that property prices have continued to rise, this potentially indicates a change in workplace earnings for those living in Sutton.
- 6.17 However, the data from which earnings estimates are derived is survey based and can therefore be prone to fluctuations particularly in smaller areas.
- 6.18 It also illustrates the difficulty of securing a mortgage in the Borough without already having considerably equity.

Table 6.6 Affordability Ratio (1997-2021)

Source: ONS, *Housing Affordability in England and Wales*

Agency Engagement

6.19 Targeted telephone engagement with Local Estate and Letting Agents took place in October 2022. The following selection collates these views although it should be caveated that not all views were universal, and the views are also anecdotal. As such they may well contradict each other as well as the data in this report.

- Paul Graham - 3 Wallington Square, Wallington SM6 8RG
- Silverman Black - 14 High Street, Carshalton SM5 3AQ
- Coopers Residential - First Floor, 162 Central Road, Worcester Park KT4 8HQ
- Cubitt and West - 6/7 Regent Parade, Brighton Road, Sutton SM2 5BQ
- Connor Prince - 66 Central Road, Worcester Park KT4 8HX

6.20 The agents reported that highest sales demand in Sutton is for three-bedroom semi-detached 1930s houses in the south of the Borough ranging from £400,000 to £600,000, and there is a significant shortage of stock of this type.

6.21 About half of buyers are young families and professionals moving from inner London and other parts of the country in search of excellent primary and grammar schools, easy rail connections to London and proximity to high quality green space. A three-bedroom house or flat in Sutton can be bought for the same price as a one or two-bedroom flat in inner London, which is especially appealing to those working from home.

- 6.22 This flow of first-time buyers has accelerated since the pandemic. Many have taken advantage of the Help to Buy scheme, and new shared ownership developments in Sutton town centre and Hackbridge have been popular.
- 6.23 The other half of buyers are locals, either families with children in local schools who are upsizing or older people who are downsizing. There has been some buy-to-let investment activity in flats and two- and three-bedroom houses.
- 6.24 In the south of the Borough, properties attract up to 20 viewings in an open day and an offer is typically made within one to two weeks on the market. Homes in south Sutton routinely achieve at least 10% over the asking price, while homes in north Sutton achieve up to 5% over. However, given signs of a slowdown over the last year and recent changes in interest rates, agents believe the market has seen its peak.

Housing Market Dynamics– Key Points

- *In the year to March 2022 the median house price in Sutton was £425,000. This is below the median price for London overall (£510,000). But above that of England (£270,000).*
- *Since 2002 median prices have increased by 316% comparable to London as a whole (313%) while the national growth has been much lower (258%).*
- *When looking at median prices by type, Sutton sees lower prices for all types of property than London but higher than England overall.*
- *The median cost of flats in Sutton is similar to those in neighbouring Croydon however this is much lower than London as a whole which may represent a weaker market for smaller homes in less central locations.*
- *Affordability in the Borough has worsened with the workplace based median affordability ratio in Sutton at 14.24, compared to 12.97 across London.*
- *Local agents reported that highest sales demand in Sutton is for three-bedroom semi-detached houses in the south of the Borough.*
- *About half of buyers in the Borough are young families and professionals moving from elsewhere, particularly inner London, due to good schools, transport and proximity to high quality green space.*

7. HOUSING NEED

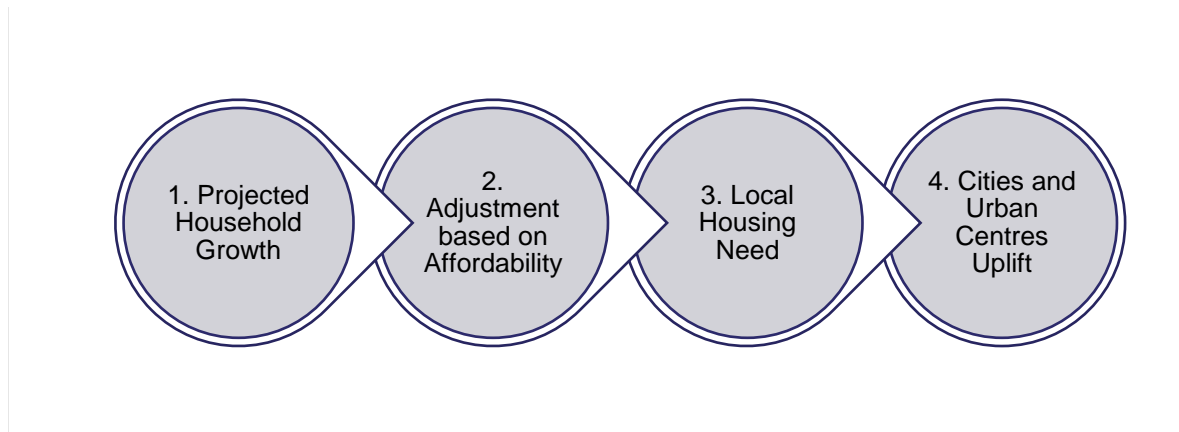
Standard Method for Calculating Local Housing Need

- 7.1 In 2018, the Government amended the National Planning Policy Framework (NPPF) and released new Planning Practice Guidance to introduce the ‘standard method’ for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.
- 7.2 The Government’s intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.
- 7.3 The NPPF (2021) now sets out in Para 61 that to determine the minimum number of homes needed, *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach⁶ which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”*

The Current Standard Method

- 7.4 The standard method, at the time of writing, adopts a four- step process which is set out in Table 7.1.

⁶ The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

Table 7.1 Overview of the Current Standard Method for Calculating Local Housing Need

- 7.5 Step One of the standard method establishes a demographic baseline. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2022 to 2032.
- 7.6 Step Two applies an uplift to the demographic baseline, to take account of market signals and specifically the relative affordability of housing. The adjustment increases the housing need based on the affordability ratio, which is the relative cost of housing to incomes of those working in the area. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is for 2021 and was published by ONS in March 2022.
- 7.7 The Planning Practice Guidance (PPG) states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent, with the calculation being as follows:

$$\text{[Adjustment Factor = ((Local affordability ratio - 4)/4) x 0.25]}$$

- 7.8 Step Three considers whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the first which is relevant in Sutton as the London Plan (which sets the housing target for Sutton) is less than 5 years old.
- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the relevant Development Plan.

- The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

7.9 A final, step four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. It applies a 35% uplift to the calculated need figure depending on if the authority lies within a City or urban centre which fall within the top 20 largest in England. This step is therefore relevant for the purpose of assessing housing need in Sutton as it lies within London.

7.10 Table 7.2 outlines the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the four steps for Sutton. A LHN of 886 homes per annum is derived through the standard method.

Table 7.2 Minimum Local Housing Need, Standard Method

Local Authority	LB of Sutton
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	1,245
Affordability Adjustment:	
Median workplace-based affordability ratio, 2022	14.24
Adjustment Factor	164%
Step 2: Uncapped Housing Need Figure	2,045
Cap:	
Date of London Plan adoption	March 2021
Plan more than 5 years old	No
Housing requirement in the London Plan	469
Higher Cap @ 40% above the household growth figure	657
Step 3: Capped Housing Need	657
Urban Uplift:	
Top 20 Largest Area?	Yes
35% Urban Uplift	229
Step 4: Minimum Local Housing Need (p.a.)	886

7.11 There are a number of points to note when examining housing need. Firstly it calculates a minimum housing need figure it does not produce a housing requirement figure (Reference ID: 2a-002-20190220).

7.12 Secondly while the four step standard method is calculated over the next 10 years it can, according to the PPG, be applied to the whole plan period (Reference ID: 2a-012-20190220). Therefore in Sutton the total number of homes to be planned for over the 2021 to 2041 Plan Period would be 17,720.

- 7.13 Finally, while the cap reduces the housing need number it “does not reduce housing need itself” (Reference ID: 2a-007-20190220). Consequently Local Plans which adopt a capped figure may require an early review and any housing need above the capped level should be planned for as soon as possible.
- 7.14 Furthermore, where a cap is applied consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of their Local Plan.

Exceeding the Standard Method

- 7.15 The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG⁷ states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:
- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
 - Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or an authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground.
- 7.16 It also adds that “There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method.”
- 7.17 The PPG⁸ also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. It sets out that:

“The total affordable housing need [once assessed] can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the

⁷ Paragraph: 010 Reference ID: 2a-010-20190220

⁸ Paragraph: 024 Reference ID: 2a-024-20190220

plan may need to be considered where it could help deliver the required number of affordable homes.”

Economic Growth and Growth Funding

- 7.18 With regard to economic growth and funding to promote additional growth this is not relevant to Sutton as there is currently no funding in place to facilitate additional growth. As such Iceni do not consider there to be a basis to increase local housing need on this basis.

Strategic Infrastructure Improvements

- 7.19 Planned strategic infrastructure improvements have the potential to impact housing need within a specific area by allowing for increases in migration. In the case of Sutton this is not relevant consideration given that there are no planned major strategic infrastructure improvements.

Affordable Housing Need

- 7.20 The PPG⁹ outlines that an increase in the total housing figures included within a Local Plan should be considered where it could help deliver the required number of affordable homes. As set out elsewhere in this report we do not consider that the scale of affordable housing need, particularly when existing households are removed, warrants an increase to overall housing delivery. However, it does warrant maximising affordable housing contributions.

Unmet Housing Need

- 7.21 Consideration may also need to be given to meeting unmet need of neighbouring authorities. However, no neighbouring authorities have approached Sutton so far and in any case the constraints in the Borough and the limited housing land supply mean that the Borough may find it difficult to meet its own need.

Previous Levels of Delivery

- 7.22 As set out earlier in this report since 2011 annual net completions have averaged 469 dwellings per annum (dpa). Although since 2016/17 this has increased to 539 dpa. Peak delivery since 2011 was 697 dpa in 2017-18. All of which are below the standard method.

Previous Assessments of Need

- 7.23 The previous SHMA produced by GL Hearn in 2015 calculated a housing need of 1,100 homes per annum across the Borough. This was based on the previous PPG which examined demographics, market signals, affordable housing need and economic growth.

⁹ PPG ID: 2a-024-20190220

Demographics

- 7.24 Above, it has been shown the Standard Method for Sutton leads to a need for 886 dwellings per annum. Given some analysis to follow draws on future demographic change (e.g. in looking at future housing mix) it is considered reasonable to model what the delivery of this level of housing might mean in terms of population change in the Borough.
- 7.25 To do this a bespoke population and household projection has been developed This includes drawing on new (2021) Census data which post-dates any previous ONS projections or population estimates. The projection has been developed for the 2022-32 period (to be consistent with the 10-year time period used by the Standard Method).
- 7.26 Generally for Sutton it looks as if the Census and previous ONS mid-year population estimates (MYE) are similar with Table 7.3 showing overall population and age structure from these sources (note the MYE figure is for 2020 so there will be expected to be differences).
- 7.27 Given the Census is more up-to-date and would generally be considered as a more robust source than the MYE, the start point for projections takes the Census data as a base.

Table 7.3 Comparing population estimates from 2021 Census and mid-year population estimates (2020)

Age group	Population estimate (2020)	Census population (2021)	Difference
0-4	13,300	12,800	-500
5-9	14,800	14,300	-500
10-14	14,000	14,400	400
15-19	10,900	11,300	400
20-24	9,400	9,900	500
25-29	11,500	12,500	1,000
30-34	13,900	14,700	800
35-39	16,800	16,600	-200
40-44	17,000	17,100	100
45-49	15,700	15,300	-400
50-54	15,000	14,700	-300
55-59	13,200	13,600	400
60-64	10,400	10,600	200
65-69	8,500	8,600	100
70-74	8,400	8,400	0
75-79	5,800	5,900	100
80-84	4,500	4,300	-200
85+	4,700	4,600	-100
TOTAL	207,700	209,600	1,900

Source: Derived from ONS data

Developing a trend-based population projection in Sutton

- 7.28 The purpose of this section is to develop trend-based population projections for Sutton; this is then adjusted to provide an estimate of the population growth likely to be required to fill an additional 886 dwellings per annum.
- 7.29 A key driver of developing a bespoke projection is the publication of new Census data (2021) which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS.
- 7.30 The analysis seeks to provide projections rebased to 2021 (Census data) and draws on ONS MYE data up to 2020 – including data about births, deaths and migration. It should be noted that the projections are based on published data which in many cases is likely to be incorrect (e.g. discrepancies between MYE and the Census) and therefore has been used in the most realistic way possible.
- 7.31 That said, assumptions have needed to be made and it is considered that these projections are based on the best information available at the time of writing. Assumptions will need to be reviewed as appropriate following further publications of data from ONS, including a new MYE to 2021 and 2021-based subnational population projections (SNPP) – likely to be in 2023.
- 7.32 In the next round of projections ONS will need to grapple with the same issues as raised in the analysis below, notably how to deal with past population estimates where Census data shows these to be substantially wrong.
- 7.33 A projection has been developed looking at estimated migration trends over the past 5-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing sub-national population projections.
- 7.34 Below we set out the general method used for each of the components and the outputs from a trend based projection. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, reference is made to allow comparisons between the ONS position (which was pre-Census) and projections developed below.

Fertility and mortality

- 7.35 For fertility, an analysis has been undertaken to look at the most recent birth data (to 2020) and to overlay this with the Census age structure to estimate age specific fertility rates. Nationally (and locally) fertility rates have generally been falling and it is estimated the most recent data would point

to fertility being around 5% lower than the trend-based data suggested in 2018 (as used in the 2018-SNPP).

- 7.36 The same issue arises with mortality, in that mortality rates have generally been higher and/or not improved as much as was previously projected. Undertaking similar modelling points to recent trends in death rates being around 7% higher than in the period to 2018.

Migration

- 7.37 When looking at migration our start point is to consider how different migration has been over the 2011-21 period than was previously estimated (and projected) by ONS. Essentially the difference in population growth between the two sources is likely to be attributable to migration, this is on the basis that it is expected that births and deaths have been fairly well recorded by ONS.
- 7.38 Analysis is slightly complicated by MYE data only being available to 2020 but the Census having a clear data point of 2021 (but not 2020). To try to provide as consistent a comparison as possible the MYE to 2020 has been used and the incremental change in the SNPP for 2020-21 added on to get to a 2021 estimate. Whilst this will be an estimate, the inclusion of just 1-year of data from the SNPP is unlikely to have any significant impact on the findings.
- 7.39 Table 7.4 shows the MYE and 2018-based SNPP expected/projected population to have increased by 18,000 people in the 2011-21 period, whereas the Census now shows a change of 19,500 people – this is a difference of 1,405. This would imply net migration has on average been about 141 people higher per annum over the decade to 2021 (1,405/10).

Table 7.4 Sutton – MYE and Census population estimates

	MYE/SNPP	Census
2011	191,123	190,146
2021	209,172	209,600
Change	18,049	19,454

Source: Derived from ONS data

- 7.40 It will also be noted from the table above that the two 2011 figures are slightly different, this is due to one being a mid-year figure and the other dated as of the Census (which was March). The main difference looks to be due to ONS adding some people of student-age between the two dates (presumably as students start to return home). To provide a mid-year figure for 2021 based on the Census an adjustment has been made based on adjustments seen in 2011.

- 7.41 It is not known if this difference in population growth (which for the purpose of this report is attributed to migration) is due to an under-estimate of in-migration or an over-estimate of out-migration and in reality it is likely to be a combination of the two.
- 7.42 For the purposes of modelling it has been assumed that the difference is split equally between these two components, i.e. this means that in-migration was on average around 70 people per annum higher in the 2011-21 period and out-migration 70 people per annum lower.
- 7.43 The analysis also seeks to determine a baseline start position for each of in- and out-migration and to do this data from MYE up to 2020 has been used. To be consistent with the methodology used by ONS when developing SNPP data for the previous five years has been studied.
- 7.44 Information about migration estimates is shown in Table 7.5 with average figures provided for 2015-20 (latest 5-years), 2013-18 (the 5-year period prior to the last published SNPP) and 2009-14 (the 5-year period relevant to 2014-based projections, as used in the Standard Method). The figures shown are all as published by ONS (i.e. excluding any adjustments to take account of differences between the MYE and Census).
- 7.45 Looking at the Borough as a whole, the analysis shows net migration to be generally decreasing, from an average of around 1,080 people per annum in the 5-years to 2014, down to 550 for the 2013-18 period and then 480 per annum over the last 5-years for which data is available.

Table 7.5 Past trends in net migration – Sutton

	Net migration
2009/10	872
2010/11	1,542
2011/12	871
2012/13	1,112
2013/14	1,010
2014/15	636
2015/16	818
2016/17	20
2017/18	286
2018/19	791
2019/20	486
Average (2009-14)	1,081
Average (2013-18)	554
Average (2015-20)	480

Source: ONS MYE

- 7.46 Table 7.5 shows the start point estimate of migration for Sutton based on MYE data up to 2020 (so covering a 5-year period 2015-20). The table shows the average in- and out-migration over this

period and the adjustment made to take account of the difference previously shown between population estimates and the Census.

- 7.47 Over the 2015-20 period ONS estimated an average net out migration of 480 people each year, but the Census suggests this was around 140 higher and so the base position is net (in) migration of about 621. In modelling in- and out-migration, figures are treated separately but it is typically easier to compare data when looking at net figures.

Table 7.6 Base estimate of migration – Sutton

	Average (2015-20)	Adjustment	Base position
In-migration	12,994	70	13,064
Out-migration	12,514	-70	12,444
Net migration	480	140	621

Source: Derived from ONS data

- 7.48 It is however not a simple process to just apply these figures for each year of the projection as migration can vary over time and each of in- and out-migration need to be considered separately. This is set out below.

In-migration

- 7.49 Levels of in-migration will to some extent vary depending on the size of the population from which migrants will be drawn. If, for example, typically 10% of people in Area A move to Area B in any given year then the size of the population in Area A will impact on the actual numbers moving. If in year 1 there are 10,000 people in Area A then 1,000 would be expected to move to Area B, but if in year 2 the population is only 9,000 there would only be 900 movers.
- 7.50 The age structure will also have an influence on the number of moves as typically older people are less likely to be migrant and so an ageing population might see in-migration reduce over time, although an increasing population generally might be expected to see migration increase.
- 7.51 For the purposes of modelling we have considered the relationship between the national population and the projected number of in-migrants. The latest national projection is a 2020-based ONS publication.
- 7.52 Over time, population growth rates nationally are projected to fall (remaining positive but at a reducing rate) and this is in part (in early years) due to reducing levels of in-migration – although reductions in natural change have the greatest impact over the longer term.

- 7.53 Overall, it is considered with an increasing population that levels of in-migration will increase over time but at a reducing rate. For the purposes of modelling it has been assumed that future in-migration will broadly track the midpoint between rates remaining in-line with national population change and the rates estimated for the 5-year period to 2020.
- 7.54 Whilst this is an assumption, it is considered to be broadly reasonable given the general direction of demographics both locally and nationally.

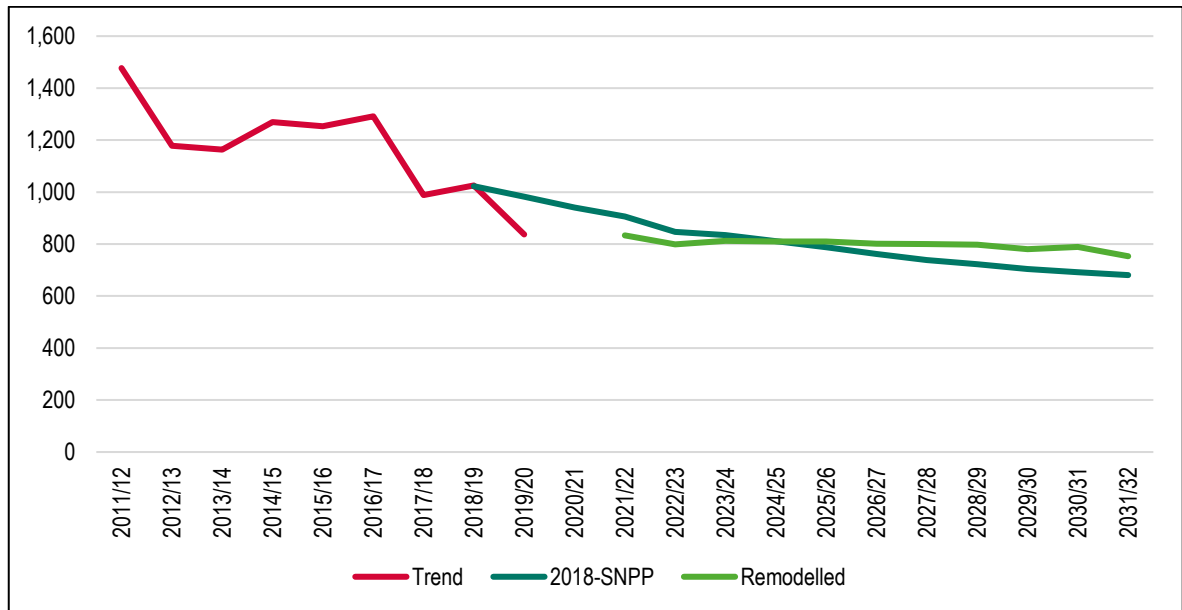
Out-migration

- 7.55 For out-migration, levels will vary depending on the size of the population in the area being studied. For example, if the population of Sutton grows at a faster rate than other locations then there is a larger pool of people from which out-migrants might be drawn. With a growing population, out-migration would therefore be expected to increase over time.
- 7.56 However, it is also noted that at a national level, out-migration in the early years of the projection is projected to fall, whilst a changing age structure (increasing older person population) will to some extent moderate any changes, as older people are less likely to be migrant.
- 7.57 Therefore a consistent method to that used for in-migration has been applied for out-migration, which is the estimated level of out-migration is set at the midpoint between estimated past levels of out-migration and the level that would be expected if the ratio between population growth and out-migration were maintained. As before, this is an assumption, but is likely to be reasonable given the range of data available.

