

Stage 9 Statement Response to EX217 Consultation Opportunity

On behalf of:

King & Co

Representor ID:

863963

In respect of:

Welwyn and Hatfield Local Plan

Examination in Public

Date:

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Reference:

MA/KING & CO/003-04/R005m

KEY DOCUMENTS LIST

- **EX215** (WHBC letter to Inspector 18/11/2020)
- **EX216** (Response from Inspector dated 30/11/2020)
- **EX217** (Letter from Inspector dated 15/12/2020)
- **EX218** (Turley paper re OAN used alongside EX215)
- **EX190** (Letter from Inspector dated 13/07/2020)
- **EX203** (Council's Initial Response to EX190 dated 24/08/2020)
- **EX203A** (Turley paper dated August 2020 informing EX203)
- **EX204A** (Letter from Inspector responding to EX203 dated 10/9/2020)
- **EX69** Trajectory information relating to delivery 2013-2016
- **HOU14** 2014 SHMA
- **HOU15** 2015 SHMA
- **HOU21** 2017 SHMA Update
- **EX73** Trajectory information relating to delivery 2011-2013
- **EX82** Technical OAN Paper by Turley March 2018
- Government Consultation Response 16/12/20 to "*Changes to the Planning System*"
- Papers to CPPP 17/11/20 re "*Local Plan- Objective Assessment of Need and Final Site Selection*"

1.0 Introduction

- 1.1 This Statement is submitted pursuant to the **EX217** letter published on 15/12/20 in respect of the Council's position set out through **EX215** and is in response to the Inspector's invitation to submit further representations as part of the Stage 9 Hearing Sessions. **EX215** submits that Full Objectively Assessed Housing Need ("FOAHN") should reduce from 800 to 690 dwellings per annum and rejects the need to account for historic under-delivery.
- 1.2 In this Statement, we recognise that **EX215** relies upon the use of a variant methodology from the 2018-based household projections. The Council's submission also refers to figures that would be generated through the application of the Housing Delivery Test ("HDT") consultation (also underpinned by 2018-based projections) as a proxy to suggest that the commonality of the resultant forecasted need is a suitable justification for the provision of 690 dwellings per annum.
- 1.3 The Inspector has requested representations "*specifically on the Council's latest submission*", which we understand to be matters relating to the Council's outstanding housing requirement inclusive of FOAHN and historic under-supply, rather than distribution of that requirement.
- 1.4 This Statement's key conclusions are as follows:
- The assertion that the FOAHN has fallen to 690 homes per annum should be rejected as it relies upon 2018-based projections that are (i) underpinned by unrepresentative data, (ii) would result in unacceptable volatility, (iii) and have been discredited by the Ministry of Housing, Communities and Local Government ("MHCLG") in December 2020 and other local authorities;
 - The FOAHN for the Plan period should be a **minimum of 17,182 homes** because the annualised need is at least 800 homes and the Plan period covers 2016-2037;
 - The Standard Methodology figure of 875 dwellings per annum provides a good proxy building in market signals requirements, under-delivery and affordability ratios, as argued in **EX215** by WHBC.
 - Any market signals adjustment from base projections should be sufficient to account for affordability issues;
 - Historic under-supply from April 2011 to March 2016 should be accounted for as part of FOAHN, which amounts to **at least 2,307 homes** (of which 964 are in 2011-2013);
 - As a consequence of suppressing requirement figures whilst inflating past delivery, the Council's presentation of historic under-delivery and future requirements is fundamentally flawed in order to align with political objectives.

2.0 The Council's Case re Housing Requirements

2.1 The Council's published position to the Examination (up to August 2020) had been that the various components of housing requirement (once aggregated) would result in an annualised objectively assessed need of 800 homes per annum. This figure was constructed through:

- Unadjusted 2014-based household projections;
- Demographic projections adjustments; and
- Market signals adjustments.

2.2 For the 2014-based numbers this resulted in the base number of 670 per annum being increased to 793 per annum (allowing for demographic factors and an initial 10% market signals adjustment) which was then rounded to 800 per annum. The net effect is therefore an upward adjustment of 19.4% from the base figure. This approach was proposed by the Council in connection with the original Plan period of 2013-2032 through EX82.

2.3 The Examination has been significantly delayed since its commencement in 2017 as the Inspector has urged the Council to ensure that its planned supply would better reflect objectively assessed needs, as well as having to test the deliverability and sustainability of a number of the proposed allocations. During this process, there have been several methodological challenges that have followed in connection with:

- Several iterations of base housing projections;
- Changing approach to the analysis of Green Belt sites;
- An Examination process where several major allocations have been challenged; and
- National-level consultations in terms of methodology to seek to "simplify" calculations of housing requirement and expedite the Examination process.

