Appendix 7
LOCAL HOUSING NEED FIGURE CALCULATION

Using the standard method to calculate the minimum annual local housing need figure for Surrey Heath as required by the NPPF[1] and set out in the PPG[2].

Step 1 - Setting the baseline

Set the baseline using national household growth projections (2014-based household projections in England, table 406) for Surrey Heath.
Projected average annual household growth over a 10 year period with the current year being used as the starting point from which to calculate growth over that period.

Surrey Heath Housing Projection 2019 = 35,753
Surrey Heath Housing Projection 2029 = 38,125

Household growth over 10 year period from the current year (2019) is therefore **2,372**
This figure annualised over the 10 year period is **237.**

Step 2 - An adjustment to take account of affordability

Adjust the average annual projected household growth figure **(237)** based on the affordability of the area. To do this, use the median workplace-based affordability ratios (2017) for Surrey Heath.

No adjustment is applied where the ratio is 4 or below. For Surrey Heath however, the latest affordability ratio figure is 13.07 (2017).

The calculation is therefore as follows:

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio - 4}{4}\right) x\ 0.25 + 1$$

Adjustment factor = $\dfrac{13.07 - 4}{4}$ x 0.25 + 1

$\qquad\qquad$ = $\dfrac{9.07}{4}$ x 0.25 + 1

$\qquad\qquad$ = 2.2675 x 0.25 + 1 = 1.566875

The adjustment factor is therefore 1. 566875 and is used as:

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[1] NPPF (2019) paragraph 60:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf
[2] PPG Paragraph: 001 Reference ID: 2a-001-20190220 - Paragraph: 004 Reference ID: 2a-004-20190220 Revision date: 20 02 2019:
https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

Minimum annual local housing need figure = (adjustment factor) x projected household growth

Minimum annual local housing need figure = 1. 566875 x 237
The resulting figure is **371.349375** rounded to 371.

Step 3 - Capping the level of any increase

Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:

a. the projected household growth for the area over the 10 year period identified in step 1; or
b. the average annual housing requirement figure set out in the most recently adopted strategic policies.

Surrey Heath's adopted Local Plan, the Core Strategy and Development Management Policies Development Plan Document 2011-2028 was adopted more than five years ago, in February 2012. The average annual housing requirement figure set out in this document is 191 dwellings per year. The average annual household growth figure identified in step 1 of the local housing need calculation is therefore higher than the adopted Local Plan figure, and accordingly, should be used in this calculation as a basis for the 40% cap.

- Average annual household growth over 10 years is 237 (as per step 1)
- With the required adjustment to take account of affordability, the minimum annual local housing need figure is **371. 349375** (as per step 2)
- The cap is set at 40% above the household growth figure for Surrey Heath:

Cap = 237 + (237 x 40%) = 237 x 1.4 = 331.8 rounded to **332**

The capped figure is lower than the minimum annual local housing need figure of 371 dwellings per annum and therefore limits the increase to Surrey Heath's minimum annual housing need figure.

The housing need figure for Surrey Heath is therefore **332** dwellings per year.