Borough-wide projection outputs

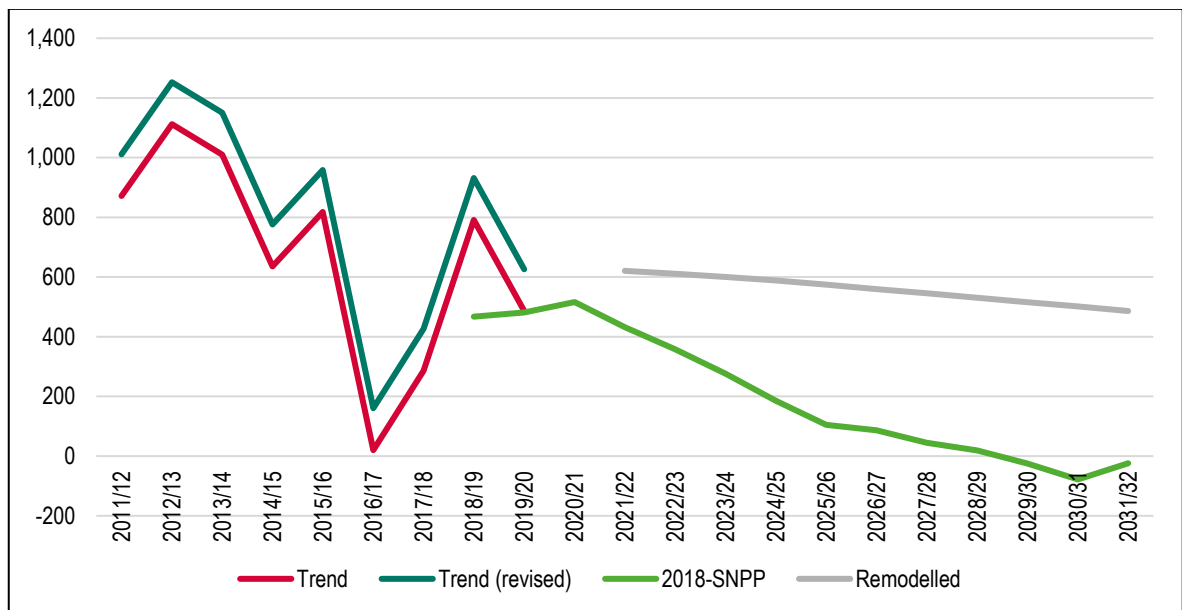
- 7.58 The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop a projection for the period to 2032 – a 10-year period being consistent with the period used by the Standard Method.
- 7.59 Below are a series of charts showing key components of change and overall population change. For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS.

Figure 7.1: Past trends and projected natural change – Sutton

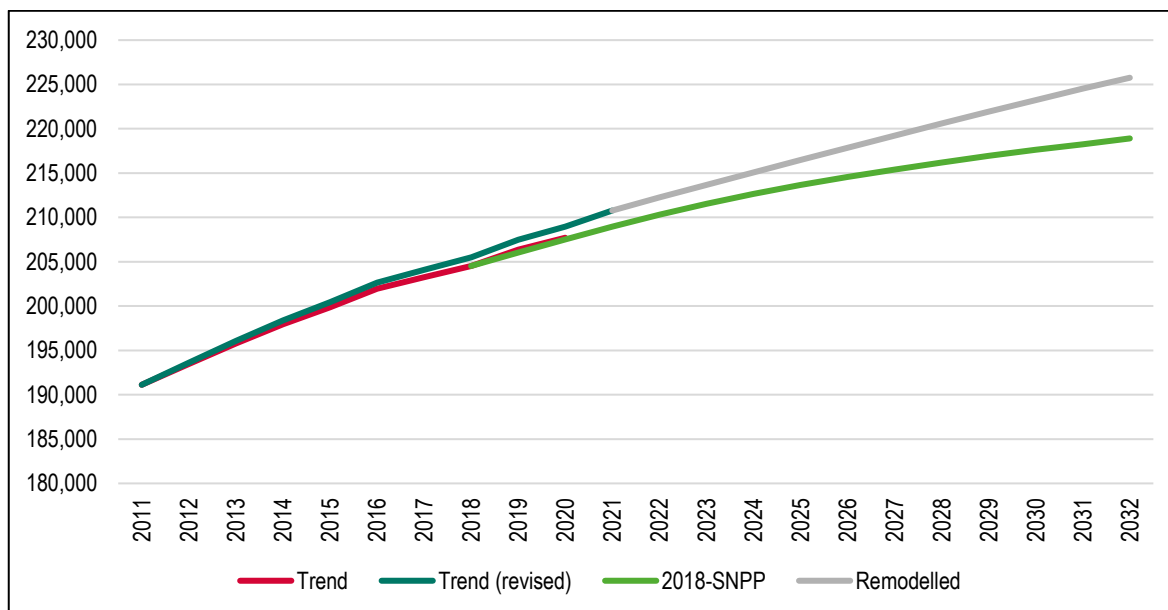


Source: ONS and demographic projections

Table 7.7 Past trends and projected net migration – Sutton



Source: ONS and demographic projections

Table 7.8 Past trends and projected population – Sutton

Source: ONS and demographic projections

- 7.60 Table 7.9 shows estimated population growth across the Borough split into 3 broad age bands (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows population being projected to increase by around 13,500 people – this is a 6.4% increase over the 10-year period.

Table 7.9 Projected change in population by broad age group (2022-32) – Sutton

	2022	2032	Change	% change
Under 16	44,420	43,379	-1,042	-2.3%
16-64	135,214	142,534	7,321	5.4%
65+	32,604	39,843	7,239	22.2%
Total	212,237	225,756	13,519	6.4%

Source: Demographic projections

- 7.61 The population aged 65 and over is projected to see the highest proportionate increase, but in actual number terms the population aged 16-64 is also projected to see the most notable level of growth. The increase in population can be compared with the change shown by the Census (for 2011-21) of 10.2%.
- 7.62 By comparison the 2014-based SNPP (as published) used in the standard method baseline, projected population growth of 21,800 over the same period, while the 2018-based SNPP projected a growth of just 5,700. The projection set out above is almost exactly the mid-point of these two official projections. It also suggests that the 2014-based SNPP, and thus the standard method is potentially over-estimating need.

Household Projections

- 7.63 The next part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR).
- 7.64 The first analysis is however to estimate the number of households in the Borough as of 2021. Table 7.10 shows household estimates from the Census and also dwelling counts from DLUHC live tables.
- 7.65 It can be seen that the change in the number of dwellings slightly exceeds the growth in households. It is unclear why the Census figures are lower and modelling has been undertaken to provide estimated households in 2021 based on looking at the relationship between households and dwellings in 2011 and applying a similar relationship to 2021 dwellings. In doing this, a base number of households in 2021 is estimated to be 82,826.

Table 7.10 Change in the number of households and dwellings (2011-21) – Sutton

	2011	2021	Change
Household Growth	78,174	82,300	4,126
Dwelling Change	79,696	84,439	4,743

Source: ONS (Census) and DLUHC (Table 125)

- 7.66 In projecting forward, data about household representative rates (HRRs) has been drawn from the 2014-based subnational household projections (SNHP). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 7.67 The 2014-based figures are used as these underpin the Standard Method and generally have attracted less criticism in terms of building in a suppression of household formation than more recent projections.
- 7.68 Recent SNHP (since the 2014-based release) have come under some criticism. This is largely as they are based on data in the 2001-11 Census period and project forward trends in household formation in this period – one in which housing affordability deteriorated significantly.
- 7.69 In Sutton, this suppression is particularly evident for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting some continuation of this moving forward to 2021, after which the (lower) rate is held broadly stable.

- 7.70 Data about the communal population has also been drawn from the 2014-SNHP. For all areas, the 2014-HRRs have been adjusted to match the estimated number of households shown above with future (projected) years using the same incremental changes as in the base source.
- 7.71 The analysis projects an increase of around 934 households per annum over the 2022-32 period. For contrast, data from the 2018-SNHP has also been provided (i.e. applying the household representative rates from the 2018-based projections to the trend-based population projection). The 2018-based HRRs shows a lower level of household growth (823 households per annum).

Table 7.11 Projected change in households – remodelled projection

	Households 2022	Households 2032	Change in households	Households Per annum	Dwellings Per Annun
2014-HRRs	83,723	93,065	9,342	934	962
2018-HRRs	83,626	91,858	8,231	823	848

Source: Demographic projections

- 7.72 When looking at housing need rather than household growth it is conventional to include a vacancy allowance to allow for movement within the stock – and typically a figure of 3% is used (i.e. the number of dwellings is around 3% higher than the number of households). Applying this to the figures above would give housing numbers of 962 dwellings per annum (2014-HRRs) and 848 dwellings per annum (2018-HRRs).
- 7.73 This also has implications should the Council wish to challenge the Standard Method as the 2014-based population projections look to have over-estimated growth. That said, due to the Borough's housing need being capped at 40% above the London Plan figure the demographic starting point is not small enough to go below the cap. Therefore, if the 934 households per annum was used in the standard method it would have no impact on the overall need which would remain at 886 dpa.

Standard Method

- 7.74 The analysis above developed a trend-based population projection and converted this to households and housing growth. Using 2014-HRRs shows housing growth slightly in excess of the Standard Method (of 886 dwellings per annum) and so a final adjustment to the modelling has been undertaken to slightly reduce population growth from the trend-based position.
- 7.75 Within the modelling, migration assumptions have been changed so that the increase in households matches the housing need (including a standard 3% vacancy allowance). Equal adjustments are made to both in- and out-migration.

- 7.76 In developing this projection, a slightly lower level of population growth is derived (11,500 additional people compared with 13,500 in the trend-based estimate – See Table 7.7). The age structure of the two projections is also slightly different, with projections linked to the Standard Method showing slightly lower growth in what might be considered as ‘working-age’ groups and for children. This arises because migration is typically concentrated in working-age groups (along with their associated children).

Table 7.12 Population change 2022 to 2032 by broad age bands – Sutton (linked to Standard Method)

	Population 2022	Population 2032	Change	% change
Under 16	44,420	42,944	-1,476	-3.3%
16-64	135,214	141,139	5,926	4.4%
65 and over	32,604	39,699	7,096	21.8%
Total	212,237	223,782	11,545	5.4%

Source: Demographic Projections

- 7.77 Extrapolating these figures across the 2021-2041 Plan Period results in a population growth of around 22,900. Population growth actually accelerates slightly post-2032 as it seems more population is needed to keep filling 886 dwellings each year.

Table 7.13 Population change 2021 to 2041 by broad age bands – Sutton (linked to Standard Method)

	Population 2021	Population 2041	Change	% change
Under 16	44,127	43,599	-528	-1.2%
16-64	134,541	143,679	9,138	6.8%
65 and over	32,109	46,411	14,302	44.5%
Total	210,777	233,689	22,912	10.9%

Source: Demographic Projections

- 7.78 This Standard Method projection is used in further analysis in the report, including the mix of housing, older persons needs and to project changes to the number of people with a range of disabilities.

Housing Need – Key Points

- *The standard method gives the Borough a housing need of 886 dwellings per annum.*
 - *This is based on a demographic need of 1,245 uplifted by 64% to address affordability. This gave an uncapped need of 2,045 dpa.*
 - *However, as the London Plan is less than 5 years old housing need is capped at 40% above the housing requirement of 469 dpa. This gives a capped need of 657 dpa.*
 - *Finally, because Sutton is within the twenty largest urban areas in the country it is then subject to a further 35% increase taking the need to 886 dpa.*
 - *There is some justification to lower the demographic need in the Borough but it would not be to the extent where it falls below the capped need of 657 dpa.*
 - *The figure of 886 dpa is a minimum housing need figure and can be applied to the whole plan period. This give a total housing need for the Plan Period (2021-41) of 17,720 dwellings.*
 - *While the cap reduces the housing need number it “does not reduce housing need itself” and local authorities should plan for the uncapped need as soon as possible.*
-
- *We have also examined whether recent demographics would justify moving away from the standard method. This analysis shows that the 2014-based household projections used in the standard method substantially over-estimated historic and future growth. However, our alternative projections are not low enough to impact overall need which is still capped by the London Plan figure.*
-
- *The result of delivering 886 dpa would see a population growth of 11,545 people over the next 10 years and 22,900 over the Plan Period.*

8. AFFORDABLE HOUSING NEED

Introduction

- 8.1 This section provides an assessment of the need for affordable housing in Sutton and the six sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 8.2 Affordable housing is defined in the National Planning Policy Framework as “housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”
- 8.3 This includes Affordable Housing for Rent, Starter Homes, Discount Market Sales Housing and Other Affordable Route to Home Ownership including Shared Ownership, Equity Loan and Rent to Buy. The NPPF does not include First Homes in this definition as this predates the concept. However, the analysis herein considers First Homes, which are the “government’s preferred discounted market tenure”.
- 8.4 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products.

Methodology Overview

- 8.5 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy without subsidy (Housing Benefit or Universal Credit with Housing Element) or would be required to spend too high a proportion of income spent on housing) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis initially looks at a need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF before looking at affordable home ownership. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on data from the Council’s Housing Register – this figure is then annualised so as to meet the current need over a period of time;

- **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
- **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

8.6 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

8.7 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

8.8 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.

8.9 This widened definition has been introduced by Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and considers a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

8.10 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

8.11 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In

particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Engagement

- 8.12 As well as quantifying the need Icen Projects has also engaged with the Council and Encompass (a local authority trading company) which is responsible for delivering a range of services to residents including assessing households eligibility for social/affordable housing. Some of the key points of note from these discussions are summarised below.
- 8.13 There are currently around 2,750 households on the housing register. Previously, the figure was as high as 6,000 but the allocation policy was reviewed in 2011 which reduced the register to only reasonable preference groups.
- 8.14 In addition, the Council also undertake an annual renewal. This is in line with the government's housing allocation policy document, but it also means that the register may not reflect actual affordable housing need. Despite this, the number of households on the register are increasing.
- 8.15 In recent years, there have been a number of challenges that the Council has met. As well as the pandemic, which generally in increased demand for affordable housing, there has also been an increase in refugees from Afghanistan, Ukraine and Hong Kong seeking housing in the borough.
- 8.16 Pre-pandemic, the Council had projected that the number of people in temporary accommodation would increase to around 1,200 over the next few years. However, they now believe this to be an underestimation.
- 8.17 The pandemic induced increase in demand was mainly from single people including homeless and hidden households. These groups were typically identified and assisted through the "everyone-in" programme. Conversely, family homelessness decreased during the pandemic due to the eviction ban. However, the mix of households coming forward is now back to where it was pre-pandemic albeit numbers are higher and the pressure on Temporary Accommodation is ever-increasing.
- 8.18 According to the Council, the turnover of social housing stock is now much reduced and over the longer term the right to buy has depleted the supply of affordable housing. In the late 70s and early 80s there was around 9,000 council owned homes. However, this is now only around 6,000 and the Council currently sell around 35 homes per year.
- 8.19 To address this, the Council have been using a buy-back programme i.e. they have bought former council homes back from former tenants or their families. This has increased the supply of affordable

homes by around 50 per annum or 221 homes in total since the scheme began. This programme is funded from Right to Buy receipts.

- 8.20 The home bought have tended to be in less expensive areas allowing them to buy larger homes that can be used as long term family housing or Temporary Accommodation. For the latter this will be in a more cost-effective way than providing B&B or hotel accommodation. The units are being transferred to Sutton Living to own and manage. Sutton Living are the commercial arm of the Council and they will also be using the funds to add a further 100 units.
- 8.21 The mix of affordable products are in-part determined by the GLA programme. Higher rents help with viability for regeneration. The vast majority of Council owned properties are let at Social Rent but Registered Provider properties often let at higher affordable rent levels.
- 8.22 The Council's strategic direction is to focus on delivering Social Rent but this is more expensive and therefore more difficult to deliver than Affordable Rent. As a result it is the latter which is typically delivered.
- 8.23 Although Affordable Rent is being delivered in greater numbers the Council find it more difficult to let than Social Rent simply because the rents are still quite high. To support a greater supply of affordable housing the Council has also incentivise landlords to reduce rents to LHA levels. They also help potential tenants with deposits for Private Rental Sector (PRS) homes.
- 8.24 The Council note that there is not any geographic challenges to meeting need as the Borough is small and household can be placed anywhere. That said, some people don't want to move within the Borough and there is difficulty getting people to move out the Borough. The Council previously had a sub-regional nomination agreement, but this is not in place at the moment making it difficult to place household elsewhere.
- 8.25 The greatest demand for affordable housing is in the most deprived areas in the north of the Borough such as the St Helier Estate and Beddington South. Some parts of the Borough have less demand because they are isolated and/or have poor transport links. This includes Worcester Park and the Clockhouse Estate.
- 8.26 The Council believe the demand for affordable home ownership products is not that great, although they do not have a separate shared ownership waiting list. While they have attempted to provide Shared Ownership the viability and cost of such housing coupled with minimum share purchase makes it difficult. In addition, the second hand market also provides a supply of relatively cheap homes in places such as St Helier.

- 8.27 The Council consider Rent to Buy to be a better option than shared ownership for many as it allows households to save a deposit and is most likely to help provided rents are at or below LHA limits. It is also likely to be a more viable option to households in a position when they can't quite go the full market route. First Homes is also potentially a solution, but the Council note that previous government schemes tend to have an impact on the market.
- 8.28 For many people in their 20s, 30s and 40s the only alternative to buying is PRS, but the tenure is relatively expensive and does not help with saving for a deposit. There are also households which are arguably in affordable housing need but in a low priority banding who will possibly never get on the housing ladder and often the only solution is PRS, as there is not enough affordable stock.
- 8.29 Occasionally, the Council have issues letting some of their own social rental stock. This is particularly the case with sheltered schemes (housing with support) which can be out of date and in high density estates to the North and South of Sutton Town Centre.
- 8.30 However, the Council are addressing this and some of the older sheltered stock is being redeveloped while others are being repurposed. In addition, the Council have a list of around 300 people which may not have a need or even a connection to the Borough to draw on to fill hard-to let voids in sheltered accommodation.
- 8.31 The cost of living crisis is also impacting social rental tenants. In line with Government policy, the Council's rents are set to increase by 7% in 2023/24 which is significantly below inflation. While well intentioned, the proposal would mean less money for the Council to fund housing management services.
- 8.32 In addition, inflation and particularly the costs of parts and labour mean that some of the Council housing developments are being challenged in relation to viability. The Council therefore may have to rethink their approach and a Joint Venture may be required to make regeneration and new build work.
- 8.33 Shared Ownership (SO) can help in development viability as it generates a capital receipt. But it is questionable if this tenure is really affordable. The Council report that sometimes the grant from the GLA is a lot lower than expected and it often does provide households with a route to home ownership.
- 8.34 The sales rate of Shared Ownership homes are also quite slow. This might be due to the lack of marketing, as sales are managed by the Council. There is also some concern that the wider SO market being saturated and not all of it being sold.

- 8.35 They Council do not have any discount market sales and First Homes is not something that has been delivered yet. The success of First Homes will be dependent on whether the Council can make it work, whether it is actually affordable and if the discounts are greater than 30%. The Council's regeneration team do not think they would make any money from First Homes. Although there may be some funding available the Council are unsure how it will affect viability.

Local Prices and Rents

- 8.36 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 8.37 The analysis below considers the entry-level costs of housing to both buy and rent across the Borough. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 8.38 Data from the Land Registry for the year to March 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £238,000 for a second-hand flat and rising to £660,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £300,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 8.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – Sutton

	Lower quartile price
Flat/maisonette	£238,000
Terraced	£393,000
Semi-detached	£473,000
Detached	£660,000
All dwellings	£300,000

Source: Land Registry

- 8.39 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for

sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £230,000 for a 1-bedroom home, rising to £650,000 for homes with 4-bedrooms.

Table 8.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2022 – Sutton

	Lower quartile price
1-bedroom	£230,000
2-bedrooms	£300,000
3-bedrooms	£475,000
4-bedrooms	£650,000
All Dwellings	£300,000

Source: Land Registry and Internet Price Search

- 8.40 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2022. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £950 per month.

Table 8.3 Lower Quartile Market Rents, year to March 2022 – Sutton

	Lower Quartile rent, pcm
Room only	-
Studio	£750
1-bedroom	£875
2-bedrooms	£1,095
3-bedrooms	£1,400
4-bedrooms	£1,750
All properties	£950

Source: ONS

- 8.41 It is of interest for this study to see how prices and rents vary by location. Table 8.4 shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the North Cheam, Stonecot & Worcester Park sub-area. The lowest prices and rents were found to be in Sutton South, Cheam & Belmont.