2.4 By consequence of these delays, it has been necessary for the Council to accept that the "end date" for the Local Plan has moved back to provide for the minimum 15 year design period sought by the NPPF. The Council have previously sought to propose a revised Plan period that would commence in April 2016 extended to 2036 to allow for a minimum 15-year period following anticipated adoption by March 2021.

- The change to the submitted Plan (in terms of Plan period) comprised:
- the removal of years April 2013-March 2016; and
- the addition of future years April 2032- March 2036.

2.5 Through the Examination, it was agreed by the Inspector that an objectively assessed need of 800 homes per year over the period 2016-2036 was a reasonable and pragmatic response to

the progress of the Local Plan as measured at a point in time. For clarity, the Examination did have consideration of under-delivery in the period 2013-2016.

- 2.6 The Council's principal response to contentions re the undersupply issue from omitted years 2013-16 was largely founded upon the premise that the 800 figure already provided for a market signals adjustment (plus a small buffer for non-implementation) and that over the full Plan period then this would mean that any such under-delivery in omitted years had been accounted for. Within EX203A this is summarised at paragraph 6.11 which states:

"It remains the case that household growth in Welwyn Hatfield is projected to gradually slow under the favoured demographic projection, meaning that an annual average calculated over a later period will – as in EX103B – inevitably be slightly smaller than that calculated over an earlier timeframe such as the original plan period (2013-32). This means that an annual average calculated over the period from 2013 to 2032 equates to 650 dwellings per annum, falling to 593 dwellings per annum when calculated over the period from 2016 to 2036."

- 2.7 On this basis, the Inspector took a pragmatic approach and accepted both the revised Plan period (2016-2036) and the flat annual requirement of 800 net new homes.
- 2.8 Following publication of the 2016-based projections, the Inspector sought the Council's view as to whether this would represent a "material change in circumstance". It was recommended by Turley (and agreed) that these projections did not represent a statistically valid basis to proceed because they were based on very limited data. The Council therefore continued to proceed on the basis of the 800 numbers per annum figure for FOAHN, which used the 2014 ONS projections as a starting point and then an upward adjustment to respond to demography and market signals.

The Council's Case in October 2020- the use of the 2018-based projection

- 2.9 The Council's retained consultant was asked to provide technical support to the Council to allow them to respond to the Inspector's question set out within EX190 i.e. to establish whether the 2018 ONS projections do represent a meaningful change and (if yes) to establish what might then be a plausible housing requirement over the Plan period.
- 2.10 Turley straightforwardly recognises (within EX203A) that the central case provided by 2018 ONS projections result in a much lower requirement based on poor and unrepresentative data. Paragraph 4.16 rehearses these arguments and in the context of the central case states:
- "It is recognised that the principal 2018-based projection does suggest a lower rate of population growth, below that recorded in all but four of the last 18 years and below the range previously anticipated in the evidence base. While it is accepted that this projection is exclusively based on population estimates*

developed with what the ONS considers an improved methodology, it cannot be ignored that this projection draws upon an exceptionally short trend period of only two years, when there was an average net outflow of people from Welwyn Hatfield in direct contrast with recent history. It is not considered possible to arrive at a judgement as to whether this explicitly short-term trend will be representative of a longer-term reality. As the relevant PPG was not intended to address the consequences of such a methodological change, it is therefore considered that it is not a reasonable starting point for assessing housing need."

- 2.11 Whilst this could have concluded the analysis, Turley felt compelled to use the 2018 numbers and reshape them to identify a compromise approach which could have some degree of evidential basis in past delivery but would ultimately align to a case to reduce numbers.
- 2.12 The compromise approach based upon past delivery was argued to result in an annualised requirement of 715 homes, derived from a base figure of 650 and now assuming a 10% market signals adjustment. Turley did note that this was based upon limited data during a period where supply was suppressed. They therefore accepted that the prospect of an increased buffer for a market signals adjustment would be reasonable. They therefore conclude that a more appropriate figure would fall within the range of 715 to 800 homes per annum for the original Plan period 2013-2032.
- 2.13 Turley sought to suggest that by consequence of reductions to household formation rates and some recent trends suggesting slight improvements in regard to affordability ratios that the requirement applied over the amended period (April 2016-March 2036) would fall towards the previously identified 715 dwellings per annum figure.
- 2.14 The Turley evidence suggested:
- A range of 715-800 homes per annum for the original Plan period of 2013-2032;
 - 715 homes per annum for the period 2016-2036 based upon different adjustments for demographic and market signals evidence.
- 2.15 This would therefore allow the Council to express an argument that the objectively assessed need for a Plan period running from 2016-2036 would be 14300 homes. However, it would also allow the Council to support a larger quantum (based on 800 DPA) should they instead seek to plan positively to genuinely meet objectively assessed need.
- 2.16 We would note three key points to challenge the robustness of the Council's consideration of a figure of 715 homes per annum for a Plan period covering years 2016-2036:
- This is underpinned by 2018-based numbers which have been broadly rejected because they are based upon limited data and introduce excessive volatility;

