

Welwyn Hatfield Local Plan: Use of 2018 projections as a basis for Housing Need Assessment

Report to CPRE Herts

Alan Wenban-Smith, Urban & Regional Policy, 25 January 2021

A. My brief

Turley submission (Ex218)

1. The Inspector requested comments on the effect of the recently-published 2018-based ONS projection of households on Objectively Assessed Need (OAN) for housing. Turley responded (Ex218, November 2020) proposing an OAN of 715dpa (2016-36) to replace their original estimate of 715-800dpa (2013-32).
2. I have been asked to provide a basic critique of this response.

Save Symondshyde submissions (Ex... and Ex...)

3. Save Symondshyde has made two relevant submissions, both proposing an OAN of 387dpa (2016-36):
 - Implications of the ONS 2018-based projections – October 2020 (Ex..., 17 pages). This presents an extensive demographic critique of the original Turley proposal.
 - Response to consultation on_EX218 (Turley revision) – January 2021 (Ex..., 9 pages). This covers the same ground, but focusing on the final Turley proposal for an OAN of 715 dpa (rather than the previous range) and the revised plan period 2016-36 only.
4. I have been asked to report on the efficacy of the draft Save Symondshyde submission (i.e. that it is a logical approach consistent with statistical and demographic principles) and whether its conclusions are therefore reasonable and with merit. For this purpose I have considered both their papers.

B. Context

5. Household formation and the growth of housing needs at local level have a national economic and social context, and local policy responses are strongly affected by national policy. However, it is not the function of the Inspector (or this report) to comment on the merits of national policy. Rather, we should consider how the choice of OAN for the Local Plan affects the delivery of national policy in Welwyn Hatfield.
6. The Inspector is required to take into account official policy, and ‘to stand in the shoes of the Secretary of State’ when interpreting this. The policy context for the Inspector’s consideration comprises the National Planning Policy Framework (NPPF) and Planning Policy Guidance (PPG) on housing. For procedural reasons the 2012 version of NPPF is specified in this case rather than the most recent (2019) version, and the accompanying PPG applies. Both specify the use of the most recent information in formulating Local Plan provision.
7. Both sets of reports reviewed here have focused on the demographic ‘numbers game’ prescribed by PPG. However, PPG concerns the means of implementing national policy, while to fulfil his role the Inspector must balance these means with the broader aims of national policy, as set out in NPPF. This context is crucial to the framing of evidence and argument on these matters. In the

present case this is particularly difficult because the policies themselves are in flux. Moreover, as reviewed below, there is increasing evidence of conflict between aims and means.

1. A primary aim of the Government is to tackle the lack of affordable housing, particularly to young, newly-forming households. The present Secretary of State has branded the present situation as a 'burning moral issue'.
2. Under successive Governments since 2007, planning policy for housing has sought to make home ownership more affordable by the following means:
 - Making provision for housing stock to increase by at least as many as the projected increase in numbers of households, with 'trickle down' of additional supply above trend to help lower housing prices generally (both new build and existing).
 - Increasing building for sale, accommodated by increasing the planned supply of housing land.
 - Providing additional land to builders to permit cross-subsidy for an increased 'affordable housing' component.
 - Making direct financial support to purchasers (eg 'Help to Buy').
8. Official planning policy guidance has, from the outset, placed great emphasis on projected trends in household formation. However, these trends have moved from being the main measure of housing need to merely the starting point for estimating the amount of new housing that should be provided. From 2007 the principal aim of national planning policy for housing changed from 'decent housing' (a whole stock, qualitative and place-based concept) to 'new housing' (a quantitative, development-based concept). More new homes have been seen since by successive Governments as the main way of meeting housing needs and improving affordability. The housing need target has thus become a housebuilding target.

C. Critique of Turley report

9. Though subsequent adjustments have evolved, national policy has consistently required that the most up-to-date information should be used as the starting point for estimating Local Plan provision of housing – in this case the 2018-based ONS household projection. The 2018-based projection is significantly lower: the main projection would give a starting point of 319 dpa, almost half the 615 dpa of the equivalent 2014-based figure used in Turley's original advice to WHBC.
10. There can be no question but that the 2018-based projections represent a 'meaningful change', which Turley have avoided addressing. Their submission (Ex218) seeks to adhere as closely as possible to the 2014-based projections that formed the basis of their previous advice to WHBC: an OAN of 715-800 dpa. Their current recommendation of 715 dpa is within this same range, in spite of a starting point almost 300 dpa lower. Much of Ex218 is devoted to minimising the impact of the lower, more recent, projections of household growth. A further issue resulting from the idiosyncratic treatment of projections by Turley is that Welwyn Hatfield forms part of an interdependent Housing Market Area, and this compromises the collaborative response between Districts that is needed.
11. The Turley recommended OAN of 715 dpa is arrived at from a much higher demographic starting point, ignoring the ONS main projection in favour of the highest available variant through a series of contorted arguments and adjustments:

- An additional 162 dpa from rejection of ONS's main projection methodology, which uses the most up-to-date migration information about younger age groups. The alternative put forward is a hybrid of older and more recent data, which is not supported by relevant ONS analysis and comment. Its main merit in Turley's eyes appears to be that it is the highest of those offered, and the closest to 2014-based figures.
 - An additional 44 dpa from using 2014-based headship rates in place of the more up-to-date 2018-based data.
 - An additional 68 dpa allowance for younger households, apparently double-counting the above adjustment.
 - An additional 121 dpa to address market price signals not already included above¹.
12. These adjustments have been expertly criticised in both the Save Symonshyde (SS) reports, and are not well-founded. I whole-heartedly endorse that critique, which I will not therefore repeat. As discussed in my report for the North Mymms District Green Belt Society, I would add that the process of household formation is a continuous flow, so there will be unmet needs throughout – at the start, during and at the end of the plan period. Changing the start date of the plan period does not itself increase or decrease the number of emergent households at any point in time, and does not therefore require an adjustment to OAN over the plan period².
13. The only remaining justification is the view that the more new homes that can be provided locally, the better for local affordability (Turley Ex218, eg paras 16-20). No upper limit is suggested, nor evidence offered that this is viable in market terms, nor that if achieved would make prices more affordable³. In reality, the impact of such an approach on affordability would be negative, with the worst effects being felt by exactly those newly-forming households that it is the Secretary of State's expressed aim to help.
14. This reasons for this statement have been set out in my report for the North Mymms District Green Belt Society. Adjusted from 2013-32 to the current plan period (2016-36), this analysis shows an annual flow of 794 newly-forming households under 25 in 2016. This is more than double the net increase of 309 hpa because 441 hpa households over 65 die or enter institutions. Around 90% of the housing market is turnover of existing stock ('churn') rather than new build, and existing neighbourhoods of lower-priced homes, not new houses, are the principal market entry point for new households. The pursuit of excessive new build targets makes new housing locations the priority for limited local infrastructure and services. This is a pre-emptive strike on limited public resources, which undermines the regeneration of existing homes in more affordable neighbourhoods.

Implications for the Local Plan

15. The level of new housebuilding needs to be balanced with regeneration of existing stock, and the soundness of the Local Plan as a whole depends on getting this balance right. Excessive provision

¹ The most recent affordability ratio (median house prices against median incomes) for Welwyn Hatfield is 10.56 (ONS 2019) giving an adjustment factor of 41% on the chosen base projection. There appears to be an overlap with the other adjustments being suggested.

² Turley have not included this element which they consider is covered by other adjustments. This figure is the same size as the younger households adjustment made by Turley, but this is coincidental.

³ For reference, the Barker report (HMT 2004) showed that a 70,000 dpa increase at national level would 'price into the market' only 5,000 hpa – and then only after 10 years at that rate. The National Planning & Housing Advice Unit, with more detailed modelling, later came to similar conclusions, and in neither case have these been superseded.

of land for new building is not a free good but will seriously compromise the supply of decent housing for newly-forming households from the existing stock. This arises in two ways:

- Dispersed greenfield development is more demanding of resources for infrastructure and services, and as these needs are seldom fully met by planning gain or CIL, existing lower-priced areas are starved of investment and become more run-down.
- As a result, such areas become less attractive to both households and builders, limiting choices, driving further migration, and increasing travel demand in a vicious circle.

16. The Local Plan therefore needs to embrace the whole place-making agenda: jobs, services, physical and social environment. The reality is that if new building were achieved beyond what is needed to meet local demand and need (whether in terms of numbers or market segment) this would drive additional inward migration, rather than responding to past migration trends (already a component of the projections). This may be a justifiable policy in wider regional or subregional terms, but if so it cannot be argued on local demographic trends (as attempted by Turley), but needs explicit justification in its own right⁴.
17. The Turley report expects that additional provision of housing land will not only increase output for sale, but also a dividend in the form of more 'affordable housing' through Planning Obligations. Though some volume builders have been able to dispose of much of their output to first time buyers, prices and qualifying income for Help to Buy are out of reach of all but a minority of new households⁵. A flat rate Infrastructure Levy (such as proposed in 'Planning for the Future') that captures enough money to provide affordable housing as well as off-site infrastructure costs would prevent much necessary development from proceeding in less profitable locations.
18. The variant projection favoured by Turley leads to inflated housing targets. New young households, who might benefit from area regeneration and genuinely affordable housing financed by these means, will be particularly disadvantaged by their use. The ONS's main projection is to be preferred on these grounds as well as the evidence and reason in the SS submissions.

D. The 'Save Symondshyde' reports

19. I have already commented above on the criticisms made by SS submissions of the demographic content of the Turley report, which I have generally endorsed (though I do not accept the need for the 68 dpa adjustment for unmet need 2013-16, for the reason given earlier). The remaining issue is the need for significant reductions in level of OAN in the submitted plan.
20. The main difficulty I see here is the simplistic assumption that the larger the excess of housing provided above demographic need, the better it will be for affordability. This view is the widely adopted premise of much of the rhetoric around provision for housing land (including by the current Secretary of State). Save Symondshyde have argued that this view is mistaken, and I would agree. Moreover, I consider this assumption would compromise the wider range of other actions which would make the Local Plan a lever for bringing about positive change. The narrow preoccupation with new housing not only worsens the prospect of better quality and more

⁴ The Turley report specifically excludes additional needs based on local jobs growth, so any excess would attract more out-commuting, with transport and sustainability implications.

⁵ This conclusion is illuminated by the flow analysis discussed above (para 14): the parallel national analysis projects an annual flow of newly-forming households of about 405,000 pa (89% of whom were under 25 at the start date)

affordable homes from the whole stock, but also undermines quality place-making which key to achieving the stated aims of NPPF.

21. I conclude that the SS submissions represent a logical approach consistent with statistical and demographic principles, and its conclusions are reasonable and with merit. In contrast I find the Turley submission unconvincing, since it appears to place defence of its previous analysis above giving proper weight to up-to-date evidence, as required by relevant national policy and guidance.