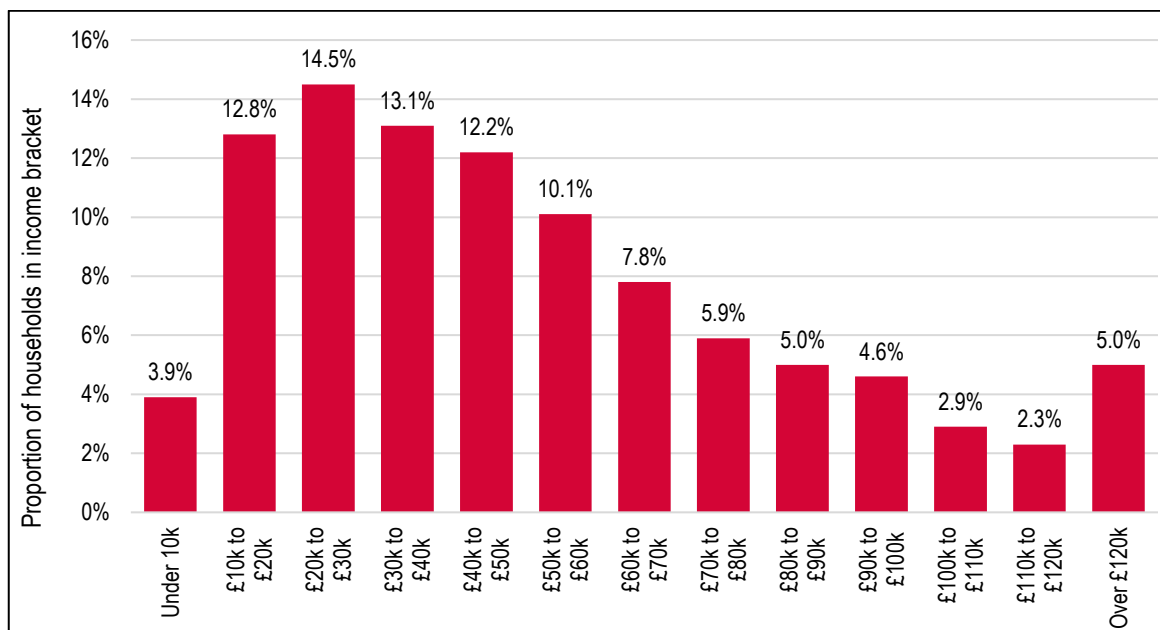
Table 8.4 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Beddington and Wallington	£281,000	£940
Carshalton and Clockhouse	£400,000	£1,185
Hackbridge, St Helier, the Wrythe	£287,000	£1,060
North Cheam, Stonecot & Worcester Park	£401,000	£1,400
Sutton Local	£295,000	£1,000
Sutton South, Cheam & Belmont	£280,000	£850
All properties	£300,000	£950

Source: Internet private rental cost search and Land Registry

Household Incomes

- 8.42 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes. The data presented is for gross income (before tax and other deductions).
- 8.43 Drawing this data together an income distribution for the whole Borough has been constructed for 2022. Table 8.5 shows that around a sixth of households have incomes below £20,000 with a further quarter in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £52,400, with a median income of £44,300; the lower quartile income of all households is estimated to be £25,600.

Table 8.5 Distribution of gross household income (2022) – Sutton

Source: Derived from a range of data

8.44 Analysis has also been undertaken to estimate how incomes vary by sub-area, with Table 8.6 showing the estimated median household income in each location, the table also shows the variance in incomes from the Borough average. There is some variation in the estimated incomes by area, median figures ranging from £37,700 in Hackbridge, St Helier, the Wrythe, up to £51,300 in Carshalton and Clockhouse.

Table 8.6 Estimated average (median) gross household income by sub-area (mid-2021 estimate)

	Median income	As a % of Borough average
Beddington and Wallington	£41,900	95%
Carshalton and Clockhouse	£51,300	116%
Hackbridge, St Helier, the Wrythe	£37,700	85%
North Cheam, Stonecot & Worcester Park	£50,400	114%
Sutton Local	£42,100	95%
Sutton South, Cheam & Belmont	£47,900	108%
All households	£44,300	-

Source: Derived from a range of data

Affordability Thresholds

8.45 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between

renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

- 8.46 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.
- 8.47 At £950 per calendar month, lower quartile rent levels in Sutton are typically above average in comparison to those seen nationally (a lower quartile rent of £595 for England in the year to March 2022). This would suggest that a proportion of income to be spent on housing could be slightly higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £950 pcm rent this would imply a gross household income of about £38,000 (and in net terms the rent would likely be around 39% of income).
- 8.48 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 8.49 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 8.50 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis. For example, mortgages requiring a lower deposit might increase the pool of households able to afford to buy, although with interest rates currently rising, it may be that lenders reduce typical multiples. Hence the assumptions used are likely to be broadly reflective of affordability in the Borough.
- 8.51 Table 8.7 shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable ‘gap’ in all areas across the Borough, particularly locations with higher house

prices. The information Table 8.7 is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 8.7 Estimated Gross Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Beddington and Wallington	£56,200	£37,600	£18,600
Carshalton and Clockhouse	£80,000	£47,400	£32,600
Hackbridge, St Helier, the Wrythe	£57,400	£42,400	£15,000
North Cheam, Stonecot & Worcester Park	£80,200	£56,000	£24,200
Sutton Local	£59,000	£40,000	£19,000
Sutton South, Cheam & Belmont	£56,000	£34,000	£22,000
Borough-wide	£60,000	£38,000	£22,000

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

- 8.52 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the Borough and sub-areas. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

- 8.53 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. Table 8.8 sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 8.8 Main sources for assessing the current need for affordable housing

	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing (social and affordable rent) tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 8.54 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.
- 8.55 Table 8.9 shows the initial estimate of the number of households with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently 9,188 households living in unsuitable housing (or without housing).

Table 8.9 Estimated Number of Households Living in Unsuitable Housing – Sutton

	Homeless/ concealed households	Households in over- crowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Borough-wide	1,891	5,176	259	1,863	9,188

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 8.56 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded

(as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

- 8.57 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 8.58 Table 8.10 show it is estimated that there are 5,353 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) in Sutton.

Table 8.10 Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Sutton)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	2,174	217
Affordable and Social Rental housing	1,872	0
Private rented	3,251	3,245
No housing (homeless/concealed)	1,891	1,891
Total	9,188	5,353

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 8.59 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 8.60 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 8.61 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of

similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

- 8.62 Overall, approaching two-thirds of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is 3,528 households across the Borough.

Table 8.11 Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Borough-wide	5,353	65.9%	3,528

Source: CLG Live Tables, Census 2011 and Data Modelling

- 8.63 The estimated figures shown above represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authorities would seek to meet this need over a period of time. To be consistent with the main period studied in the demographic projections (a ten-year period from 2022 to 2032) the need is annualised by dividing by 10 (to give an annual need for 353 dwellings across all areas). This does not mean that some households would be expected to wait 10-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

- 8.64 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 8.65 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 8.66 The number of newly forming households has been estimated through demographic modelling (linked to the Standard Method projection). This is considered to provide the best view about trend-based household formation in Sutton.

- 8.67 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 8.68 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 8.69 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 1,066 newly forming households will have a need per annum on average across the Borough.

Table 8.12 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Borough-wide	1,882	56.7%	1,066

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 8.70 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 8.71 This method for assessing existing households falling into need is consistent with the 2007 CLG SHMA guidance which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*. Following the

analysis through suggests a need arising from 135 existing households each year across the Borough. The steps taken to get to this conclusion are:

- Estimate of the number of households housed in the social sector per annum (taken to be the flow of need in this sector);
- Remove an estimate of the number housed who were newly-forming households or were moving from another social rented property; and
- Apply an affordability test based on estimated incomes of households in the social sector.

Table 8.13 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need
Borough-wide	135

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

- 8.72 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 8.73 The PPG suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 8.74 On the basis of past trend data it has been estimated that 158 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need (see table 8.14).

Table 8.14 Analysis of Past Social/Affordable Rented Housing Supply, 2018/19 – 2020/21 (average per annum) – Sutton

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2018/19	406	84.2%	342	52.5%	179
2019/20	377	79.6%	300	59.2%	177
2020/21	251	98.0%	246	46.2%	114
Average	345	85.9%	296	53.4%	158

Source: CoRe/LAHS

- 8.75 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off future housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

- 8.76 Table 8.15 shows the overall calculation of affordable housing need. The analysis shows that there is a need for 1,396 dwellings per annum across the area. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 8.15 Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
TOTAL	353	1,066	135	1,554	158	1,396

Source: Range of sources

Sub-Area Need

- 8.77 As table 8.16 shows it is also possible to break down the affordable housing need by sub-area. This shows a need in all locations of the Borough

Table 8.16 Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Beddington and Wallington	67	200	36	304	44	260
Carshalton and Clockhouse	30	109	8	147	9	138
Hackbridge, St Helier, the Wrythe	68	225	51	344	56	288
North Cheam, Stonecot & Worcester Park	69	199	7	275	8	267
Sutton Local	70	210	22	302	25	277
Sutton South, Cheam & Belmont	48	122	11	182	15	166
TOTAL	353	1,066	135	1,554	158	1,396

Source: Range of sources

- 8.78 Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the Borough as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

The Relationship Between Affordable Need and Overall Housing Need

- 8.79 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'

- 8.80 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the Objectively Assessed Need (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.
- 8.81 Firstly, the modelling contains a category in the projection of '*existing households falling into need*'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains '*newly forming households*'; these

households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

- 8.82 This just leaves the '*current need*'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.
- 8.83 The analysis estimates an annual need for 1,396 rented affordable homes, which is notionally in excess of a Local Housing Need of 886 dwellings per annum (as calculated using the Standard Method). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 8.84 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in Table 8.17 which identifies that meeting these needs would lead to an affordable need for 1,078 homes per annum across the Borough – over 300 lower than the main modelling (but still in excess of the Standard Method).
- 8.85 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 169 per annum (current need) is in addition to demographic projections.

Table 8.17 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Sutton

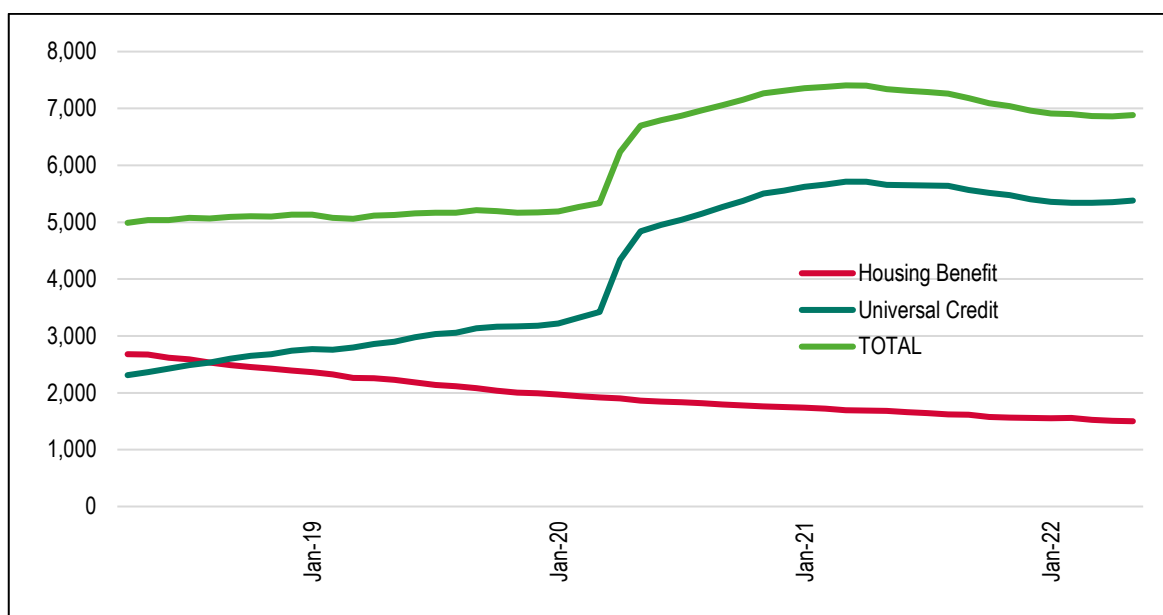
	Including existing households	Excluding existing households
Current need	353	169
Newly forming households	1,066	1,066
Existing households falling into need	135	0
Total Gross Need	1,554	1,236
Re-let Supply	158	158
Net Need	1,396	1,078

Source: Range of sources

- 8.86 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 8.87 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 8.88 Whilst the PRS does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.
- 8.89 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the PRS (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the PRS should be recognised – it is evidently part of the functioning housing market.
- 8.90 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of May 2022, it is estimated that there were around 6,900 benefit claimants in the PRS in Sutton. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

- 8.91 Table 8.18 shows the trend in the number of claimants in the Borough. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 5,000 households).

Table 8.18 Number of Housing Benefit claimants in the private rented sector – Sutton



Source: Department of Work and Pensions

- 8.92 It is difficult to be precise about the annual level of new supply being provided by the PRS (supported by Housing Benefit) but data from the English Housing Survey for the past 5-years (2016-21) suggests around 7% of all private renting tenants are new to the sector in any given year. Assuming a similar proportion as being benefit claimants would imply around 480 benefit supported lettings across the Borough each year. A further 17% of private tenants move within the sector each year, which would imply a further 1,170 benefit supported lettings (although it is likely that many of these households were claimants prior to moving home).
- 8.93 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.
- 8.94 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally

the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

- 8.95 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue across the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
- 8.96 Finally, whilst there is no direct link between the affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different areas, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

- 8.97 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 8.98 Table 8.19 shows current rent levels in the Borough for a range of products along with relevant local housing allowance (LHA) rates. The majority of Sutton falls into the Outer South London Broad Rental Market Area (BRMA) for the purposes of LHA, with a small area being part of the Outer South West London BRMA.
- 8.99 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents, and typically less than 80% of lower quartile figures.
- 8.100 The LHA rates (Outer South London) are generally in line with lower quartile market rents and some way below median figures. This means that households seeking accommodation in some locations (notably those areas with higher rents) may struggle to secure sufficient benefits to cover their rent.

Table 8.19 Comparison of rent levels for different products – Sutton

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (Outer South London)	LHA (Outer South West London)
1-bedroom	£430	£629	£875	£950	£873	£1,047
2-bedrooms	£512	£772	£1,095	£1,195	£1,097	£1,321
3-bedrooms	£590	£949	£1,400	£1,550	£1,371	£1,596
4-bedrooms	£643	£1,072	£1,750	£1,995	£1,730	£2,144
Overall average	£515	£785	£950	£1,100	-	-

Source: RSH, ONS and VOA

- 8.101 To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in Table 8.20. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 2-bedroom homes (this is the main stock size held by affordable housing providers, 46% of social rented housing and 45% of affordable rents).
- 8.102 This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 70% of a current lower quartile rent (65% if comparing with a median rent).

Table 8.20 Difference between rent levels for different products – Sutton

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	68%	49%	45%	72%	66%	92%
2-bedrooms	66%	47%	43%	70%	65%	92%
3-bedrooms	62%	42%	38%	68%	61%	90%
4-bedrooms	60%	37%	32%	61%	54%	88%
All	66%	54%	47%	83%	71%	86%

Source: RSH, ONS and VOA

- 8.103 For the affordability test, a standardised average rent for each product has been used¹⁰. Table 8.21 suggests that around 35% of households who cannot afford to rent privately (without subsidy) could afford an affordable rent, with a further 31% being able to afford a social rent (but not an affordable

¹⁰ Figures have been standardised on the basis of the current stock of social and affordable rented housing (drawn from statistics from the Regulator of Social Housing) – the figures used are: 1-bed = 25%; 2-bed = 46%, 3-bed = 25% and 4+-bed = 4%.

one). A total of 34% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 8.21 Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	35%
Afford social rent	31%
Need benefit support	34%
All unable to afford market	100%

Source: *Affordability analysis*

- 8.104 The finding that only 35% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support.
- 8.105 On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent. Social rents are also likely to be required by households whose income is limited by benefit caps, as an affordable rent is likely to take up a very significant proportion of their income – making affordable rents unaffordable.
- 8.106 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
- 8.107 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

Establishing a Need for Affordable Home Ownership

- 8.108 The PPG confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 8.109 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 8.110 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 8.111 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 8.112 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the PRS, around 25% already have sufficient income to buy a lower quartile home, with 21% falling in the rent/buy 'gap'. The final 54% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the PRS are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 8.113 Table 8.22 shows an estimate of the proportion of households living in the PRS who are able to afford different housing products by sub-area. This shows a higher proportion of households in the rent/buy gap in Carshalton and Clockhouse, this reflects a larger gap in the estimated incomes needed to buy and rent homes in this area.

Table 8.22 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Beddington and Wallington	28%	21%	51%
Carshalton and Clockhouse	19%	28%	53%
Hackbridge, St Helier, the Wrythe	21%	16%	64%
North Cheam, Stonecot & Worcester Park	18%	19%	64%
Sutton Local	25%	21%	54%
Sutton South, Cheam & Belmont	35%	27%	39%
TOTAL	25%	21%	54%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 8.114 The finding that a significant proportion of households in the PRS are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 8.115 To study current need, an estimate of the number of household living in the PRS (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 12,400 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to Sutton then the number of households in the sector would now be around 14,800.
- 8.116 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (8,900 households if applied to Sutton) and of these some 40% (3,500 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 8.117 As noted above, on the basis of income it is estimated that around a fifth of the PRS sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 772 affordable home ownership units (77 per annum if annualised over a 10-year period (see Table 8.23)).

- 8.118 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 512 dwellings (396 from newly forming households and 116 from existing households in the private rented sector (see Table 8.23)).
- 8.119 Bringing together the above analysis suggests that there is a need for 589 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the Borough. This is before any assessment of the potential supply of housing is considered (See Table 8.23).

Table 8.23 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Total	77	396	116	589

Source: Range of sources

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

- 8.120 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 8.121 One source is likely to be resales of low cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2021 of 1,003 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 34 resales each year. These properties would be available for these households and can be included as the potential supply.
- 8.122 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Sutton there were a total of 2,343 resales (i.e. excluding newly-built homes) in the last year (year to March 2022) and therefore around 586 would be priced below the lower quartile. This is 586 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is in line with the level of need calculated.
- 8.123 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley

and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile¹¹. Other recent data suggests that first time buyers account for around half of home purchase loans¹² with a total of around 65% of all homes being bought with a loan (35% as cash buyers¹³).

8.124 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% * 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a ‘need’ half of all lower quartile sales are included in the supply.

8.125 We can therefore now provide three supply estimates which can be considered in the context of the estimated need (see Table 8.24). These are:

- Only count the supply from affordable home ownership resales (34 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (327 per annum (293+34)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (620 per annum (586+34)).

8.126 Table 8.24 shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 555 dwellings per annum and this reduces to a need for 262 per annum if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then a surplus of affordable home ownership is shown. Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

8.127 The need should be seen as a range, however as a mid-point the figure of 262 is potentially the most useful for policy development recognising that there is a lack of guidance and that the actual supply will likely be somewhere between the two extreme points.

¹¹ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

¹² <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

¹³ <https://www.ft.com/content/e0ad2830-094f-4e61-aaa-d77457e2edbb>

Table 8.24 Estimated Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	589	589	589
LCHO supply	34	327	620
Net need	555	262	-31

Source: Range of sources

Sub-Area Analysis

- 8.128 Using the same method as the borough wide analysis, it is also possible to provide a breakdown of the need for affordable home ownership properties by sub-area. Again focussing on the middle of the three scenarios above (50% of lower quartile sales) Table 8.25 shows a need for affordable home ownership in all areas ranging from 15 units per annum in Hackbridge, St Helier, the Wrythe up to 84 in Sutton South, Cheam & Belmont.

Table 8.25 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Beddington and Wallington	112	70	42
Carshalton and Clockhouse	74	32	42
Hackbridge, St Helier, the Wrythe	70	56	15
North Cheam, Stonecot & Worcester Park	76	57	19
Sutton Local	121	61	60
Sutton South, Cheam & Belmont	136	52	84
Borough-wide	589	327	262

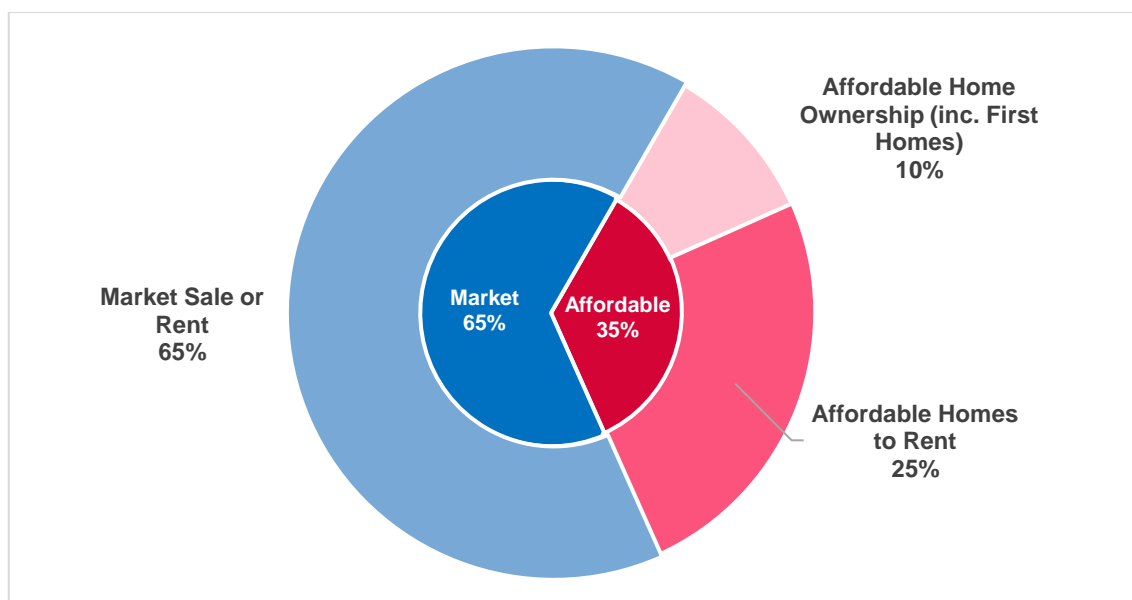
Source: Range of sources

Implications of the Analysis

- 8.129 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of low cost home ownership and some resales of existing homes in the market. If supply estimates are expanded to include all market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 8.130 Regardless, it does seem that there are many households in Sutton who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 74% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 12%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

- 8.131 On this basis, and as previously noted, it seems likely in Sutton that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).
- 8.132 The NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum 25% of affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 8.133 To illustrate this through a worked example, if a development of 100 units were to be proposed and the Council had a 35% target of affordable housing on eligible schemes then 65 units would be market units and 35 units would be affordable. Of those 35 units, 10 units would be affordable home ownership units (including 9 First Homes if the council are seeking 25% of all housing in this tenure as per the PPG) (28.5% of affordable units and 10% of all units) and 25 units would be affordable units to rent (71.4% of affordable units and 25% of all units). This is illustrated in Table 8.26 below.