- They rely upon the use of a 10% market signals adjustment (one component of the elements used to inform the upward adjustment) which is lower than that which has been adopted by the Council previously (12.4% used in **EX103A**); and
- Turley themselves admit that in the context of these 2018-based numbers that the argument to apply a stronger 23% market signals adjustment to reach the established 800 figure is cogent and should not be dismissed.

2.17 The final point is set out within paragraph 7 of EX203A which is extracted below (sections in bold is ATP emphasis):

*"Where it is acknowledged that new projections do not automatically outdate earlier assessments, and that in taking into account the change in the methodology used in the 2018-based SNPP there is a degree of commonality in the annual population growth rate, it is considered that it **remains justified to retain the OAN of 800 dwellings per annum as an upper estimate of need.** It is observed, however, that **this would implicitly suggest that the OAN allows for a more pronounced market signals uplift, compensating for the lower absolute level of population growth projected under the latest dataset. The uplift would increase to around 23% through such an approach. The long-term worsening in market conditions – and the need for judgement, in the absence of a formulaic mechanism – means that this larger adjustment cannot be explicitly dismissed.** It is, however, important to observe that it exceeds by some way the 10% adjustment previously considered reasonable for Welwyn Hatfield over this period. Where it is also recognised that in more recent years analysis suggests some improvement in affordability in the borough, this is considered to support a position where the existing OAN should be viewed as very much an upper estimate of housing need in the borough, recognising the natural demographic changes in recent years."*

2.18 As such, we conclude that the use of a 715 figure would not be based in robust evidence (as it relies upon a 2018 base figure and then an artificially suppressed market signals adjustment) but also that it would fail to provide a positive response to meeting the chronic need to deliver new housing to redress the long-term suppression of housing supply.

The Council's Case as set out in EX215

2.19 Following CPPP, Members decided to reject the Turley recommendation re annualised need of 715 dwellings per annum over the Plan period 2016-2036. This was replaced by a figure of 690 dwellings per annum which was based upon the use of another variant methodology underpinned by ten-year migration data that sought to be more resilient to short-term fluctuation and volatility.

2.20 An important quote for contextual purposes is extracted below:

"Having considered the Turley and officer advice carefully, Members felt the use of the ten-year migration variant to be more credible than the five-year variant, as it provides a more stable outcome which is less susceptible to anomalies and better reflects economic cycles. Once uplifts are applied for vacancy, the 2014 headship rates and

younger households as set out in the Edge Analytics modelling (EX203), an annual household formation figure of 570 homes per year is derived. With a 21% market signal uplift applied this would result in an OAN of 690 homes per year, equivalent to 13,800 homes over the plan period 2016-2036. Members noted that this is higher than the proposed new standard method of 667 homes per year. They also noted recent reports in the press and planning press that the Government is likely to amend the proposed standard method to redistribute housing away from shire and rural areas to urban areas in the Midlands and the North. They felt that this was very important in their consideration of meeting housing need and tackling affordability.

It is also worth reporting to you that whilst the principal two-year projection was attractive to some Members, it was considered that there would need to be a significant uplift to address affordability potentially in the order of that envisaged by the Government's proposed new standard method which would result in 667 homes per annum.

Clearly this is just outside the range included within the Turley evidence which you have already received. I ask you to note that this evidence was sent to you in advance of being considered by our Members and had not been formally endorsed by them. It is important to note that, as explained above, the proposed OAN is still based on the Turley methodology, but uses a different variant household projection, that Members considered to be more credible, less susceptible to anomalies and better reflects economic cycles."

- 2.21 This approach is plainly wrong because it is clear that this relies upon the 2018-based projections which have been roundly criticised because they are based upon very limited data captured during a period of pronounced change, but also because they have introduced extreme volatility which is antithetical with the Government ambition which is to remove the ambiguity from the Plan-making process and thus to allow the accelerated completion of Examinations and then on towards the construction of much needed new housing.
- 2.22 These conclusions have been reached by several local authorities (such as North Herts) in similar circumstances dealing with Local Plan Examinations under transitional provision as well as Government in the context of Standard Methodology projections of objectively assessed need. These points are explored in more detail within Section 3 of this Statement.
- 2.23 With regard to historic under-delivery over the period 2011-2016, the Council refer to a conclusion drawn from the Stage 6 Hearings which was set in the context of a proposed FOAHN of 800 dwellings per annum and reviewing a period of under-delivery from 2013-2016 only. EX215 stated:
- "The Stage 6 Hearing Sessions considered the issue of undersupply and it was concluded that the demographic and market signals uplift make provision for any previous shortfall."*
- 2.24 The Council seeks to portray that the Examination's conclusion re undersupply in the period 2013-2016 (and in the context of an FOAHN of 800 dwellings per annum on a flat trajectory) would be unchanged in the prism of an adjusted FOAHN of 690 dwellings per annum and a revised period going back to 2011 where under-delivery was even more significant.

3.0 Key Consideration – Should the 2018-based projections apply?

3.1 **EX215**, dated 18/11/2020, is a response to the Inspector's enquiry **EX190** issued on 13/07/2020 which asked the Council to confirm whether the 2018-based household projections represent a material change in circumstance from the Council's submitted evidence re housing needs.

3.2 Documents were submitted by the Council on 24/08/2020 (**EX203** and **EX203A**) that advised a decision that the 2018-based household projections did represent a material change in circumstance. **EX203** and **EX203A** recommend suppressed requirements within a range that varied by datum. The purpose of the Inspector's response (**EX204A**) was to seek a precise figure, rather than a range, for the Plan period and to test the scenario for the period between 2011 and 2036.

3.3 The **EX215** response therefore provides the composite response to **EX190** and the clarification sought by **EX204A**. As is set out in the first sentence of **EX204A**, this is best characterised as being a summary of the Council's position re:

"analysis of the implications of the 2018 national household projections, for the assessment of Full Objectively Assessed Housing Need (FOAHN), in Welwyn/Hatfield Borough, prepared on your behalf by Turleys."

3.4 The Council's response **EX215** advises the following:

- 1) The view is that the 2018-based projections do "represent a material change in circumstance";
- 2) The Council selects the use of a variant methodology which rejects the advice of their consultant;
- 3) This arrives at a figure of 690 dwellings per annum over the period 2016-2036;
- 4) For the alternative period 2011-2036, the Council decided to reject the opportunity to account for historic undersupply;
- 5) Weight was given to the derived Standard Methodology figure for WHBC from the Government consultation (667 dwellings per annum) that had commonality with their proposed 690 figure and an inference that it could reduce further.

3.5 It is self-evident that the entire premise of the **EX215** letter is to respond to question **EX190** which was solely predicated upon the materiality of the 2018-based projections.

3.6 The Standard Methodology projections have now reverted back to 875 dwellings per annum, and WHBC's previous decision to put strong weight upon the Standard Methodology projections as a proxy to FOAHN should still be applicable.

3.7 The assertion that the FOAHN has fallen to 690 homes per annum should be rejected as it

relies upon 2018-based projections that are (i) underpinned by unrepresentative data, (ii) would result in unacceptable volatility, (iii) and have been discredited by the Ministry of Housing, Communities and Local Government (“MHCLG”) in December 2020 and other local authorities.

- 3.8 We would therefore argue that if it is (now) agreed that the 2018-based projections should be given limited weight and would not amount to a “material change in circumstance” then all five of the key points set out within EX215 become unjustified. In the absence of any alternative evidence, the Council must revert to their prior position (800 homes per annum).

How other authorities have dealt with the 2018-based projections

- 3.9 It is pertinent to note that authorities such as North Herts, Liverpool and Eastleigh which are in the same position as WHBC (insofar that they are operating Local Plan Examinations through “transitional provisions” and have recently been requested to confirm whether the 2018 ONS projections do represent a meaningful change) have subsequently confirmed that the new numbers do not represent meaningful change. They have therefore proceeded with their previously published evidence, recognising that to rely upon the 2018-based projections could result in an unsound plan¹.
- 3.10 Specifically, North Herts decided that whilst the 2018 numbers were attractive, they were based on limited data and that the necessary revisions to the Local Plan would be so significant that it could seriously undermine the likelihood of the Plan being found sound by the Inspector. Given the commonality of issues in terms of geography and affordability ratios (as well as the progress on the Local Plan) it does not seem credible that WHBC could take forward a Plan based on 2018 numbers that would similarly be so vulnerable to challenge and being found unsound.