Table 8.26 Illustrative Split of Tenures



Source: Icen Projects

- 8.134 Firstly regarding the 10% AHO, it is not clear that this is the best solution in the Borough. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In Sutton, the clear need for additional rented

housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

- 8.135 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of Low Cost Home Ownership (LCHO) such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 8.136 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect. There will also be other households that move to a more affordable area, which while not a policy solution is the real world solution for many.
- 8.137 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 8.138 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 8.139 In addition, it should also be noted that the finding of a 'need' for AHO does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 8.140 The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult

to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of AHO.

- 8.141 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.
- 8.142 The reason for the analysis to follow is that it will be important for the Council to ensure that any AHO is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

- 8.143 In May 2021, MHCLG published a PPG regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

a) must be discounted by a minimum of 30% against the market value;

b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);

c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government’s preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

- 8.144 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

8.145 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the PRS and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Sutton is £1,095 per month;
- On the basis of a household spending no more than 30% of their gross income on housing, a household would need a gross income of around £3,650 per month to afford ($£1,095/0.30$) or £43,800 per annum; and
- With an income of £43,800, it is estimated that a household could afford to buy a home for around £219,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as $£43,800 \times 4.5/0.9$.

8.146 Therefore, £219,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Sutton. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

8.147 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £300,000, giving a midpoint of £259,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

8.148 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

- 8.149 Table 8.27 shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 5%) will be heavily influenced by the profile of homes.
- 8.150 Over the past 5-years around three-quarters of all newly built homes have been flats (with most of the rest being terraces) and therefore the premium for flats can be considered as a reasonable benchmark. For the purposes of analysis a newbuild premium of 25% has been assumed – this figure has been used in calculations of OMV and against which a discount can be judged.

Table 8.27 Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to March 2022 – Sutton

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£235,000	£300,000	28%
Terraced	£365,000	£527,000	44%
Semi-detached	£450,000	£465,000	3%
Detached	£594,000	£543,000	-9%
All dwellings	£300,000	£315,000	5%

Source: Land Registry

- 8.151 Table 8.28 therefore sets out a suggested purchase price for AHO/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 25%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £450,000 (rather than the modelled £375,000) then the discount would be up to 51%.
- 8.152 On the basis of the specific assumptions used, the analysis points to a discount of up to about 40% for 2-bedroom homes and a figure of 50% for larger (3+-bedroom) properties. Given that a single discount figure is likely to be needed for plan making purposes it is suggested that a 40% discount is reasonable, with the expectation that most First Homes will be 2- or 3-bedroom.
- 8.153 It will however be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).

Table 8.28 Affordable home ownership prices – data for year to March 2022 – Sutton

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£175,000-£202,500	£287,500	30%-39%
2-bedrooms	£219,000-£259,500	£375,000	31%-42%
3-bedrooms	£280,000-£377,500	£593,800	36%-53%
4+-bedrooms	£350,000-£500,000	£812,500	38%-57%

Source: Derived from a range of sources as described

8.154 It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the Borough and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Key Points in Relation to First Homes

8.155 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be and should the discount be variable depending upon property size?*

8.156 There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market).

8.157 The Council could therefore investigate higher discounts (with 40% being suggested by the analysis if homes of 2- and 3-bedrooms are likely to be delivered), but it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery.

8.158 Although not specifically set out in the PPG, it does seem likely that the Council would require setting a single discount for all dwelling sizes. However this is not an issue for Sutton as there is no strong argument that different sizes of homes have such different pricing/affordability that different discounts would be appropriate anyway.

- *Is the maximum price of £450K after discount an appropriate maximum sales value?*

8.159 Looking at the previous table above, it can be seen that all of the affordable prices other than for 4-bedroom homes sit below the £450,000 cap and therefore it is arguable that a lower cap would be appropriate – it is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.

8.160 A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and also the analysis of actual newbuild costs it is considered that a cap of something in the region of £350,000 might be appropriate. This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

- *Is the national threshold of £90,000 for household income appropriate?*

8.161 To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in Table 8.29 and shows even the most expensive price (excluding 4-bedroom homes) would only require an income of about £75,000. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4.5 times mortgage multiple) and in reality individual households will have their own specific circumstances.

8.162 That said, it is considered that a £90,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £75,000 might be appropriate in the case of Sutton.

Table 8.29 Incomes Required to Afford First Homes – Sutton

	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	£35,000	£40,500
2-bedrooms	£43,800	£51,900
3-bedrooms	£56,000	£75,500
4+-bedrooms	£70,000	£100,000

Source: Derived from a range of sources

Shared Ownership

- 8.163 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.
- 8.164 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately at a lower quartile price.
- 8.165 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at OMV. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:
- OMV at LQ price plus 25% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
 - 10% deposit on the equity share;
 - Rent at 2.75% p.a. on unsold equity;
 - Repayment mortgage over 25-years at 4%;
 - Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
 - It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.
- 8.166 Table 8.30 shows that to make shared ownership affordable, equity shares in the region of around 15% could work for 1- and 2-bedroom homes, although a figure below 10% is likely to be required for homes with 3+-bedrooms. It seems likely that it will be quite difficult to make shared ownership

'work' for homes with 3+-bedrooms. The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

- 8.167 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 8.30 Estimated Affordable Equity Share by Size – Sutton

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£287,500	£375,000	£593,800	£812,500
Share	16%	15%	3%	-6%
Equity Bought	£47,200	£55,100	£16,000	-£45,500
Mortgage Needed	£42,400	£49,600	£14,400	-£41,000
Monthly Cost of Mortgage	£224	£262	£76	-£216
Retained Equity	£240,400	£319,900	£577,700	£858,000
Monthly Rent on Retained Equity	£551	£733	£1,324	£1,966
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£875	£1,095	£1,400	£1,750

Source: Data based on Housing Market Cost Analysis

- 8.168 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 15% equity share for 2-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 15% share, but a total cost in excess of £1,095 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the PRS, rather than seeking a specific equity share.

Rent to Buy

- 8.169 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

- 8.170 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 8.171 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Affordable Housing Policy and the London Plan

- 8.172 The London Plan was adopted in March 2021 and it is worth reflecting on affordable housing policies and how they are relevant to Sutton. Policy H4 (Delivering affordable housing) sets a strategic target for 50% of all new homes delivered across London to be genuinely affordable and subject to viability this would be a reasonable target for Sutton (although a higher figure would be preferable if the economics of delivery stack up). Policy H5 provides further detail about how affordable targets are to be approached for individual applications.
- 8.173 Policy H6 sets out the tenures of affordable housing expected from sites and is the most relevant policy to this report. The main part of the policy is set out below:

Policy H6 Affordable housing tenure

A The following split of affordable products should be applied to residential development:

- 1) a minimum of 30 per cent low-cost rented homes, as either London Affordable Rent or Social Rent, allocated according to need and for Londoners on low incomes*
- 2) a minimum of 30 per cent intermediate products which meet the definition of genuinely affordable housing, including London Living Rent and London Shared ownership*
- 3) the remaining 40 per cent to be determined by the Borough as low-cost rented homes or intermediate products (defined in Part A1 and Part A2) based on identified need.*

- 8.174 On the basis of Policy H6 it is considered that the 30% of low-cost rented homes and 30% as intermediate products is reasonable. Within the intermediate category, the Council will however need

to be mindful of the range of products provided. In particular, if 25% of all affordable homes are provided as First Homes (as suggested by the PPG) then this would squeeze out other forms of intermediate housing (such as shared ownership or London Living Rent (which is similar to affordable rents (note: which is different to London Affordable Rents)) and therefore the Council should, if possible, provide a lower proportion of First Homes.

- 8.175 For the 40% which is to be determined by the local authority, it is considered that this should be provided as rented affordable housing (ideally London Affordable Rents or Social Rents). Where viability makes provision of cheaper rents difficult, the Council could consider other forms of rented housing (such as London Living Rents or affordable rents). On the basis of evidence in this report, it is not recommended that any of this discretionary element (i.e. the 40%) is provided as forms of affordable home ownership. This conclusion is based on the clear finding that the greatest need in the Borough is for rented affordable housing, available for households unable to buy or rent in the open market.

Affordable Housing Need – Key Points

- *The table below brings together the estimates of annual need for rented affordable housing and affordable home ownership to consider the balance between tenures in different areas. This table should be considered for reference purposes and will not directly inform decisions about an appropriate mix for any individual area – that will in part be informed by viability and also any local priorities such as to maximise provision of rented accommodation as that is likely to be required by households with the most acute needs.*
- *When looking at rented needs, the analysis suggests a need for 1,396 affordable homes per annum across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.*

Estimated annual need for affordable housing split between rented and affordable home ownership – Sutton

	Rented affordable need	Affordable home ownership need	Total annual need	% as AHO
Borough-wide	1,396	262	1,658	16%

Source: Draws from earlier analysis

- *The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council have a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.*
- *When looking at the need for AHO products, the analysis also suggests a need across the study area, albeit (at 262 per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.*
- *Analysis does suggest that there are many households in Sutton who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be a factor).*

- *The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.*
- *In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).*
- *Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.*

9. PRIVATE RENTAL SECTOR

- 9.1 As set out earlier in this report in 2019 16.5% of households in Sutton were in Private Rented housing, very similar to that of the wider England overall at 17% but below that of London at 26%. The private rental market in Sutton therefore makes an important contribution to housing stock. This section examines the sector in more detail.

Rental Costs

- 9.2 Table 9.1 shows the median rental prices per calendar month by size of property. Much like in the sales market, rental costs in Sutton (£1,100) are consistently below that of Merton (£1,475) and the London average (£1,450) but above that of England (£795) as a whole.
- 9.3 Rental costs in Sutton and Croydon are broadly similar as in the purchase market, this does differ slightly in that Croydon does see slightly more expensive costs on average at £1,200 compared to £1,100 in Sutton. This potentially indicates a slightly more active rental market in the neighbouring Borough supported by a considerable amount of newer stock in more accessible locations in Central Croydon.

Table 9.1 Median Rental prices by size (pcm)

Area	1 Bed	2 Beds	3 Beds	4 Beds +	All
Sutton	£950	£1,195	£1,550	£1,995	£1,100
Merton	£1,200	£1,475	£1,900	£2,750	£1,475
Croydon	£950	£1,250	£1,500	£1,975	£1,200
Greater London	£1,225	£1,475	£1,750	£2,500	£1,450
England	£700	£769	£850	£1,450	£795

Source: Icenis analysis of ONS private rental market summary statistics, 2022

- 9.4 Drawing on advertised costs from Rightmove we can examine rental costs at a sub-area level. Carshalton and Clockhouse has the highest rental costs which may be partly due to the very few properties available for rent in the area at the time of writing (October 2022) and the likely skewing towards larger properties.
- 9.5 Beddington and Wallington has the lowest median rental costs which lies in line with the lower purchase costs also seen in this sub-area. This may reflect something more fundamental such as the quality of place rather than the housing mix.
- 9.6 The sub-area with the highest number of available properties is Sutton Local at 41. Given the central nature of this sub-area and the amount of newer flatted stock, this is not unexpected.

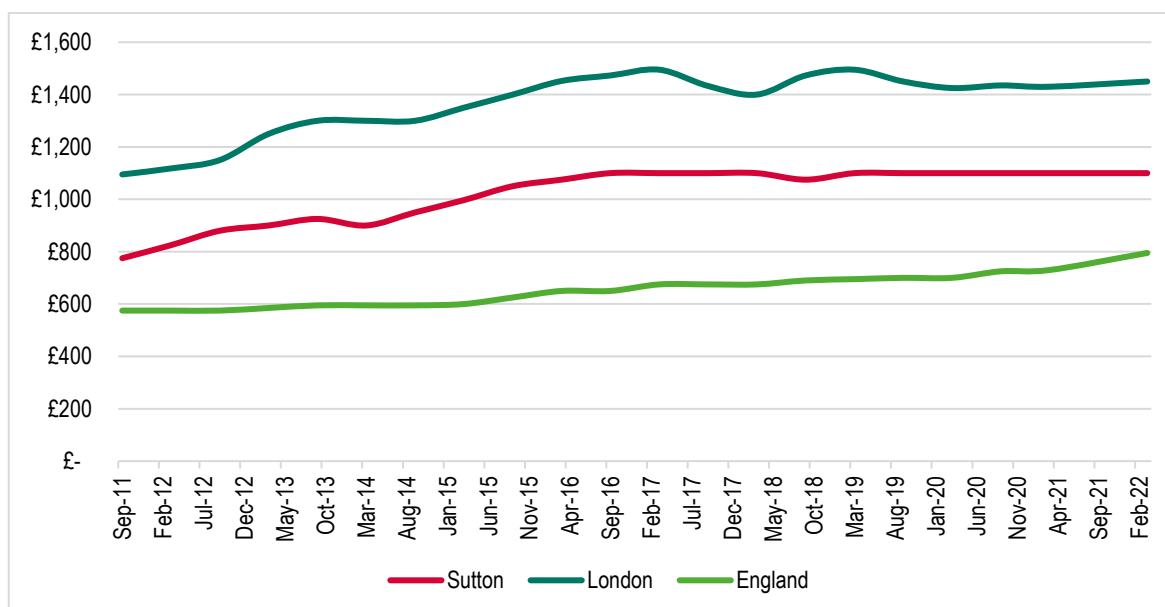
Table 9.2 Median Rents in Sub-Areas

Sub-Area	Available Properties	Median Rent (£PCM)
Beddington and Wallington	25	£1,450
Carshalton and Clockhouse	11	£2,400
Hackbridge, St Helier, the Wrythe	20	£1,925
North Cheam, Stonecot and Worcester Park	16	£1,950
Sutton Local	41	£1,903
Sutton South, Cheam and Belmont	25	£1,650
LB Sutton	138	£1,825

Source: IcenI analysis of Rightmove data (October 2022)

9.7 The table above is more recent than previous data shown which is drawn from a different source (earlier data is from ONS about rents being paid rather than asking rents). Hence there is a difference between the figures, which in this case is quite large, and may also be driven by a different profile of homes to let in each data source.

9.8 Table 9.3 shows the change in median rental costs for all properties over time, in all three areas prices have increased since 2011. Rental prices in Sutton have remained consistently below London with both following a largely similar pattern seeing slight increases in 2014 and 2018. In Sutton prices have remained much the same since 2019, whereas in London rental prices have fluctuated more.

Table 9.3 Rental Change over time (2011 – 2020)

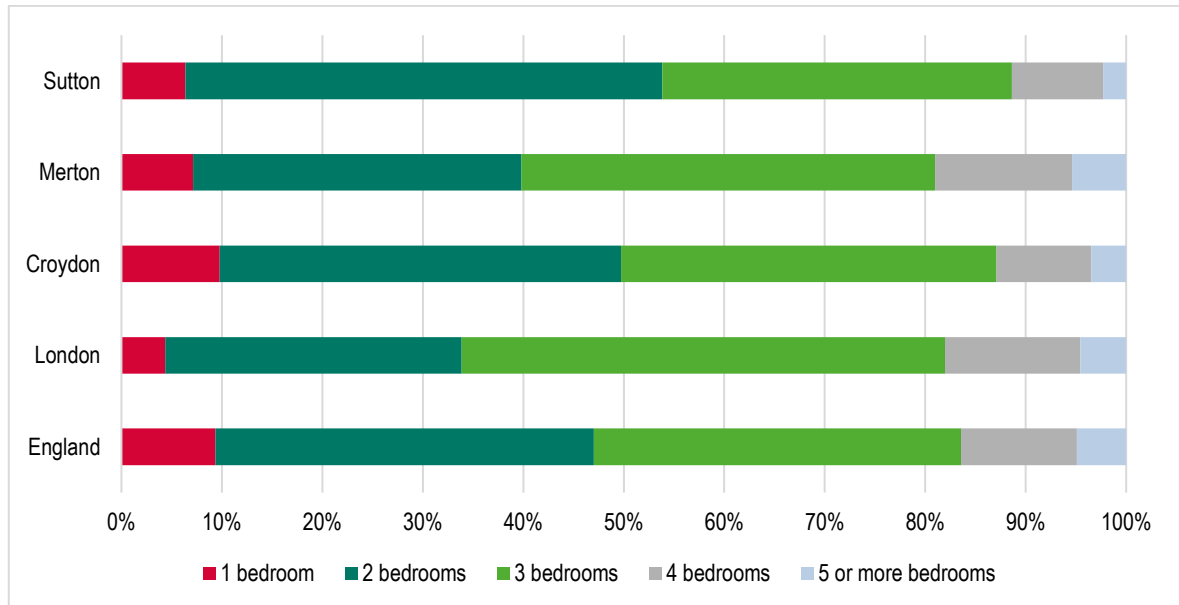
Source: IcenI analysis of ONS private rental market summary statistics, 2022

Profile of Rental Homes and Tenants

9.9 Table 9.4 shows the size of property occupied by private tenants in Sutton as of 2011 which is the most recent data available. The most common type of rental properties in the Borough have 2

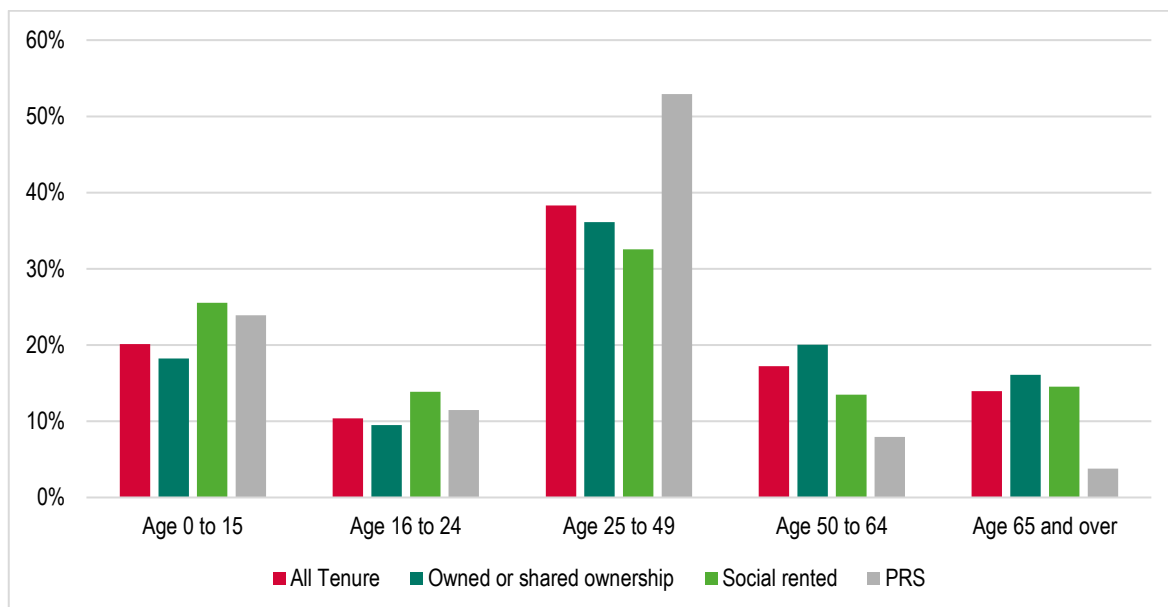
bedrooms at 47.5% which is particularly high when compared to London (29.5%). Conversely there is a lower number of 3 bedroom properties in the Borough (34.8%) compared to across London (48.1%).

Table 9.4 Rental stock by number of bedrooms (2011)



Source: Icenis analysis of ONS Census data 2011

- 9.10 Those aged 25-49 are significantly more likely to live in the PRS than any other age group or any other tenure. The same can be said, although to a lesser degree in the younger age groups. Conversely, the PRS hosts comparatively few people aged over 50 and particularly those of a pensionable age.

Table 9.5 Age profile by Tenure – Sutton Residents (2011)

Source: Icen analysis of ONS, Census data 2011

- 9.11 As at 2011, around 56.7% of rental households consist of one family only, followed by single person households (31.7%), this is broadly similar to that of neighbouring areas and slightly higher than England as a whole.