Central government’s view on the 2018-based projections

- 3.11 The Council have sought to rely upon the 2018-based projections to justify their preferred approach towards site allocations, including the use of the consultation Standard Methodology projections (667 per annum) as a proxy which would align well with both the

¹ <http://www.hwa.uk.com/site/wp-content/uploads/2018/05/LCC04.pdf>

<https://www.eastleigh.gov.uk/media/8052/ed77-council-response-to-inspectors-letter-of-4th-august-2020-2018-based-household-projections-final.pdf>

proposed 690 per annum requirement figure and the recently argued allocations approach.

- 3.12 In this respect, we also point to comments made by the Council within EX215 that sought to make similar points (albeit aligned to their perception that the Standard Methodology calculation would be considerably lower). It is crucial to note that the Council sought to justify their reduced supply (690 homes per annum) by reference to an alternate Standard Methodology approach resulting in a similar quantum to that proposed through EX215. In addition, they inferred a supposition that the results of the consultation might result in an even lower Standard Methodology figure.
- 3.13 It is noted that **EX215** was issued prior to the publication of the MHCLG's response to the use of 2018-based projections in the context of HDT, where MHCLG states that:
- "The Government has carefully considered whether to use the 2018-based household projections and has concluded that, due to the substantial change in the distribution of housing need that would arise as a result, in the interests of stability for local planning and for local communities, it will continue to expect only the use of the 2014-based projections."*
- 3.14 WHBC have submitted their Local Plan under transitional provisions so they can work to locally-derived projections rather than necessarily being mandated to use the Standard Methodology which was consulted upon during 2017 and then adopted in 2018.
- 3.15 Whilst we accept that there is no strict requirement to adopt a Plan that is underpinned by projections from the Standard Methodology (875 homes per annum) we do conclude that this must represent a reasonable proxy for a requirement given that it seeks to incorporate adjustments from the base data to address considerations including demographic factors, affordability and historic under-supply.
- 3.16 WHBC's previous decision to put strong weight upon the Standard Methodology projections as a proxy to FOAHN should still be applicable. The Government's consultation response of 16/12/20 has fatally undermined the Council's position (to rely on 2018-based projections and use the Standard Methodology as an anchor) and it does this in two key ways:
- It sets out that the preferred approach to taking forward projections of housing requirement is to be underpinned by 2014-based projections because the subsequent projections (2016-based and 2018-based) have both been based upon limited data and have resulted in considerable volatility to the point where the data lacks credibility; and
 - That the previously published Standard Methodology figures are applicable and should be utilised, which in this case would be 875 dwellings per annum.

- 3.17 The implication of this is that the use of Standard Methodology as a proxy to FOAHN for the purposes of this Local Plan Examination would support the approach to accommodate 800 houses per annum (as a minimum) which has been the Council's justified position but is glaringly different to the Council's suggested approach for 690 homes per annum which appears to have an increasingly limited evidential basis.

Prior Dialogue re FOAHN

- 3.18 It is important to consider how the Council has previously dealt with factors such as upward adjustments to set in context whether or not the Council's most recent approach is both well-based but also consistent with its approach to date. It is plain that the Council's new approach is seeking to adopt lower "upward adjustment" factors than have been previously adopted, which would of course have the result of artificially suppressing the housing requirement.

2014 SHMA

- 3.19 Prior to submission of the Plan, the 2014 SHMA (HOU14) has consideration of a Plan period 2011-2031 and sought to argue an objectively assessed need of 625 homes per annum, as has been cross-referenced within EX218. However, it should be noted that this figure was derived from an upward adjustment of just 7.8% from the statistical base projections. As will become clear through this section, this is a very low and atypical adjustment.

2015 SHMA

- 3.20 The Plan was submitted for Examination in 2017 recognising that the objectively assessed need for the period 2013-2032 was in the range of 664- 707 homes per annum. These figures were published in the 2015 SHMA (HOU15) and derived principally from 2012-based projections (574 homes per annum base figure) with upward adjustment from the base figure (574 homes per annum) to account for demographic adjustments, vacancies and market signals adjustments. The figures suggest the use of an upward adjustment of between 16% and 23%. Paragraph 7.48 moves on to conclude as follows re the preferred target arising:

"Reflecting the conclusion above, it is considered that an uplift towards the upper end of this range is more reflective of the full need for market and affordable housing in Welwyn Hatfield."