Table 9.6 Household Composition – Private Rental Properties

Household Composition	Sutton	Croydon	Merton	London	England
One person only: All	31.7%	29.7%	21.7%	27.1%	31.3%
One person: Aged 65 and over	3.5%	3.0%	2.5%	2.7%	4.0%
One person: Other	28.3%	26.7%	19.2%	24.5%	27.3%
One family only: All	56.7%	52.6%	51.3%	44.8%	51.2%
One family: Aged 65 and over	0.9%	0.6%	0.7%	0.6%	1.3%
One family: Married/civil partnership	25.8%	20.7%	27.4%	20.9%	19.4%
One family: Cohabiting couple	15.7%	11.2%	15.4%	13.1%	16.4%
One family: Lone parent	14.3%	20.0%	7.8%	10.3%	14.0%
Other: All	11.6%	17.7%	26.9%	28.1%	17.5%
Other: With dependent children	3.6%	6.0%	5.2%	5.1%	3.3%
Other: All full-time students	0.2%	0.6%	1.1%	2.6%	3.0%
Other: All aged 65 and over	0.0%	0.1%	0.1%	0.1%	0.1%
Other: Other	7.7%	11.0%	20.6%	20.4%	11.1%

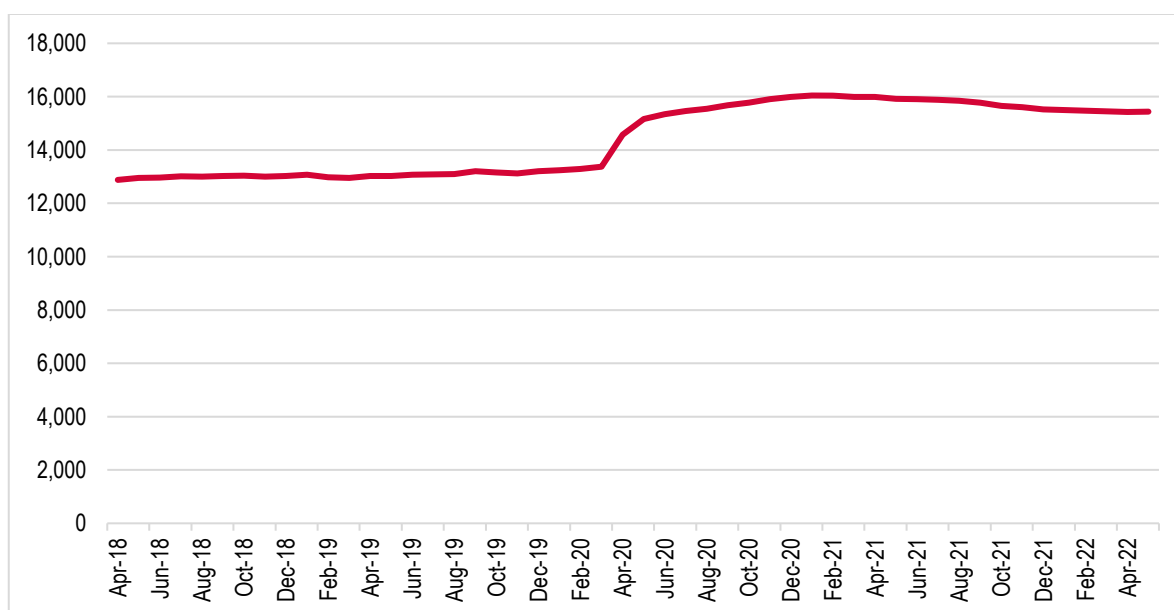
Source: Icen analysis of ONS, Census data 2011

- 9.12 Around 7.7% of rental households in the Borough are termed as “Other:Other” which is effectively unrelated adults shared and is a proxy for HMOs. This is notably lower than the comparators especially London. There are also very few all student households unlike the wider City.

Benefit Claimants

- 9.13 The PRS in the Borough also supports many tenants claiming Housing Benefit or Universal Credit which can includes an element for housing. Since 2018 the number of claimants has increased including 1,204 new claimants in April 2020 caused by the first Covid lockdown. **The number of claimants has remained high at over 15,000 since this time.**
- 9.14 There were very slight decreases in the number of claimants from February 2021 up to May 2022, averaging at roughly 41 fewer claimants per month. However, this stopped in May 2022 the number of claimants started to increase again.
- 9.15 This increase coincided with the beginnings of the cost of living crisis and subsequent increase of Bank of England interest rates up to 1% in May with interest rates increasing further since. While this might not directly impact tenants it might impact their landlords who subsequently increase rents.

Table 9.7 Housing Benefit claimants (2018 – 2021)



Source: Icenis analysis of DWP Stat-Xplore

Agency Engagement

- 9.16 In order to inform this study with the latest housing market dynamics we have engaged with local letting agents in late autumn 2022.
- 9.17 The local agents informed us that the profile of those in the rental market mirrors the sales market, with young professionals and families moving into Sutton from inner London. This is driven by a desire to secure more space for homeworking as well as proximity to good schools and green space.

- 9.18 They report that demand for rental homes has increased by 50-60% over the last year. This is particularly the case for two-bedroom flats in south Sutton. In addition to those moving from inner London the local agents reported that an influx of Hong Kong nationals who have been attracted to the excellent grammar schools in the borough.
- 9.19 While demand has increased significantly rental stock has fallen by 45-50%. This is because more casual landlords have been selling properties as interest rates rise. The sharply increase in interest rates coupled with the reduce stock has pushed up rents by around 10% on average. In return, tenants are now seeking 2 to 2.5 year-long tenancies to avoid further annual rent increases. However, as rents rise more local residents are being pushed out of the Borough.
- 9.20 The agents noted a number of Build to Rent developments in Sutton Town Centre which saw little interest three years ago but are now fully occupied. It was reported that this was mainly due to Hong Kong nationals moving to the area.

Build to Rent

- 9.21 In the context of the PRS's growth over the last 20 years and a national housing shortage, successive Governments have looked to the PRS to play a greater role in providing more new build housing and have sought to encourage "Build to Rent" development as well "Co-Living" development schemes.

The Policy Context

- 9.22 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).
- 9.23 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 9.24 This was realised through the publication of the revised NPPF (February 2019) which recognises the emergence of the strength of the PRS. The NPPF (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need).
- 9.25 The NPPF's glossary also introduces a definition for Build to Rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

9.26 It represents development which is constructed with the intention that it will be let rather than sold. The benefits of Build to Rent are strong and are best summarised in the Government’s A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants’ choice “as generally speaking tenants only have the option to rent from a small-scale landlord”.
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
- Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

9.27 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

9.28 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update¹⁴ for Q2 2022 states that the market now had 73,700 completed units (up from 50,800 in Q1 2021). There was also an additional 47,800 under construction and 115,900 in the development pipeline, a total of 237,400 units complete or in the pipeline. This is around 65,000 more units than the year previous.

¹⁴ https://www.savills.co.uk/research_articles/229130/330310-0

- 9.29 Previous editions of the report stated that around 88% of the operational stock was located in City Centre flats but the most recent report states that much of the growth has been in Single Family units with growth seen across an additional 29 local authorities.
- 9.30 The London Plan under Policy H13 has set out specific policy on Build to Rent provision and explicitly states (paragraph 4.11.1) that “Build to Rent developments can make a positive contribution to increasing housing supply and are beneficial in a number of ways”.

The Profile of Tenants

- 9.31 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) published a report¹⁵ (February 2021) profiling those who live in Build to Rent accommodation in London - which still makes up the bulk of the market.
- 9.32 According to another BPF report produced alongside Savills¹⁶ (Q2 2022) the proportion of Build to Rent in London accounts for 48% of current provision falling to 40% once the pipeline supply is included. This demonstrates a slight movement out of London which goes against the historic trend.
- 9.33 Around 62% of residents were aged between 25 and 34 compared with 47% in the wider PRS market. The remaining residents included 17% aged between 16 and 24 and 13% aged 35-44 both of which were below the corresponding values for the wider PRS market.
- 9.34 The survey based data identified that incomes are similar to those in PRS accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income on accommodation. This compares to 29% to 32% in the wider PRS demonstrating a willingness to pay slightly more. The lower value would put this group in the lowest 40% of earners in London.
- 9.35 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.
- 9.36 The report also identified a broadly similar balance of people working in the public and private sectors with 90.5% of residents employed in the private sector living in Build to Rent accommodation

¹⁵ https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

¹⁶ <https://bpf.org.uk/media/5264/bpf-savills-build-to-rent-report-q2-july-2022.pdf>

compared with 80% in the PRS. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%).

The Existing Provision

- 9.37 It is our understanding that there has been limited activity in the way of forthcoming Build to Rent development in the Borough. The Council do handle planning applications for private rented housing; however, it is not of the nature or scale of purpose-built Build to Rent accommodation which is being delivered across many areas of London.
- 9.38 There have been two planning applications submitted which propose to deliver purpose-built Build to Rent in Sutton Town Centre both of which are now built out and after a slow start are fully occupied.
- 9.39 It is potentially the case that suitable development sites with the ability to deliver large blocks of Build to Rent accommodation in accessible areas have been scarce and does not necessarily suggest there is no market demand.

Recommended Policy Response

- 9.40 The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent. On the basis of our analysis of the PRS, there is a modest platform (longer term rental growth and growing PRS) for a Build to Rent product in the Borough despite a lack of activity to date.
- 9.41 In preparing a new Local Plan, the Council should seek to include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered with the expectation that there is likely to be some activity moving forward – and this policy should also deal with how affordable housing policies would be applied. The London Plan (paragraph 4.11.1) is also clear that Boroughs should take a positive approach to the Build to Rent sector to enable it to better contribute to the delivery of new homes.
- 9.42 Given that the sector is still evolving even in London, we would recommend that the Council is not overly prescriptive on the mix of dwelling sizes within new Build to Rent development. The NPPF's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. The London Plan under Part B of Policy H11 mirrors this criteria and it recommended that a similar approach is followed in Sutton.
- 9.43 Under Part B of Policy H11 in the London Plan, one of the criteria is that the development, or block or phase within the development, has at least 50 units; however, the London Plan is clear that

Boroughs may set their own thresholds to reflect local housing market circumstances and affordable housing need.

- 9.44 While the Council have an Affordable Housing and Financial Viability SPD¹⁷ from 2020 they will need to consider affordable housing policies within the Local Plan specifically for the Build-to-Rent sector. The viability of Build to Rent development will however differ from that of a typical mixed tenure development in the sense that returns from the Build to Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed.
- 9.45 In general terms, it is expected that a proportion of Build to Rent units will be delivered as 'Affordable Private Rent' housing. PPG¹⁸ states that:

"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their Local Plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"

- 9.46 The London Plan under Part A of Policy H11 sets out that:

¹⁷ <https://moderngov.sutton.gov.uk/documents/s70720/8b%20Affordable%20Housing%20SPD.pdf>

¹⁸ ID: 60-002-20180913

“Where a development meets the criteria set out in Part B, the affordable housing offer can be solely Discounted Market Rent (DMR) at a genuinely affordable rent, preferably London Living Rent level. DMR homes must be secured in perpetuity”

- 9.47 The Council should have regard to the London Plan policy on Build-to-Rent development. In line with the London Plan, the affordable housing offer can be entirely DMR, managed by the Build to Rent provider and delivered without grant.
- 9.48 In order to follow the Fast Track Route as set out in the London Plan, Build to Rent schemes must deliver at least 35% affordable housing, or 50% where the development is on public sector land or industrial land appropriate for residential uses. The threshold should be met with at least 30% let at London Living Rent levels. These will be matters for the Council to consider in policy setting for the Borough.

Private Rental Sector – Key Points

- Median rental costs in Sutton (£1,100 pcm) are consistently below that of Merton (£1,475 pcm) and the London average (£1,450 pcm) but above that of England (£795) as a whole.
- Rental prices in Sutton have remained consistently below and prices have stagnated since 2019. However local lettings agents report a 10% increase in the last year which post-dates published data.
- Rental homes in the Borough are most commonly 2 bedrooms (47.5%) which is particularly high when compared to London (29.5%).
- Those aged 25-49 are significantly more likely to live in the PRS than any other age group or in any other tenure. Conversely, the PRS hosts comparatively few people aged over 65 pensionable age.
- Around 7.7% of rental households in the Borough are termed as “Other:Other” which is a proxy for HMOs. This is notably lower than the comparators especially London.
- The private rented sector in the Borough also supports around 15,000 tenants claiming Housing Benefit or Universal Credit which can include an element for housing.
- Local letting agents report that the rental market has mirrored the sales market, with young professionals and families moving into Sutton from inner London.
- Interest is up 50-60% on last year, particularly for two-bedroom flats. However, rental stock is down 45-50% because landlords have been selling properties as interest rates rise.
- There are two purpose-built Build to Rent schemes in Sutton Town Centre which after a slow start are now fully let. In part due to an increased level of migration from Hong Kong.
- There is a modest platform (longer term rental growth and growing PRS) for a Build to Rent product in the Borough despite a relative lack of activity to date.
- In preparing a new Local Plan, the Council should seek to include a policy on Build-to-Rent development in order to set out parameters regarding how schemes would be considered.

10. HOUSING MIX

Introduction

- 10.1 This section considers the appropriate mix of housing across Sutton, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

- 10.2 The number of families in Sutton (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 25,400 as of the 2011 Census, accounting for 32% of households; this proportion is higher than the London and national average (31% and 29% respectively). The higher proportion of households with children is mainly due to a higher proportion of married couple households.

Table 10.1 Households with dependent children (DC) (2011)

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

Source: Census (2011)

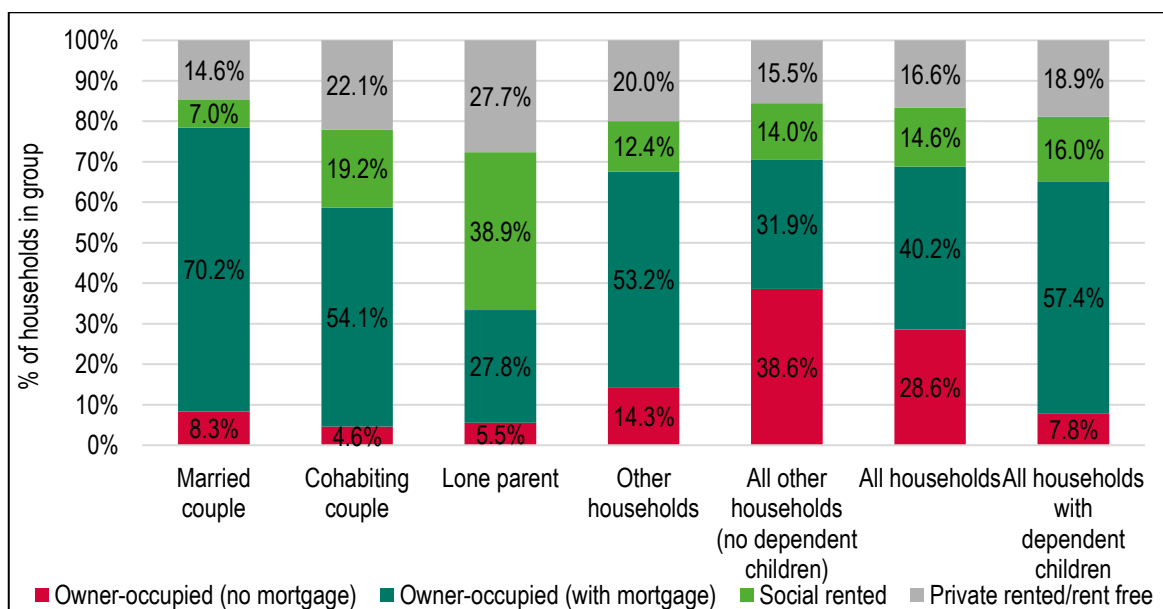
- 10.3 Table 10.2 shows the same information for each sub-area. The analysis shows some different patterns in different locations, the main difference being a lower proportion (27%) in Sutton South, Cheam & Belmont and up to 37% in Hackbridge, St Helier, the Wrythe – this area also seeing a notably higher proportion of lone parent households.

Table 10.2 Households with dependent children (2011) – sub-areas

	Married couple (with DC)	Co-habiting couple (with DC)	Lone parent (with DC)	Other households (with DC)	All other households (no DC)	All households	Total with dependent children
Beddington and Wallington	17.5%	4.0%	7.9%	3.1%	67.4%	100.0%	32.6%
Carshalton and Clockhouse	21.5%	3.9%	5.9%	2.4%	66.3%	100.0%	33.7%
Hackbridge, St Helier, the Wrythe	17.4%	5.5%	11.0%	3.4%	62.6%	100.0%	37.4%
North Cheam, Stonecot & Worcester Park	21.9%	4.0%	5.4%	3.5%	65.1%	100.0%	34.9%
Sutton Local	16.7%	3.6%	6.6%	2.8%	70.4%	100.0%	29.6%
Sutton South, Cheam & Belmont	17.4%	2.6%	4.9%	2.3%	72.8%	100.0%	27.2%
All households	18.4%	3.9%	7.1%	3.0%	67.6%	100.0%	32.4%

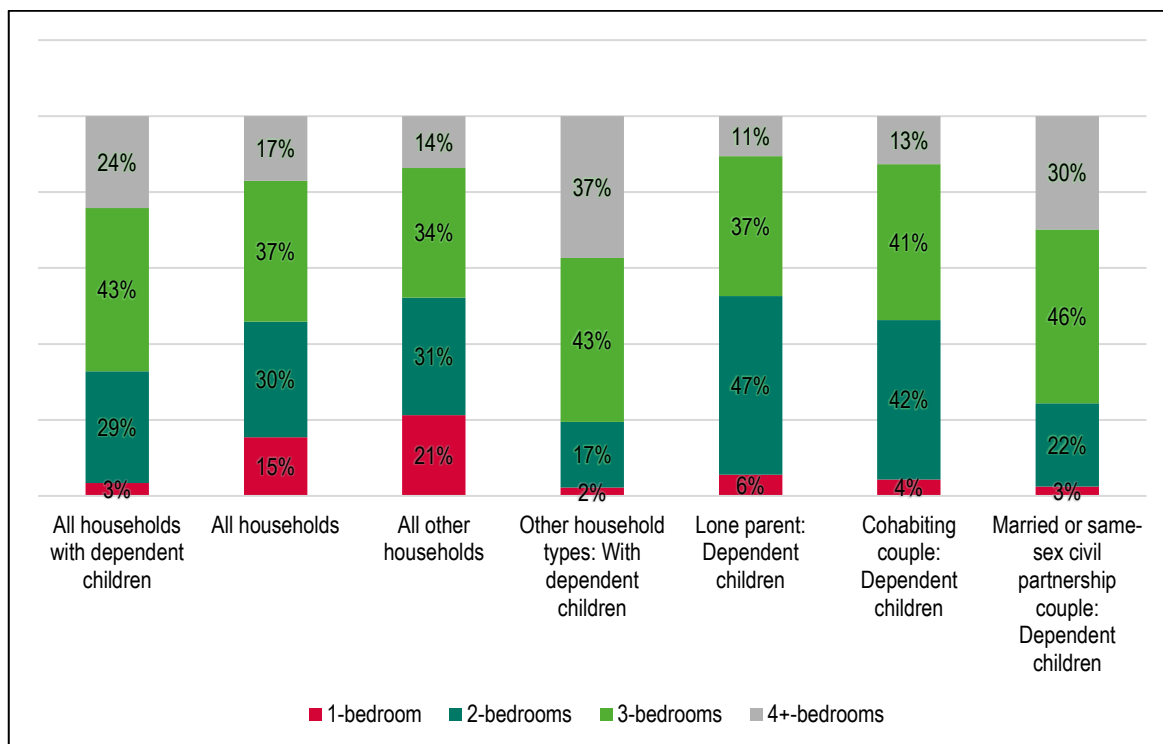
Source: Census (2011)

10.4 Table 10.3 shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Sutton, only 33% of lone parent households are owner-occupiers compared with 78% of married couples with children.

Table 10.3 Tenure of households with dependent children (2011) – Sutton

Source: Census (2011)

10.5 Table 10.4 shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Table 10.4 Number of Bedrooms by Family Household Type, 2011 – Sutton

Source: Census (2011)

The Mix of Housing

- 10.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the Standard Method, it is possible to see which age groups are expected to change in number, and by how much.
- 10.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the period to 2032 (from 2022).
- 10.8 An important starting point is to understand the current balance of housing in the area – Table 10.5 profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 67% of the total in this tenure group. The profile of the social rented sector is broadly similar across areas whilst the PRS focusses on smaller homes when compared with other locations (only 24% of the PRS are homes with 3+ bedrooms, compared with 30% across London and 38% nationally). Observations about the current mix feed into conclusions about future mix later in this section.

Table 10.5 Number of Bedrooms by Tenure, 2011

		Sutton	London	England
Owner-occupied	1-bedroom	7%	10%	4%
	2-bedrooms	26%	27%	23%
	3-bedrooms	44%	41%	48%
	4+-bedrooms	23%	23%	25%
	Total	100%	100%	100%
Social rented	1-bedroom	35%	35%	31%
	2-bedrooms	36%	36%	34%
	3-bedrooms	26%	24%	31%
	4+-bedrooms	3%	5%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	32%	33%	23%
	2-bedrooms	45%	37%	39%
	3-bedrooms	18%	20%	28%
	4+-bedrooms	6%	10%	10%
	Total	100%	100%	100%

Source: Census (2011)

Overview of Methodology

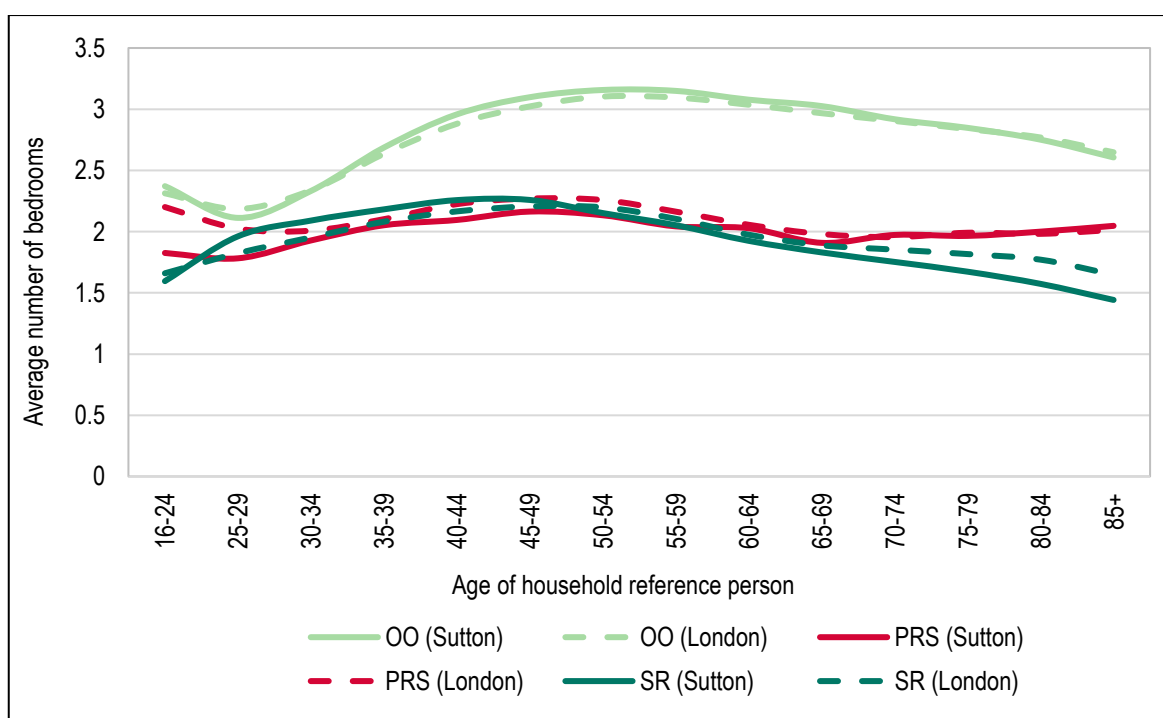
- 10.9 The method to consider future housing mix looks at the ages of the Household Reference Persons (HRPs) and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

- 10.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 10.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 10.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

- 10.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 10.14 The approach used is to interrogate information derived in the projections about the number of HRPs in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 10.15 Table 10.6 shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Sutton and London. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social sector and PRS. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some differences between Sutton and London, although the pattern of average dwelling sizes by age of HRP are similar in both areas.

Table 10.6 Average Bedrooms by Age and Tenure in Sutton and London



Source: Census (2011)

- 10.16 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that

applies regional occupancy assumptions for London. Assumptions are applied to the projected changes in HRP by age discussed below.

10.17 The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the PRS (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

10.18 Table 10.7 presents the projected change in households by age of HRP, this shows growth as being expected in most age groups and in particular some older age groups. The number of households headed by someone aged 25-29 and 40-44 are projected to see a modest decline over the period studied.

Table 10.7 Projected Change in Household by Age of HRP in Sutton – linking to Standard Method (886 dwellings per annum)

	2022	2032	Change in Households	% Change
16-24	2,308	2,468	160	6.9%
25-29	4,587	4,240	-347	-7.6%
30-34	6,989	7,294	305	4.4%
35-39	8,653	8,796	143	1.6%
40-44	9,561	9,318	-243	-2.5%
45-49	8,589	9,286	697	8.1%
50-54	8,229	9,542	1,314	16.0%
55-59	7,938	8,260	322	4.1%
60-64	6,344	7,692	1,349	21.3%
65-69	5,443	7,321	1,877	34.5%
70-74	5,137	5,750	613	11.9%
75-79	4,005	4,707	702	17.5%
80-84	2,891	4,212	1,321	45.7%
85 & over	3,049	3,439	390	12.8%
Total	83,723	92,325	8,602	10.3%

Source: Demographic Projections

Initial Modelled Outputs

- 10.19 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 10.20 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from Local Authority Housing Statistics (LAHS) and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing over a quarter of households as requiring 3+- bedroom homes.

Table 10.8 Size of Social/Affordable Rented Housing – Housing Register Information

	All register	Bands A-C
1-bedroom	809	33%
2-bedrooms	955	39%
3-bedrooms	631	26%
4+-bedrooms	77	3%
TOTAL	2,472	100%

Source: LAHS

- 10.21 Tables 10.9 to 10.11 show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 10.9 Modelled Mix of Housing by Size and Tenure in Sutton (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	23%	48%	24%
Affordable home ownership	32%	43%	19%	6%
Affordable housing (rented)	37%	35%	25%	3%

Source: Housing Market Model

Table 10.10 Modelled Mix of Housing by Size and Tenure in Sutton (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	23%	46%	23%
Affordable home ownership	33%	36%	21%	10%
Affordable housing (rented)	37%	33%	24%	5%

Source: Housing Market Model

Table 10.11 Modelled Mix of Housing by Size and Tenure in Sutton (trend-based)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	23%	47%	24%
Affordable home ownership	33%	40%	20%	8%
Affordable housing (rented)	37%	34%	25%	4%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 10.22 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 10.23 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 10.24 Table 10.12 shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 40,400 households with some degree of under-occupation and just 1,560 overcrowded households.

Table 10.12 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Sutton

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	11,093	8,956	20,049
+1	0	9,577	8,193	2,554	20,324
0	3,617	3,729	3,853	633	11,832
-1	268	515	464	108	1,355
-2	47	60	69	27	203
TOTAL	3,932	13,881	23,672	12,278	53,763

Source: Census (2011)

- 10.25 For completeness Tables 10.13 and 10.14 show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 10.13 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Sutton

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	773	84	857
+1	0	1,519	839	128	2,486
0	3,665	2,017	1,050	110	6,842
-1	310	549	249	17	1,125
-2	24	44	40	4	112
TOTAL	3,999	4,129	2,951	343	11,422

Source: Census (2011)

Table 10.14 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Sutton

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	689	202	891
+1	0	2,453	704	328	3,485
0	3,574	2,789	759	156	7,278
-1	525	470	130	26	1,151
-2	63	77	35	9	184
TOTAL	4,162	5,789	2,317	721	12,989

Source: Census (2011)

- 10.26 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.
- 10.27 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 10.15 Adjusted Modelled Mix of Housing by Size and Tenure – Sutton

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	31%	41%	17%
Affordable home ownership	31%	40%	20%	9%
Affordable housing (rented)	37%	33%	23%	7%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

10.28 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs, the survey data and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family – and noting the higher proportion of family households in the Borough).

Social/Affordable Rented Housing

10.29 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).

10.30 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector (although for Sutton the stock profile looks to be fairly average in a regional and national context).

10.31 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30-35%
- 2-bedroom: 30-35%
- 3-bedroom: 25-30%
- 4+-bedroom: 5-10%

Affordable Home Ownership

10.32 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger

households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 30-35%
- 2-bedroom: 40-45%
- 3-bedroom: 15-20%
- 4+-bedroom: 5-10%

Market Housing

10.33 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy).

10.34 The conclusions still include a notable proportion of larger (3+-bedroom) homes which could provide more flexibility given a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 10-15%
- 2-bedroom: 30-35%
- 3-bedroom: 35-40%
- 4+-bedroom: 15-20%

10.35 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

10.36 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Engagement

- 10.37 We have engaged with borough council officers within the housing team to understand the demand for different sizes and types of affordable housing and how need can be addressed in future.
- 10.38 The Council believe that the mix of recent affordable housing delivery has addressed the need at the time. Where this was not the case the Council have received a commuted sum to redress specific imbalances.
- 10.39 The new build supply of affordable housing has mostly been 1-bedroom and 2-bedrooms with a few 3- and 4-bedroom homes being delivered. Those 3- and 4-bedroom homes that have been delivered are also much smaller than older style properties as they are often open plan (which can be deceptive and reduce living space). This is particularly the case for flats which are not always suitable for families with small children. Consequently a large 4-person 2-bedroom home is better than a 3-bed 3-person home. In some cases even the London Space Standard is still not big enough.
- 10.40 The Council recognise that what gets delivered is often down to viability. There are particular issues with a lack of gardens and parking.
- 10.41 The Council's preference is that the mix reflects the housing register but recognise that future planning is far from an exact science and in some instances the turnover of smaller homes is addressing the large need for this size of home on the register.
- 10.42 Historically, the largest need has been for 1-bedroom homes with around 950 household seeking a home of this size on the list. This includes a substantial number of older persons, while the general housing need is met through high turnover this is not the case for accessible homes.
- 10.43 The Council note a growing need for 2-bedroom homes to the extent that this has now overtaken the need for 1-beds at 970 households. There is less of demand for 3- and 4-bedroom homes but there is far less turnover of these sizes meaning there is a longer wait. The Council say that this is because there are fewer larger homes and once people have a larger home they typically do not move.
- 10.44 The Council report a very small number of households that need a home with 4-bedroom or more, for example, there are eight households waiting for a 5-bedroom unit. However again the waiting is long as there are so few of these in the Borough's affordable housing stock. This might necessitate building a few more.

- 10.45 The Council has been incentivising older households to downsize and any households under-occupy social rental stock are put in highest priority band and given an officer to help support a quicker move. Although take up has been poor as most households are seeking to stay where they are.
- 10.46 The Council's choice-based lettings system sees the greatest number of bids for 2-beds, 3-beds and then 1-bed homes. The low number of larger homes available for affordable rent has particularly impacted those households that require 3-bedrooms but were out of work or had very few working hours. This was because there are very few homes under the local housing allowance. The relevant households would then be required to spend well over 50% of income on accommodation.
- 10.47 The Council have noted an increasing need for affordable family housing for households with a disabled child (autism, ADHD etc.). This is because families with someone with a disability stay in those homes for a long period of time so there is less of a turnover.
- 10.48 The Council's housing regeneration team are also seeking larger homes including a mixture of 3 bedroom (four persons) homes. Ideally, this should comprise of one double bedroom and 2 single bedrooms that families are looking for. The Council also want to see as many homes with gardens as possible rather than flats. But recognise this isn't always possible.
- 10.49 When it comes to estate renewal the Council are required to re-provide for the existing tenant stock based on need. They will offer some compensation if homes are being under-occupied. For example if a couple are occupying a 3-bedroom they may be offered a 2-bed.
- 10.50 The mix of housing on additional affordable housing units delivered as part of regeneration schemes the Council are led by Encompass and the Housing Register. On the private side they use Savills (and other consultants) to examine the market and understand what will sell. They try to push three bedrooms as much as possible (based on policy) but there is not often the market for it.
- 10.51 Based on the schemes the Council have previously delivered they have found it difficult to meet the current housing mix target in the Local Plan.
- 10.52 Finally, the Council also note that there are a number of 3-bedroom ex-Council homes operating as HMOs. They also note many adult children living with parents. Both of which would suggest a need for smaller homes.

Smaller-area Housing Mix

- 10.53 The analysis above has focussed on overall Borough-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. Table 10.16 shows

the profile of housing by tenure for the sub-areas. The analysis shows a few features, including a higher proportion of 4+-bedroom market homes in Sutton South, Cheam & Belmont and a very low proportion in Hackbridge, St Helier and the Wrythe . There are also variations shown in the profile of the social rented and private rented sectors – higher proportion of 1-bedroom homes in Sutton South, Cheam & Belmont being the most notable.

Table 10.16 Number of Bedrooms by Tenure, 2011 – sub-areas

		Bedding- ton and Wallington	Carshal- ton and Clock- house	Hack- bridge, St Helier, the Wrythe	North Cheam, Stonecot & Worcester Park	Sutton Local	Sutton South, Cheam & Belmont	TOTAL
Owner- occupied	1-bedroom	8%	5%	7%	3%	10%	10%	7%
	2-bedrooms	24%	19%	33%	19%	35%	26%	26%
	3-bedrooms	42%	44%	51%	57%	40%	28%	44%
	4+-bedrooms	26%	33%	8%	20%	15%	36%	23%
	Total	100%	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	34%	26%	27%	31%	48%	57%	35%
	2-bedrooms	37%	43%	39%	31%	31%	33%	36%
	3-bedrooms	25%	28%	32%	34%	20%	9%	26%
	4+-bedrooms	4%	3%	3%	4%	1%	1%	3%
	Total	100%	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	32%	27%	30%	16%	37%	38%	32%
	2-bedrooms	44%	46%	43%	40%	45%	48%	45%
	3-bedrooms	19%	19%	23%	34%	13%	9%	18%
	4+-bedrooms	6%	7%	4%	9%	4%	5%	6%
	Total	100%	100%	100%	100%	100%	100%	100%

Source: 2011 Census

10.54 A modelling exercise has then been carried out using the same methodology as for Borough-wide data (but with some additional assumptions due to data availability) with the Tables 10.17 showing the estimated mix of housing by tenure in each location.

Market Housing

10.55 Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a slightly higher need for larger homes in locations where the stock profile currently has a larger housing offer although differences between areas are slight. It is not considered that any differences are sufficiently clear-cut to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (Borough-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

Table 10.17 Modelled size requirement by sub-area – market housing

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Beddington and Wallington	11%	30%	41%	19%
Carshalton and Clockhouse	8%	27%	43%	22%
Hackbridge, St Helier, the Wrythe	10%	35%	43%	12%
North Cheam, Stonecot & Worcester Park	7%	27%	48%	17%
Sutton Local	12%	36%	38%	14%
Sutton South, Cheam & Belmont	13%	32%	34%	22%
Borough-wide	10%	31%	41%	17%

Source: *Housing Market Model*

Affordable Home Ownership

- 10.56 Table 10.18 shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the Borough-wide analysis.

Table 10.18 Modelled size requirement by sub-area – affordable home ownership

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Beddington and Wallington	31%	39%	21%	9%
Carshalton and Clockhouse	29%	40%	21%	10%
Hackbridge, St Helier, the Wrythe	30%	37%	24%	9%
North Cheam, Stonecot & Worcester Park	24%	36%	30%	11%
Sutton Local	33%	41%	18%	8%
Sutton South, Cheam & Belmont	34%	42%	16%	8%
Borough-wide	31%	40%	20%	9%

Source: *Housing Market Model*

Social/Affordable Rented

- 10.57 In the social/affordable rented sector, the differences between areas are again fairly slight, and does not point to any different or specific mix as being needed in different locations. It should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific applications.

Table 10.19 Modelled size requirement by sub-area – social/affordable rented

	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Beddington and Wallington	37%	33%	23%	8%
Carshalton and Clockhouse	32%	36%	24%	7%
Hackbridge, St Helier, the Wrythe	31%	36%	26%	7%
North Cheam, Stonecot & Worcester Park	35%	30%	27%	8%
Sutton Local	42%	32%	21%	6%
Sutton South, Cheam & Belmont	49%	31%	15%	6%
Borough-wide	37%	33%	23%	7%

Source: *Housing Market Model*

Sub-area conclusions

10.58 Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:

- a) Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
- b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
- c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;
- d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the most urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas more suburban sites may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;

10.59 Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

- 10.60 A final issue is a discussion of the need/demand for different built-forms of homes - in particular the need for flats vs. houses.
- 10.61 Typically in an assessment of this nature, the potential need for bungalows would be discussed. However, in Sutton, given constraints on the available land for housing, it seems unlikely that new bungalows would be expected to be provided. Indeed, Valuation Office Agency data suggests as of 2021 that only 2% of homes in the Borough are bungalows.
- 10.62 Regarding flats and houses, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 10.63 In Sutton, Table 10.20 shows virtually all 1-bedroom homes to be flats (94%) and just 7% of 3-bedroom homes. For 2-bedroom homes, some 58% are flats and this does point to the majority of 2-bedroom homes in the future also being flats. Whilst the proportion of 3+-bedroom homes that are flats is currently quite low, it may be the case (given development land constraints) that a higher proportion could be expected in the future, particularly if the Borough is to continue to be able to provide a housing offer to family households (households with children).

Table 10.20 Proportion of homes that are a flat, maisonette or apartment (by tenure) and number of bedrooms

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	91%	50%	4%	1%
Social rented	94%	54%	20%	23%
Private rented	95%	78%	24%	16%
All	94%	58%	7%	2%

Source: 2011 Census

- 10.64 However, any decisions will still have to take account of site characteristics, which in some cases might point towards a particular type of development as being most appropriate. The analysis would also suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing.

Housing Mix – Key Points

- *The proportion of households with dependent children in Sutton is fairly high with around 32% of all households containing dependent children in 2011 (compared with 29% nationally). Households in Hackbridge, St Helier and the Wrythe are more likely to contain dependent children although most areas show a proportion above the national average. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.*
- *There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Sutton are very high in the market sector).*

Suggested Mix of Housing by Size and Tenure – Sutton

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
<i>Market</i>	10-15%	30-35%	35-40%	15-20%
<i>Affordable home ownership</i>	30-35%	40-45%	15-20%	5-10%
<i>Affordable housing (rented)</i>	30-35%	30-35%	25-30%	5-10%

Source: Derived from a range of sources

- *The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.*
- *The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in applying the mix to individual development sites, regard should*

be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

- *Analysis also suggests that the majority of units should be flats rather than houses, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to a particular types of development).*
- *Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.*

11. OLDER PERSONS AND THOSE WITH A DISABILITY

Introduction

- 11.1 This section studies the characteristics and housing needs of the older person population (aged 65 and over) and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to PPG on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

- 11.2 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Sutton are presented.

Current Population of Older People

- 11.3 Table 11.1 provides baseline population data about older persons in Sutton and compares this with other areas. The population data has been taken from the 2021 Census. The table shows that Sutton has an older age structure in a London context with 15% of the population being aged 65 but a younger age structure when compared with equivalent data for England.

Table 11.1 Older Persons Population, 2021

	Sutton	London	England
Under 65	84.8%	88.1%	81.6%
65-74	8.1%	6.5%	9.8%
75-84	4.9%	3.8%	6.1%
85+	2.2%	1.6%	2.4%
Total	100.0%	100.0%	100.0%
Total 65+	15.2%	11.9%	18.4%
Total 75+	7.1%	5.3%	8.6%

Source: 2021 Census

- 11.4 Table 11.2 shows the same information for sub-areas, this shows some variation in the proportion of people aged 65 and over, ranging from 11% in Hackbridge, St Helier, the Wrythe, up to 19% of the population in Sutton South, Cheam & Belmont. For the sub-areas data is for 2020 and from ONS mid-year population estimates; at the time of writing population data below local authority level was not available from the Census.

Table 11.2 Older Persons Population, 2020 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Beddington and Wallington	83.8%	8.7%	5.3%	2.2%	100.0%	16.2%	7.5%
Carshalton and Clockhouse	83.2%	9.1%	5.3%	2.3%	100.0%	16.8%	7.6%
Hackbridge, St Helier, the Wrythe	89.0%	6.1%	3.6%	1.4%	100.0%	11.0%	5.0%
North Cheam, Stonecot & Worcester Park	83.7%	8.7%	5.3%	2.3%	100.0%	16.3%	7.6%
Sutton Local	86.0%	7.3%	4.5%	2.2%	100.0%	14.0%	6.7%
Sutton South, Cheam & Belmont	81.1%	9.4%	6.3%	3.2%	100.0%	18.9%	9.5%
TOTAL	84.6%	8.1%	5.0%	2.2%	100.0%	15.4%	7.2%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 11.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with Table 11.3 showing that Sutton is projected to see a notable increase in the older person population. Based on the standard method of 886 dwellings per annum the associated increase in the population aged 65 and over is around 22%. In contrast, the population aged Under 65 is projected to increase by a modest 2.5%.
- 11.6 In total population terms, the projections show an increase in the population aged 65 and over of 7,096 people. This is against a backdrop of an overall increase of 11,545, therefore the population growth of people aged 65 and over accounts for 61% of the total projected population change.

Table 11.3 Projected Change in Population of Older Persons, 2022 to 2032 – Sutton (linked to Standard Method)

	2022	2032	Change in population	% change
Under 65	179,634	184,083	4,449	2.5%
65-74	17,362	20,773	3,410	19.6%
75-84	10,632	13,707	3,075	28.9%
85+	4,610	5,220	610	13.2%
Total	212,237	223,782	11,545	5.4%
Total 65+	32,604	39,699	7,096	21.8%
Total 75+	15,241	18,927	3,685	24.2%

Source: Demographic Projections

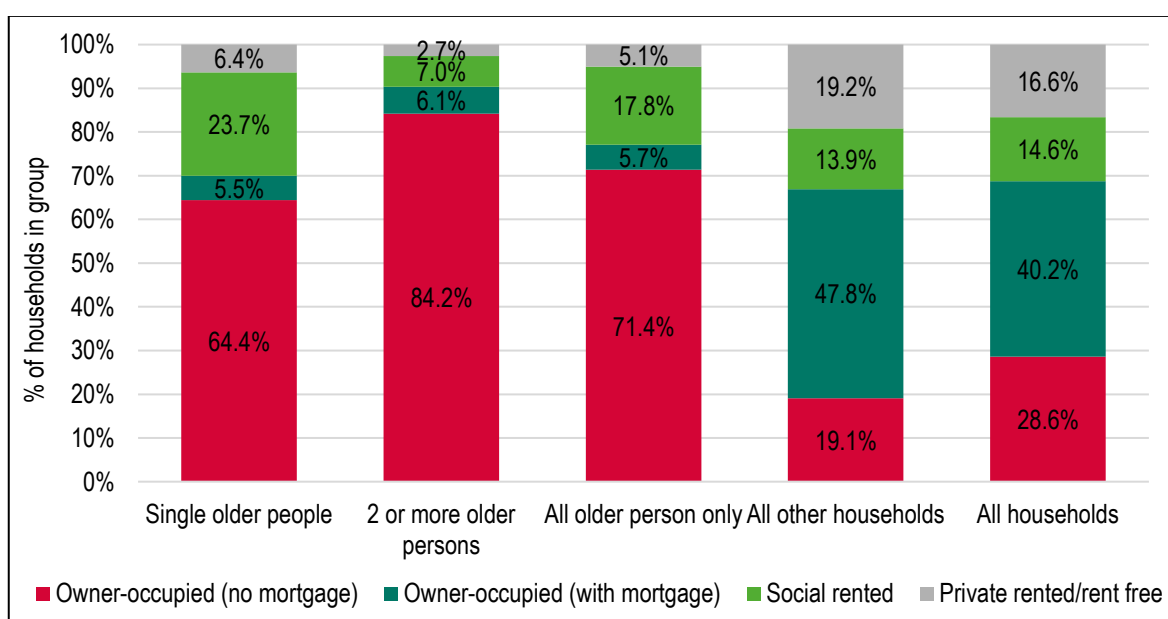
Characteristics of Older Person Households

- 11.7 Table 11.4 shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (77% of older person households), and indeed most are owner occupiers with no mortgage and thus may have

significant equity which can be put towards the purchase of a new home. Some 18% of older persons households across the Borough live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 5%).