EX82 Technical OAN Paper (March 2018)

- 3.21 This Paper was submitted following the commencement of Examination and the Stage 2 Hearings. This was underpinned by the 2014-based projections and had an inflated starting point (670 homes per annum). By consequence of upward adjustment (demographic adjustments and market signals adjustments) of 19% the FOAHN was identified as 800 homes

per annum for a Plan period running from 2013-2032.

EX103A Implications of 2016-based Projections

- 3.22 This Paper responds to the Inspector's Questions in regard to whether the 2016-based projections would represent a "material change in circumstance".
- 3.23 Whilst the 2016-based projections would have suppressed the housing requirement it was concluded that there were methodological concerns so they were rejected and 2014-based figures retained. This is summarised through paragraph 6.8 of EX103A as extracted below:

"Within the context of outstanding concerns around the reliability and applicability of the new assumptions, there is considered to be merit in retaining the previous 2014- based rates for the purposes of assessing housing need in Welwyn Hatfield at the current point in time."

4.0 Key Components of arriving at a Plan-led housing requirement

- 4.1 The components which inform the Plan-led housing requirement (and any residual requirement) need to be considered individually and collectively. The projection of an annualised requirement for a Plan period will (at least in part) be informed by establishing the extent of unmet need in the past, particularly if there are chronic issues in respect of affordability as in this case.
- 4.2 The annualised need which is arrived at should be set so that it provides confidence that objectively assessed needs can be met in full, and also that any historic under-supply can be addressed in full as soon as possible once the Plan is adopted- the NPPF sets out that this should occur by the end of the fifth anniversary of the adoption of the Plan.
- 4.3 Secondly, there is a clear requirement to establish the proper scope of that Period so that it can achieve the minimum 15 year horizon post-adoption sought by the NPPF and so that there is a seamless window looking back to the terminal end of the prior Plan period.

What should the relevant Plan period be?

- 4.4 We conclude that the relevant Plan period should extend to March 2037, and that this (and consideration of FOAHN) should have regard to under-delivery back to April 2011.
- 4.5 The Council's most recently stated position is that the Plan period should follow standard administrative years (April to March) between April 2016-March 2036. It should be noted that:
- the adopted Development Plan modelled growth requirements only up to March 2011;
 - the submitted version of the emerging Plan modelled a Plan period from 2013-2032;
 - there was considerable undersupply in the period from 2013-2016; and
 - Plan period ending March 2036 will not provide minimum 15 year period post adoption.
- 4.6 The Inspector previously requested that the Council provide analysis to establish specific housing requirements for the period 2016-2036 but also for the period 2011-2036. This is a modest but important change which allows the Inspector to understand the degree of under-delivery prior to 2016 back to the point where the earlier Plan period was designed to address.
- 4.7 The current Development Plan was adopted in 2005 and was underpinned by a Plan strategy that covered a period culminating at March 2011. The Plan submitted for Examination covered a period from April 2013 to March 2032, therefore omitting the period 2011-2013 for the purposes of understanding delivery and residual requirements for one Plan period seamless to its predecessor.

- 4.8 The outcome of omitting years 2011-2016 from the Plan period and seeking to ignore that historic under-delivery means that the Council has felt able to present a case that this undersupply of more than 2,000 homes is allowed to evaporate. Given the chronic affordability issues in the WHBC area caused by undersupply, that cannot be ignored.
- 4.9 The Inspector's decision to accept 16,000 homes was predicated upon a Plan period running from 2016-2036 (800 homes per annum) with regard to delivery levels going back to April 2013. Crucially, this approach was underpinned by an expectation that the Plan would move forward positively and in a timely manner. Despite this, the Council appears to have little intent to deliver a supply that would meet a FOAHN of 800 dwellings a year and it appears unfeasible for the Plan to be adopted prior to March 2021.
- 4.10 The Inspector agreed that the annualised requirement of 800 would provide adjustment for market signals and non-implementation that would create an effective buffer. That buffer would aggregate over the Plan period to mitigate any historic under-delivery from 2013 onwards and would meet the base level requirements (excluding market signals adjustments). Evidence was not presented by the Council to consider historic under-delivery prior to 2013, i.e. back to 2011 where there was even greater under-delivery against targets.
- 4.11 The Council's initial decision to take forward a development strategy for 12,000 homes would not even have met the level of objectively assessed need they argued originally and crucially this stand-off between a credible FOAHN and the Plan supply has resulted in it still being in a difficult situation several years later with an unadopted Plan under transitional arrangements. The following is clear:
- The evidence base shows historic undersupply;
 - The Council fails to provide anything approaching a 5 year housing land supply;
 - The Council has failed to meet housing delivery requirements as enshrined through the Housing Delivery Test; and
 - Despite the above, the Council continues to promote a Plan that would not meet the objectively assessed need of 800 homes per annum that was volunteered by WHBC.
- 4.12 By consequence of all of the above, it is unsurprising that the Council's intended strategy of providing inadequate housing has been met with considerable objections by representors and has been consistently and robustly challenged by the Inspector.
- 4.13 The passage of time between the effective end date of the adopted Plan (March 2011) to the likeliest feasible adoption of a new Plan (post April 2021) means that the Council has been operating in an effective policy vacuum for more than a decade.