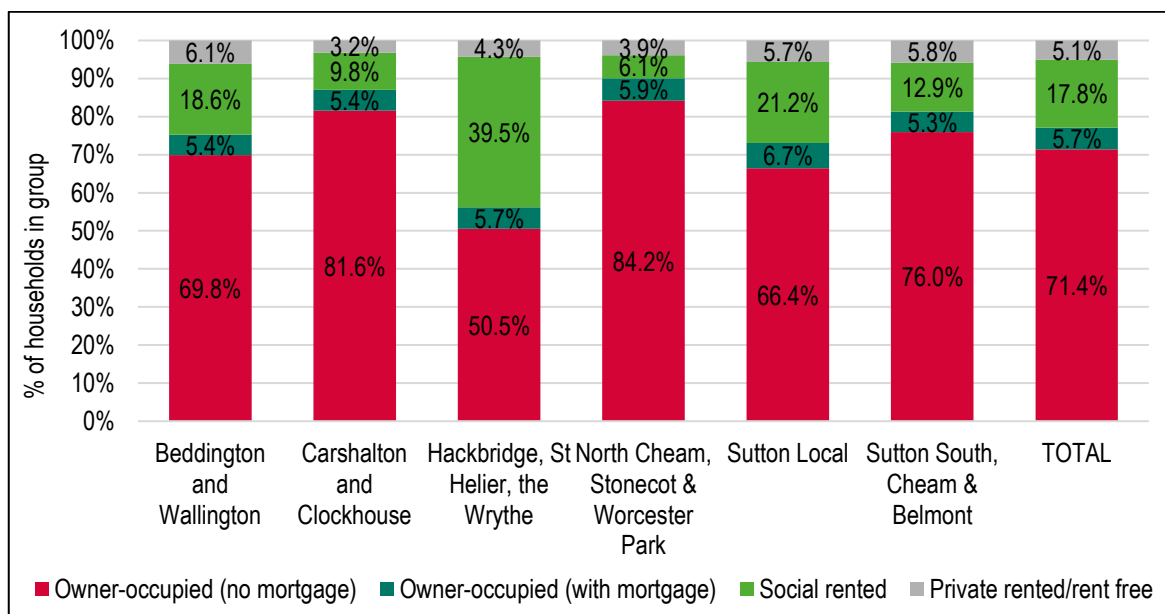
- 11.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Table 11.4 Tenure of Older Persons Households in Sutton, 2011



Source: 2011 Census

- 11.9 Table 11.5 shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the Borough; a key observation is the lower level of owner-occupation amongst older people in Hackbridge, St Helier and the Wrythe – 56% of older person households in this area are owner-occupiers.

Table 11.5 Tenure of Older Persons Households in Sutton, 2011 – sub-areas

Source: 2011 Census

Prevalence of Disabilities

- 11.10 Table 11.6 shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 27% of households in Sutton contain someone with a LTHPD. This figure is virtually identical to that seen across London, and some way below the national average. The figures for the population with a LTHPD also shows a proportion similar to London but below the national average – some 14% of the population having a LTHPD. These findings are interesting given the older population structure in the Borough when compared with London as a whole, and the fact that older people are typically more likely to have some form of health problem or disability.

Table 11.6 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Sutton	21,425	27.4%	27,189	14.3%
London	910,432	27.9%	1,157,165	14.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

- 11.11 The analysis also shows some differences between different parts of the Borough, with Hackbridge, St Helier, the Wrythe in particular seeing a higher proportion of the population with a LTHPD.

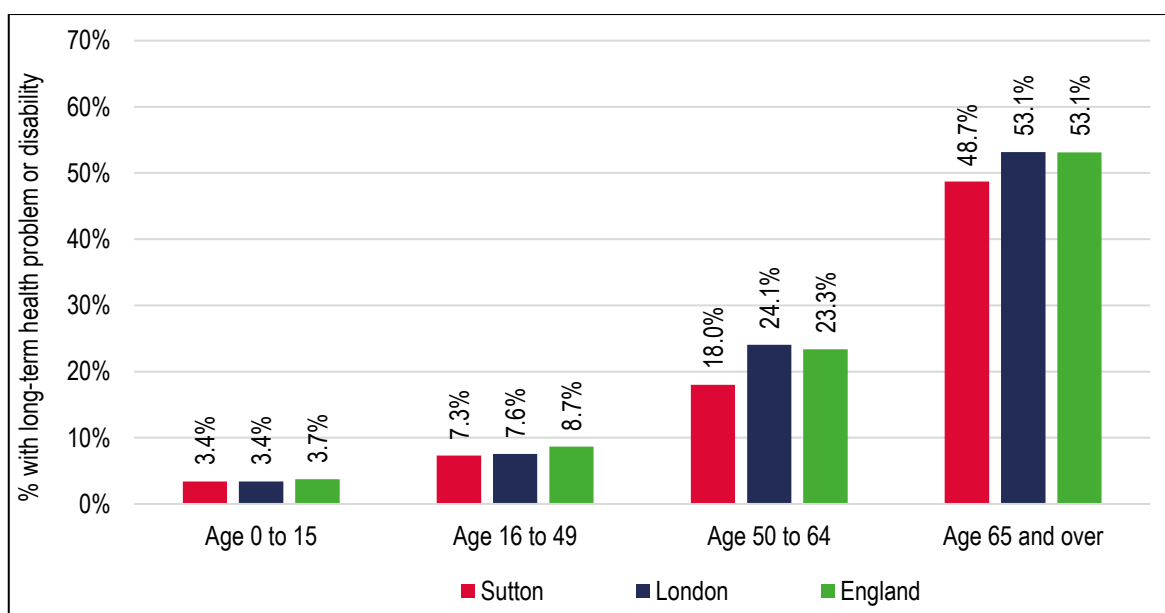
Table 11.7 Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – Sutton

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Beddington and Wallington	5,008	29.2%	6,309	15.1%
Carshalton and Clockhouse	2,016	25.9%	2,597	13.1%
Hackbridge, St Helier, the Wrythe	4,097	30.3%	5,069	15.0%
North Cheam, Stonecot & Worcester Park	3,426	27.2%	4,289	13.0%
Sutton Local	3,662	26.1%	4,619	14.5%
Sutton South, Cheam & Belmont	3,216	24.5%	4,306	14.4%
TOTAL	21,425	27.4%	27,189	14.3%

Source: 2011 Census

11.12 As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Table 11.8 shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows lower levels of LTHPD in each age band within Sutton when compared with the regional and national position.

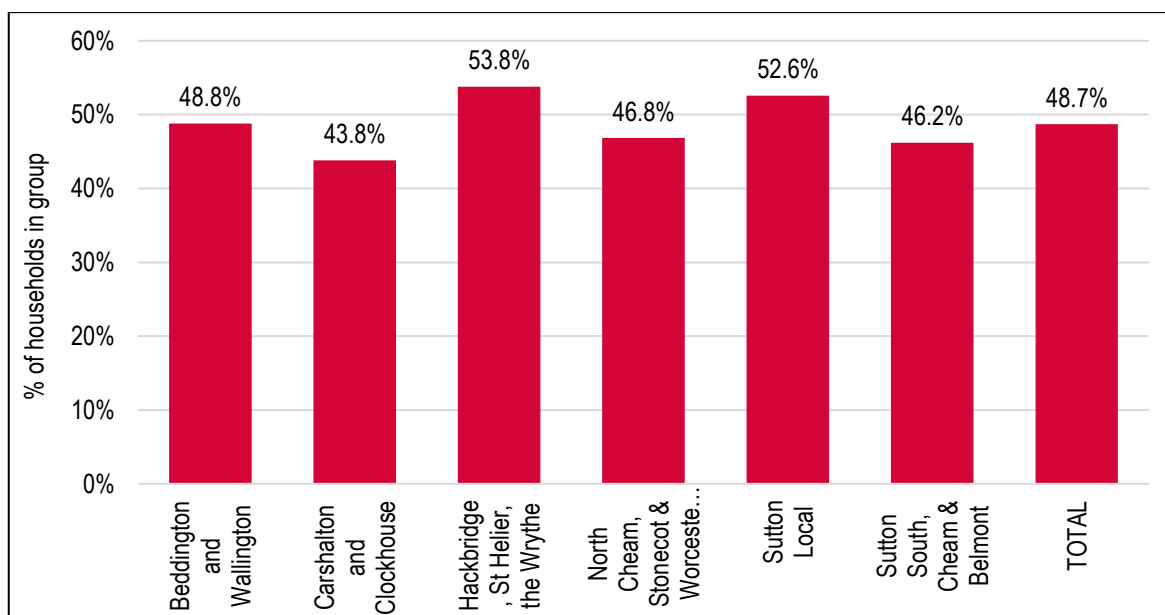
Table 11.8 Population with Long-Term Health Problem or Disability by Age



Source: 2011 Census

11.13 Table 11.9 shows the proportion of the population aged 65 and over with a LTHPD by sub-area – this shows higher levels of disability in Hackbridge, St Helier and the Wrythe (the only area above the national average), with a much lower figure in Carshalton and Clockhouse.

Table 11.9 Proportion of population aged 65 and over with a Long-Term Health Problem or Disability – Sutton – sub-areas



Source: 2011 Census

- 11.14 The Council have noted an ever increasing need for affordable housing for households with Children that have a disability (autism, ADHD etc.). This is because families with someone with a disability stay in those homes for a long period of time so less of a turnover.

Health Related Population Projections

- 11.15 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 11.16 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 11.17 Of particular note are the large increases in the number of older people with dementia (increasing by 19% from 2022 to 2032 and mobility problems (up 20% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 10% of total projected population growth.

- 11.18 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 11.10 Projected Changes to Population with a Range of Disabilities – Sutton (linked Standard Method)

Disability	Age Range	2022	2032	Change	% Change
Dementia	65+	2,107	2,509	402	19.1%
Mobility problems	65+	5,551	6,663	1,112	20.0%
Autistic Spectrum Disorders	18-64	1,034	1,081	47	4.6%
	65+	271	336	65	24.1%
Learning Disabilities	15-64	2,754	2,875	121	4.4%
	65+	622	753	131	21.1%
Challenging behaviour	15-64	51	53	2	4.5%
Impaired mobility	16-64	5,835	6,232	397	6.8%

Source: POPPI/PANSI and Demographic Projections

- 11.19 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 11.20 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older Persons

- 11.21 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: *Planning Practice Guidance [63-010]*

- 11.22 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 11.23 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 11.24 Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool'*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

- 11.25 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 11.26 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).
- 11.27 For clarity, Table 11.11 shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 11.11 Range of suggested baseline prevalence rates (supply per 1,000 aged over 75) from a number of tools and publications

Type/Rate	SHOP@ (2008) ¹⁹	Housing in Later Life (2012) ²⁰	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

- 11.28 In interpreting the different potential prevalence rates it is clear that:
- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to

¹⁹ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

²⁰ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

residential care provision would influence the relative balance of need between these two housing types;

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer

11.29 IcenI and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

11.30 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

11.31 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Sutton, the data shows slightly better health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 8%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Sutton (48.7%) with the equivalent figure for England (53.1%).

11.32 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Sutton is the 227th most deprived local authority in England (out of 317) – i.e. a lower than average

level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).

- 11.33 Table 11.12 shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 11.34 Overall, the analysis suggests that there will be a notable need for housing with support (in the market sector) and housing with care (again mainly for market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces (although the analysis suggests a surplus of nursing care bedspaces currently).

Table 11.12 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Sutton (trend-based)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	60	807	918	111	222	333
	Affordable	54	1,279	828	-451	200	-250
Total (housing with support)		115	2,086	1,746	-340	422	82
Housing with care	Market	28	137	429	292	104	395
	Affordable	13	156	200	44	48	92
Total (housing with care)		41	293	629	336	152	488
Residential care bedspaces		37	242	559	317	135	452
Nursing care bedspaces		41	708	629	-79	152	73
Total bedspaces		78	950	1,187	237	287	525

Source: Derived from Demographic Projections and Housing LINEAC

- 11.35 It can be seen in Table 11.12 that by 2032 there is an estimated need for 82 additional homes with support and 488 homes with care (a total of 570 additional homes with support or care) across the Borough. In addition, there is a need for 525 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 291 dwellings.
- 11.36 In total, the older persons analysis therefore points towards a need for around 861 units over the 2022-32 period (86 per annum) – this figure is slightly lower than the indicative figure suggested in the London Plan (100 homes per annum). A figure of 86 per annum represents about 10% of the Standard Method housing need (886 dwellings per annum).

- 11.37 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 11.38 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Engagement

- 11.39 We have sought engagement with Council Officers to understand the demand for Council run accommodation and their view on the wider needs for older and disabled people in the borough. The above position does not take this information into account and is therefore a "policy-off" position.
- 11.40 The Council has noted that there is a very high number (26) of residential and nursing care homes in the borough. The council believe that they have an over-supply to meet their own needs but that they import a lot of their older people from neighbouring Croydon, Merton, Kingston and Surrey.
- 11.41 Typically the catalyst for a move to Sutton is the cost, availability and choice of premises. In around 50% of cases the residents are self-funders
- 11.42 The Council has around 160 units of affordable extra care and within that there is only around eight vacancies. These are typically marketed through the housing nominations process but the residents are often looking for specified exempt accommodation i.e. they do not need to be on the affordable housing waiting list but require a level of care and support.
- 11.43 The Council are actively seeking to move people out of affordable residential care if extra care is better for them. As a result the identified demand for residential care could be reduced in favour of extra -care. As noted this has not been modelled.
- 11.44 The Council expects that the demand for market accommodation will remain high as many self-funders go straight to residential care. Although they also note the lack of market extra-care is potentially increasing demand for residential. The Council understand this is putting a squeeze on availability of residential care for those that do need it.

- 11.45 The same issue exists for working age adults. The Council have 49 residential care homes for adults with a mental disability. But for many residents they are only in there because there is a lack of specialist accommodation. The needs of this group tend to be more than supported accommodation could provide but probably do not require residential care. The Council confirmed a need for a mid-point solution such as extra-care
- 11.46 The Council also note an increase in people with low level needs, living with aging parents that can no longer look after them and they are having to seek specialist accommodation for them. They typically tend to go into supported living route but shared homes aren't always suitable. Again, the Council have identified that people from outside the borough are moving to the area to have their needs met..
- 11.47 For working age adults the solution, and longer term goal, is a transitional services. Where a young person enters into a form of pseudo-residential accommodation with a provider that works with them for two years to get them ready to move on. They would then have a brokerage service that understands what their need and where they should go.
- 11.48 Those that can afford it have tried for a managed living environment which is an annex next to general housing, potentially occupied by families or with care/support from a procured non-regulated service. If this is provided then it would reduce the identified need for residential care and increase other typologies. However, the degree to which this occurs will be dependent on the Council's strategy.
- 11.49 Separately, the Council's Regeneration team have said that the percentage of properties suitable for those with a disability is too low. They have identified a need for fully accessible homes of the right size and for older persons housing.
- 11.50 Many of the leaseholders in the regeneration sites are elderly and delivering additional specialist supply would support downsizing. It is likely that older leaseholders only need 1-bedroom homes but would want people to visit them therefore any development of older persons accommodation should be a mix of sizes.
- 11.51 Typically, older people require better quality units. While there is an over-supply of rented accommodation, much of it is not taken up because it is not fit for purpose (e.g. no lifts, not wheelchair accessible, bedsits).
- 11.52 Therefore, as well as additional supply there is a need to replace the existing stock which is no longer fit for purpose. The Council believe this can be done through regeneration including providing private accommodation, but so far there has not been much of a supply of private sheltered schemes.

- 11.53 The regeneration also team note that the redevelopment of the Beech Tree Place estate will provide 15 modern flats for older people. The Ben Hill development doesn't specifically have older persons accommodation, but there are lots of older people in 3 bed maisonettes which are general housing. This group might find a modern older persons accommodation more attractive than being moved to another general house.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

- 11.54 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The PPG defines extra care housing or housing with care as follows:

"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses".

- 11.55 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.
- 11.56 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

- 11.57 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses))."* C3 (dwelling houses) are defined as *"use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)."*
- 11.58 Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."

11.59 Personal care has been defined in Regulations²¹ as “the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”

11.60 Government has released PPG of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”

11.61 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

11.62 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.
- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

11.63 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are

²¹ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

dealing with residential accommodation. But, nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

11.64 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

11.65 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

11.66 The implication for Sutton is that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
- If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

11.67 Within the Local Plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

11.68 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such

that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

11.69 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

11.70 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

11.71 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

11.72 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

- 11.73 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitible' for wheelchair users and data about wheelchair users by tenure.
- 11.74 The analysis below sets out estimates of the number of wheelchair users in the Borough; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. Table 11.13 shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 11.13 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

- 11.75 The analysis also considers the relative health of the population of Sutton. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. Table 11.14 shows this information by age in Sutton and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows lower levels of disability for all age groups in Sutton, pointing to a slightly lower than average proportion of wheelchair user households.

Table 11.14 Proportion of people with day to day activities limited a lot (by age) – 2011 – Sutton

	% of age group with day to day activities limited a lot		Sutton as % of England	Prevalence rate (per 1,000 population)
	Sutton	England		
Under 60 years	3.1%	4.2%	73.7%	3
60-74 years	10.3%	13.9%	74.2%	20
75-84 years	24.4%	29.1%	84.0%	57
85 years or over	49.5%	52.3%	94.5%	138

Source: 2011 Census

- 11.76 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 2,261 wheelchair user households in 2022, and that this will rise to 2,626 by 2032 (an increase of 365).

Table 11.15 Estimated number of wheelchair user households (2022-32) – Sutton – linked to Standard Method

	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2032	Wheelchair user households (2022)	Wheelchair user households (2032)
Under 60 years	3	168,396	170,683	563	570
60 - 74 years	20	27,960	33,531	554	665
75 - 84 years	57	10,358	13,330	588	756
85 years or over	138	4,023	4,593	556	635
TOTAL		210,736	222,137	2,261	2,626

Source: Derived from a range of sources

- 11.77 The estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 920 additional wheelchair user homes in the 2022-32 period – this equates to 10% of all housing need (as set out in Table 11.16). The projected part of the need equates to 4% of the Standard Method.

Table 11.16 Estimated need for wheelchair user homes, 2022-32

	Current need	Projected need (2022-32)	Total current and future need	Housing need (2022-32)	% of Housing Need
Sutton	555	366	921	8,860	10.4%

Source: Derived from a range of sources

- 11.78 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in Table 11.17. This shows a need for around 8% of market homes to be M4(3) along with 21% of affordable.

Table 11.17 Estimated need for wheelchair user homes by tenure, 2022-32

	Market	Affordable
Sutton	8%	21%

Source: Derived from demographic projections and EHS prevalence rates

- 11.79 To meet the identified need, the Council could seek a proportion (maybe up to a tenth) of all new market homes to be M4(3) compliant and potentially a fifth in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 11.80 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see Table 11.18).
- 11.81 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds²².
- 11.82 The key outcome is: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government*

²² <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'. This change is due to shortly be implemented through a change to building regulations.

11.83 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.

11.84 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target Table 11.18 shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costing are now 8-year old.

Table 11.18 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

11.85 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

11.86 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Older People and Those with a Disability – Key Points

- *A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).*
- *The data shows that Sutton has a younger age structure and lower overall levels of disability compared with the national average – age specific rates of disability are notably lower than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:*
 - *A 21% increase in the population aged 65+ (potentially accounting for 61% of total population growth);*
 - *A 19% increase in the number of people aged 65+ with dementia and a 20% increase in those aged 65+ with mobility problems;*
 - *A need for around 330 housing units with support (sheltered/retirement housing) in the market sector but a surplus of affordable housing;*
 - *A need for around 390 additional housing units with care (e.g. extra-care) – the majority (over 80%) in the market sector;*
 - *A need for additional residential and nursing care bedspaces (around 520 over the period); and*
 - *a need for over 900 dwellings to be for wheelchair users (meeting technical standard M4(3)).*
- *This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point)*

requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.*
- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.*
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.*
- In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.*

12. OTHER SPECIFIC GROUPS

Custom and Self Build

- 12.1 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 12.2 The Sutton Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2016 and there have now been six and a half full base periods²³ up to 30th October 2022. Sutton does not currently have any eligibility criteria for entry to the self and custom build housing register and therefore it is only in one part.
- 12.3 The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended). If assessed over the six and half base periods, there has been a total of 90 registered expressions of interest in a serviced plot of land across Sutton. This is an average of 14 plots per annum. Table 12.1 provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in Sutton.

Table 12.1 Serviced Plot Demand in Sutton

Base Period	Individuals
Base Period 1 (1st April 2016 to 30 th October 2016)	0
Base Period 2 (31 st October 2016 to 30 th October 2017)	14
Base Period 3 (31 st October 2017 to 30 th October 2018)	8
Base Period 4 (31 st October 2018 to 30 th October 2019)	20
Base Period 5 (31 st October 2019 to 30 th October 2020)	16
Base Period 6 (31 st October 2020 to 30 th October 2021)	20
Base Period 6 (31 st October 2021 to 30 th October 2022)	12
Total	90
Average Per Base Period (5 and ½ base periods)	14

Source: Sutton Self and Custom Build Register

²³ A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

- 12.4 IcenI have analysed the entries on the self and custom build register in order to find the area in which there is most interest for self and custom build housing. Most respondents said they had no preference however there was stated interest in Sutton, Wallington, Carshalton and Cheam.
- 12.5 The most common demand was for larger homes with 4-bed being the most popular. Approximately 69% of respondents sought at least a 3-bed and around 56% sought to build a detached house with a further 17% seeking a semi or detached home.
- 12.6 It is worth highlighting that a survey²⁴ undertaken by YouGov on behalf of the National Custom and Self-Build Association (“NaCSBA”) in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority’s self-build register may underestimate demand.

Broader Demand Evidence

- 12.7 In order to supplement the data from the Council’s own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from the NaCSBA.
- 12.8 First, it is worth highlighting that the October 2020 survey found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property
- 12.9 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Sutton in relative terms. The association has published analysis with supporting maps and commentary titled “Mapping the Right to Build” in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.
- 12.10 One of the key maps within the report highlights the areas of strongest and weakest demand. For Sutton the map shows a need for 20 units per 100,000 head of population which was one of the weaker areas.

²⁴ A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

Policy Response

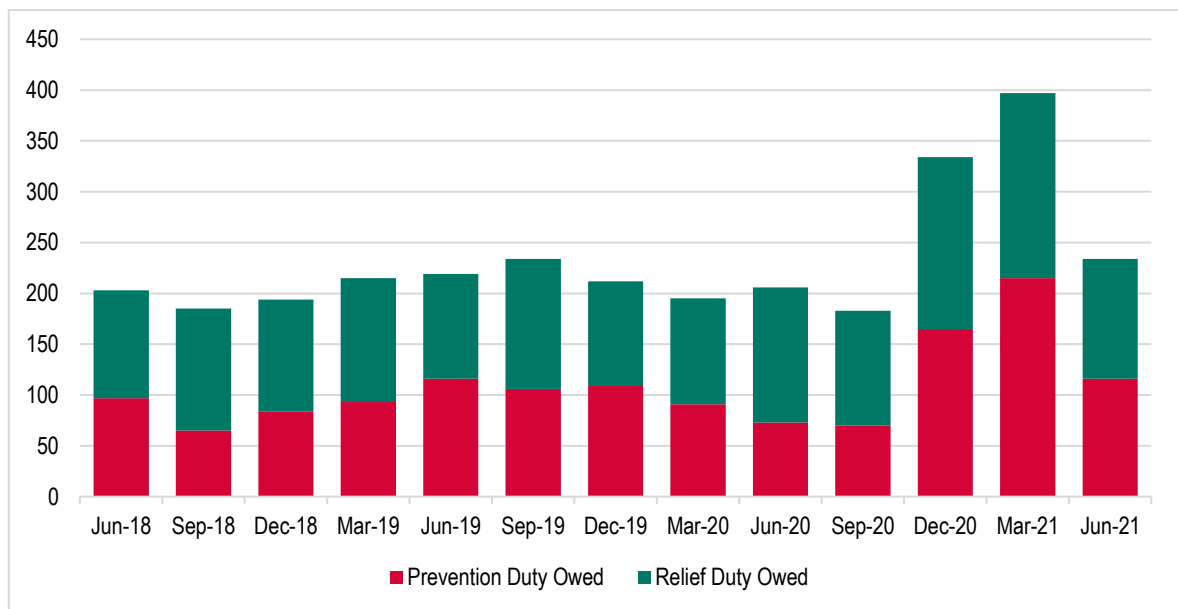
- 12.11 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG²⁵ is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.
- 12.12 There are a number of measures which can be used to do this, including but not limited to:
- Supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;
 - Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing;
 - When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested; and
 - Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.
- 12.13 Icení would note that an increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that Paragraph 11(d) of the NPPF is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application
- 12.14 As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies. Icení would recommend the inclusion of a specific self and custom build housing policy within the revised Local Plan in order to satisfy the modest demand for plots within the Borough.

²⁵ Paragraph: 025 Reference ID: 57-025-20210508

Homelessness

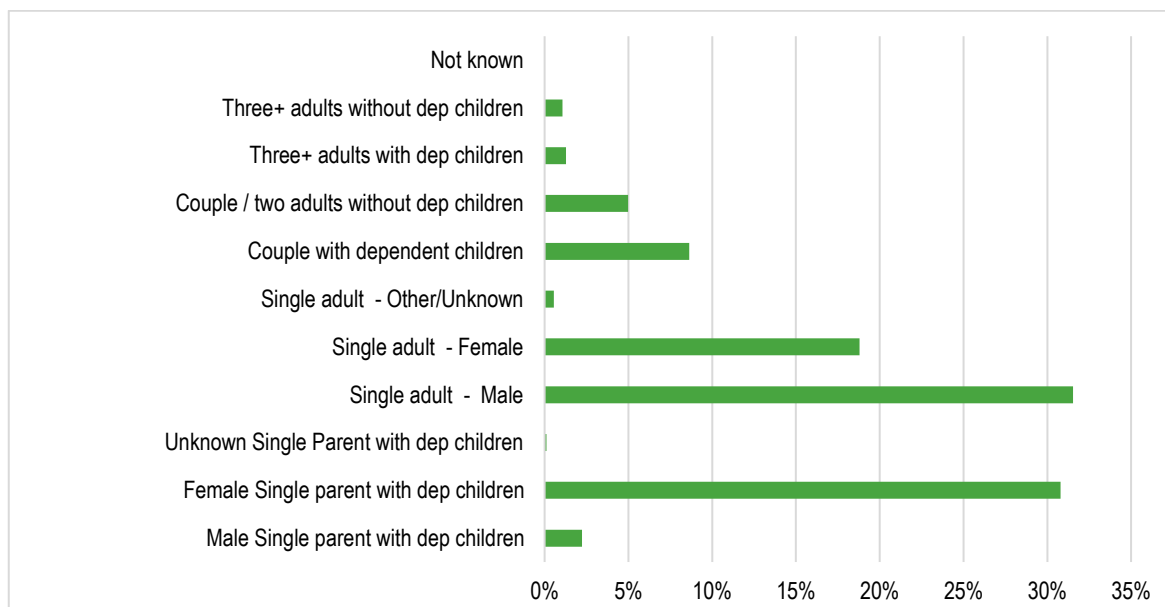
- 12.15 We have only examined short term trends in homelessness to tie in with the changes brought about by the Homelessness Reduction Act. The data we have used comes from quarterly data produced by MHCLG since June 2018.
- 12.16 As the Table 12.2 illustrates, the number of households that required a homeless prevention or relief duty varies from quarter to quarter. The average number of households owed a duty is 232 per quarter of which 46% required a prevention duty and 54% a relief duty. The figure also illustrates the pandemic spike in 2020

Table 12.2 Relief and Prevention Cases by Quarter



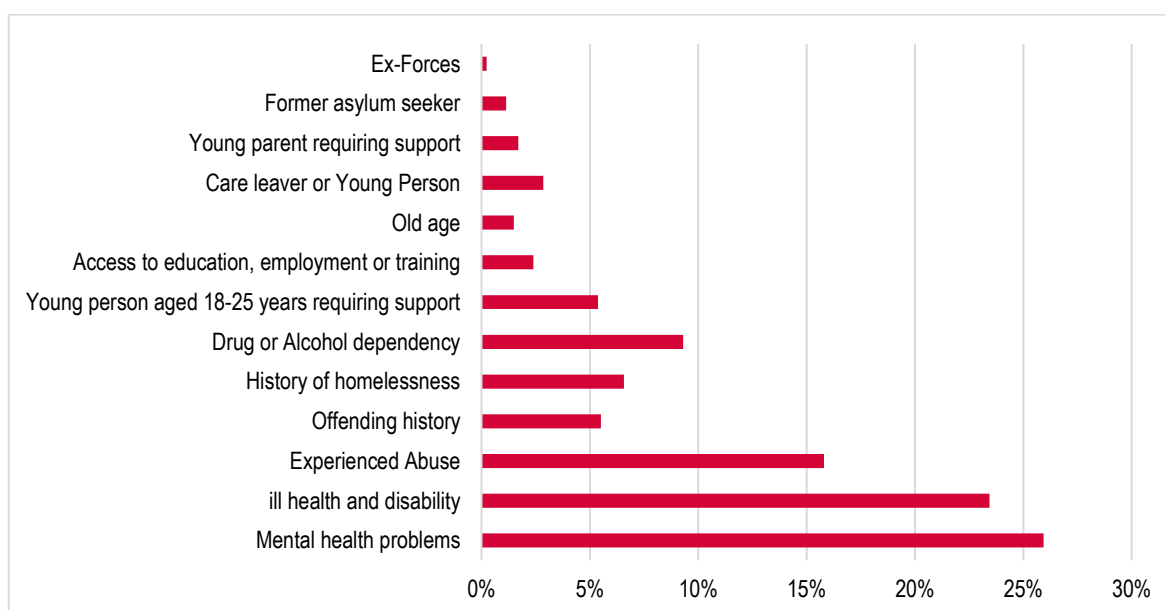
Source: MHCLG, 2021

- 12.17 There are three significant household types which are owed a prevention or relief duty. These are, Single Males (32%), Female Single Parents (31%) and Single Females (19%). Around 43% of households has dependent children.

Table 12.3 Household Type of those owed a Prevention or Relief Duty (Since June 2018)

Source: MHCLG, 2021

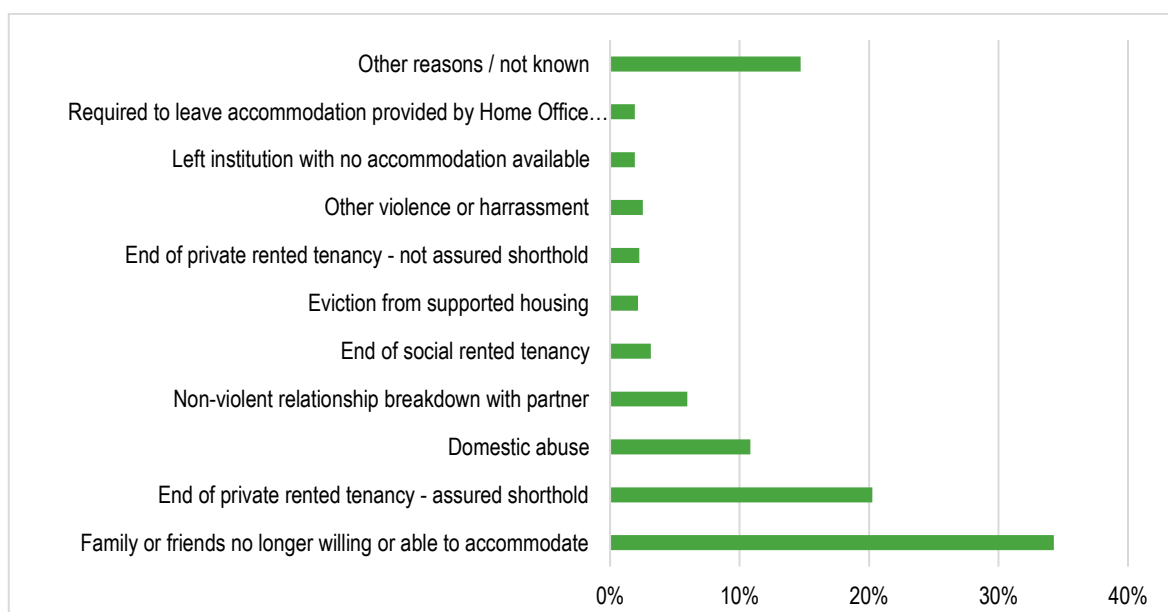
- 12.18 The reasons for support needs of households owed a prevention or relief duty are myriad and often multiple. The most common support need is those with a mental health issue of which around a quarter of those owed a duty suffer. Just over 20% had a physical disability or suffered from ill health while 16% had experienced abuse.

Table 12.4 Support needs of households owed a prevention or relief duty (Since June 2018)

Source: MHCLG, 2021

- 12.19 Around 34% of households owed a duty said that the reason for loss of last settled home was because their friends and family no longer willing or able to accommodate them. A further 6% was because of a breakdown in relationship (non-violent) while 11% was due to domestic abuse.

Table 12.5 Reason for loss of last settled home for households owed a duty (Since June 2018)



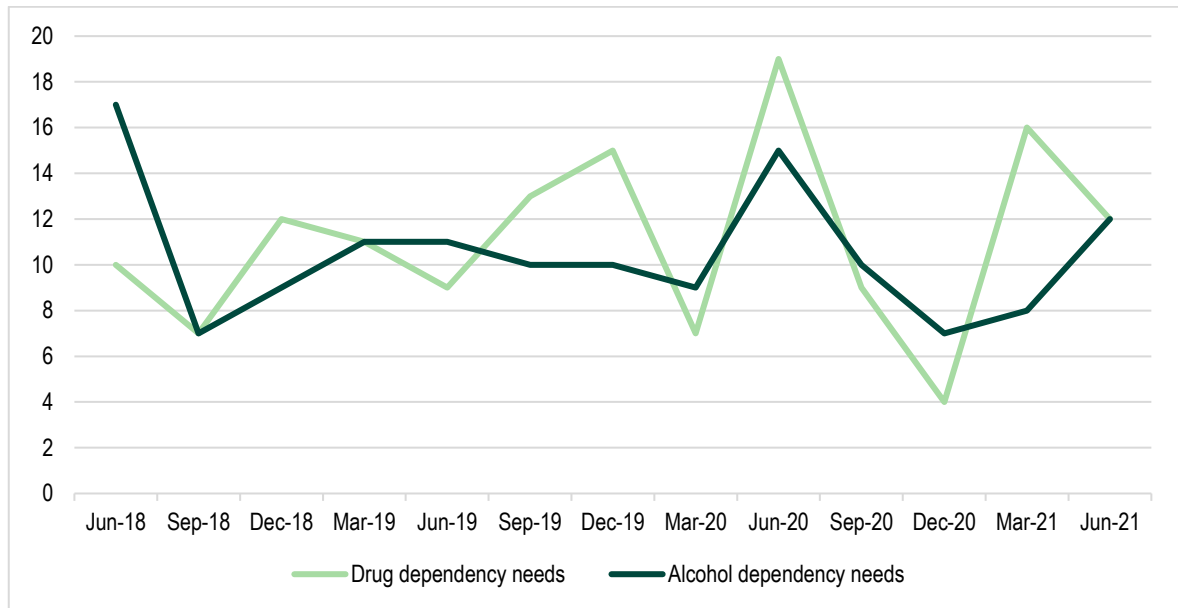
Source: MHCLG, 2021

- 12.20 Around 20% of those owed a duty was due to the end of their private tenancy (assured and non-assured shorthold) and 3% was due to the end of social rental tenancy.

People recovering from drug or alcohol dependence

- 12.21 Of those owed a duty, 4.8% had drug dependence issues and 4.5% alcohol dependence. In total 280 households since 2019 have been owed a duty and required a drug or alcohol support need. As Table 12.6 illustrates the numbers have fluctuated although over the last year there has been a downward trend in those with an alcohol dependence but an upward trend for those with a drug dependence.

Table 12.6 Households owed a duty with drug or alcohol dependence (Since June 2018)

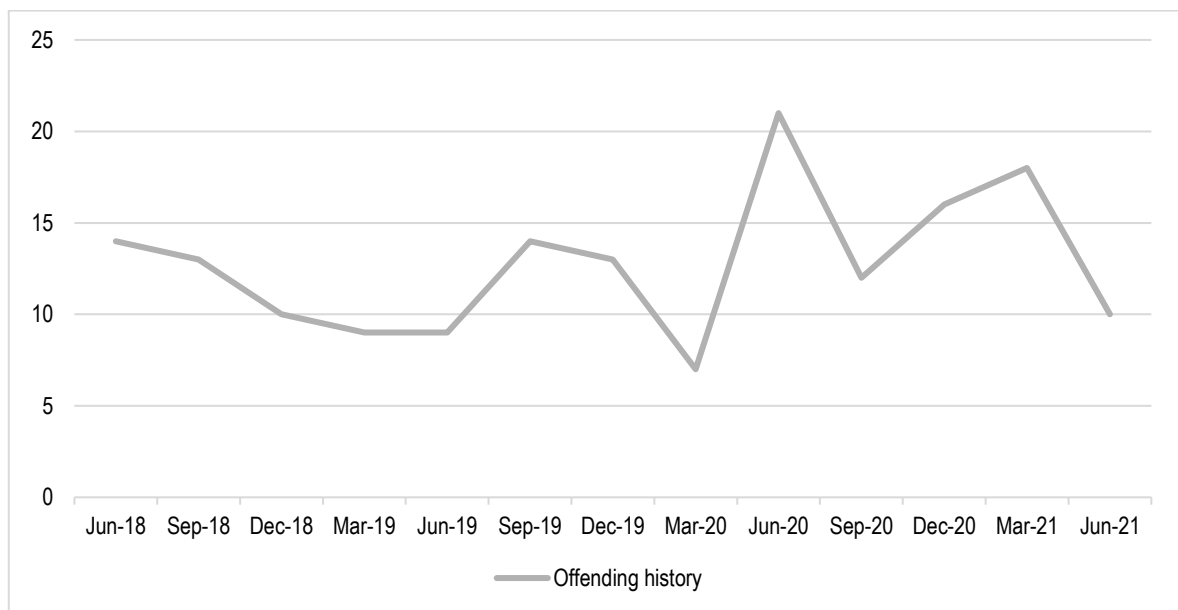


Source: MHCLG, 2021

People with experience of the criminal justice system

12.22 Of those owed a duty 5.5% had an offending history, this was a total of 166 household. As Table 12.7 illustrates the numbers have fluctuated although over the last year there has been an upward trend.

Table 12.7 Households owed a duty with drug or alcohol dependence (Since June 2018)

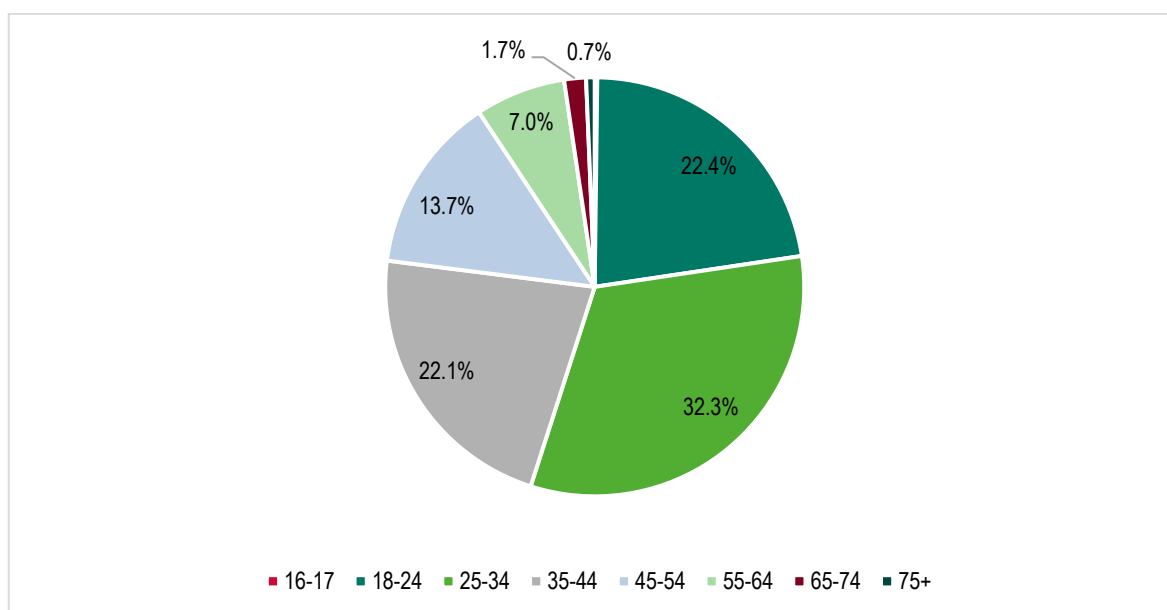


Source: MHCLG, 2021

Young people with a support need

12.23 As illustrated in Table 12.8, the 25-34 and 18-24 age groups comprise around 55% of all those owed a prevention or relief duty. Only around 2% of those that were owed a duty were of a retirement age.

Table 12.8 Age Profile of those owed a prevention or relief duty (Since June 201)



Source: MHCLG, 2021

12.24 The Council should monitor these trends and respond to any upwards spikes. They should also work with a range of agencies to ensure there is a flexible and responsive supply of accommodation. These agencies include:

- Adult Social Care teams;
- Clinical Commissioning Groups (CCGs);
- Registered providers; and
- Other local partners.

12.25 In terms of an accommodation response the Council puts homeless households into short term accommodation while they are being assessed before being placed. However, both of the short-term accommodation clusters are on regeneration sites and the Council have no plans to re-provide these.

12.26 As mentioned earlier in this report, Sutton Living – the Council's development company are looking to buy around 200 properties from the Council. These will then be rented on a discounted market rent, but not quite at affordable rents. These units will be then used to discharge housing duty to those currently in Temporary Accommodation.

Student

- 12.27 There are no higher education facilities in the London Borough of Sutton with the nearest being nearby boroughs including London South Bank Universities Croydon Campus, The University of the Arts Wimbledon Campus, St Georges University Hospital, Kingston University and Roehampton University. As such there is unlikely to be any demand for additional housing to cater for Students.
- 12.28 This is confirmed by the 2011 census which stated that there were only 0.2% of all households were all student households. Local agents also confirmed that there is no market for student accommodation in the Borough although they do occasionally let to them.

Military Personnel

- 12.29 Ministry of Defence (MOD) statistics report that there has been no military personnel located in Sutton. However the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 12.30 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.
- 12.31 Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.

Specific Groups – Key Points

- *If assessed over the six and half base periods, there has been a total of 90 registered expressions of interest in a serviced plot of land across Sutton. This is an average of 14 plots per annum.*
- *Approximately 69% of those on the register sought at least a three bed and around 56% sought to build a detached house with a further 17% seeking a semi or detached home.*
- *Most people on the custom and self-build register said they had no preference however there was stated interest in Sutton, Wallington, Carshalton and Cheam.*
- *The average number of households owed a homelessness duty is 232 per quarter of which 46% required a prevention duty and 54% a relief duty.*
- *Of those owed a duty, around 9% had a drug or alcohol dependence issues and 5.5% had a history of offending. Around 55% of homeless presentations were aged between 18-34.*
- *There is unlikely to be any demand for student or service family accommodation in the Borough.*