Under-Delivery in Years 2011-2016

Housing Delivery in the period since the cessation of the adopted Plan

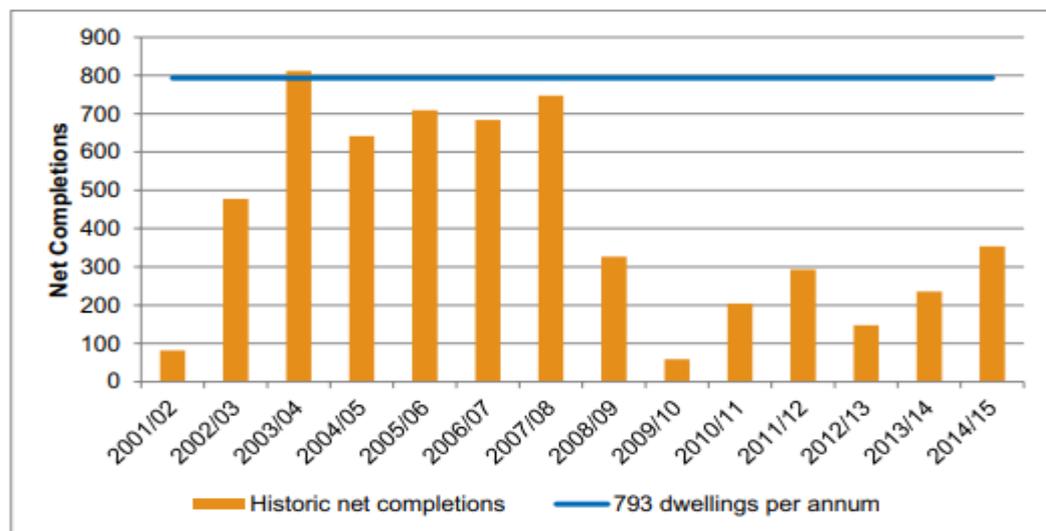
4.14 We note that the figures identified by Turley in EX218 re historic delivery Table 1 p282 are inconsistent with the Council’s published evidence base. Their table would suggest delivery in the period 2011-2016 of 1750 dwellings whereas this should be 1497 dwellings as set out. The figures for the period April 2011-March 2013 are drawn from Annual Monitoring Reviews as per document EX173. The figures for 2013-2016 rely upon EX69 (page 7) as shown below.

Table 1

YEAR	COMPLETIONS DATA FROM EVIDENCE BASE	TURLEY SUGGESTION IN EX218
2011-12	293	358
2012-13	147	178
2013-14	295	316
2014-15	354	391
2015-16	408	507
TOTAL FOR APRIL 11-MARCH 16	1497	1750
2016-17	671	671
2017-18	314	314
2018-19	463	463
2019-20	673	673
TOTAL FOR APRIL 16-MARCH 20	2121	2121
TOTAL FOR APRIL 11-MARCH 20	3618	3871

4.15 We extract an image below from the 2017 SHMA Update (HOU/21 Figure 6.2 p88) that illustrates that the number of completions for the years April 2011-March 2013 reflects our numbers and reinforces our view that the Turley numbers are incorrect.

Figure 6.2: Comparing OAN with Recent Housing Delivery



- 4.16 We note that through EX218 that Turley have considered under-delivery levels in the period between 2011-2016 and argued that under-delivery would be in the order of 1900 homes. This was predicated upon an inflation of prior delivery and a suppression of the housing requirement over that same period.
- 4.17 Turley have accepted that the FOAHN for the period 2013-2016 would be 800 homes per annum, but have sought to argue that the FOAHN for the period 2011-2013 would be 625 homes per annum (referring back to the 2014 SHMA).
- 4.18 It should be noted that the 2014 SHMA only applied an upward adjustment of 7.8% (from the starting position of 580 dwellings) which falls very far short of the 21% adjustment that was advocated by the Council in regard to the 2016-based projections through document EX103A. The Inspector has never made commentary in regard to the objectively assessed need calculation for the period 2011-2013, but in the context of EX103A (and the use of a 21% upward adjustment) this was accepted by the Inspector and concluded to be soundly based.
- 4.19 We would therefore suggest the application of the same 21% upward adjustment to the 580 base figure which would increase the requirement for years 2011/12 and 2012/13 to 702 dwellings per annum, rather than the 625 figures used by Turley.
- 4.20 **Table 2** below demonstrates the extent of unmet need in the period 2011-2016 (aggregating to 2307 dwellings) as well as delivery levels following April 2016.

Table 2

YEAR	COMPLETIONS	REQUIREMENTS (DPA)	SHORTFALL
2011-12	293	702	409
2012-13	147	702	555
2013-14	295	800	505
2014-15	354	800	446
2015-16	408	800	392
TOTAL FOR APRIL 11-MARCH 16	1497	3804	2307
2016-17	671	800	129
2017-18	314	800	485
2018-19	463	800	338
2019-20	673	800	126
TOTAL FOR APRIL 16-MARCH 20	2121	3200	1079
TOTAL FOR APRIL 11-MARCH 20	3618	7004	3386

Housing Requirements in the omitted years

- 4.21 The Turley evidence seeks to construct an FOAHN figure that is largely founded upon historic delivery rates over a ten-year period, then to be adjusted through reference to demographic and market signals data. That ten-year period would of course cover a period which would commenced at either of April 2011 or April 2016 (or any date in between). By way of context with reference to the period 2011-2016, the aggregate quantum of homes built in this period (1497) were only 39% of the requirement (3804) demonstrating chronic under-delivery.
- 4.22 The highest figure for delivery in these 9 test years was 673 and the lowest was 147 (as illustrated in **Table 1**). Given that the Council's submitted evidence to the Examination (i.e. post-submission) is that the annualised requirement is variously between 690 and 800 (the accepted figure being 800) then it is self-evident that this figure has been failed in each and every year. This is chronic and persistent under-delivery that has continued for many years which has accumulated into a deficit that the Council are choosing to ignore.
- 4.23 We conclude that the Council's record in regard to housing delivery makes it abundantly clear that there should be strong upward adjustments applied to any base projections to respond to market signals that show chronic affordability ratios that have been long agreed to stem from undersupply. We feel that the application of the upward adjustments that arrive at the established 800 dwellings per annum represents a minimum although a case can be made to increase requirements further to add historic undersupply as another component of residual requirements over the Plan period.

Upward Adjustments

- 4.24 In its established evidence to the Examination, the Council has reviewed base projections and then applied adjustments to account for factors which would include:
- Demographic factors;
 - Vacancies;
 - Employment-led scenarios; and
 - Market signals adjustments.
- 4.25 Collectively these form components of an "upward adjustment" but we do feel that it is relevant to establish that a key component is the market signals adjustment and that should reflect issues in regard to relative affordability.
- 4.26 We have already set out our view that the Council should revisit its response to EX190 and conclude that the 2018-based projections do not represent a "material change in

circumstance” and thus the detailed composition of those numbers should be a moot point. However, if the Council does seek to maintain this argument then we would highlight an inconsistency in regard to how the Council have accounted for a “market signals adjustment” in EX203A as compared to their prior approach.

- 4.27 In the context of these 2018-based projections, the Council seeks to simply apply a “10% market signals adjustment” to allow for the chronic affordability issues that have been caused by under-supply over an extended period. This would be inadequate and is inconsistent.
- 4.28 It is important to reflect that this suggested 10% market adjustment factor is lower than that which was adopted for the Council’s stated FOAHN figure using 2014 based numbers. That approach utilised an 11.0% market adjustment factor to reach the 800 annualised figure.
- 4.29 Secondly, during the Examination process the Council was asked to consider whether 2016 ONS numbers would be appropriate and whether they represented a meaningful change. The Council decided that they would not represent a meaningful change, even though it would mean that the retention of the 800 figure would require the use of a 12.4% market adjustment factor. That was deemed acceptable.
- 4.30 It does not therefore appear clear that the Council has ever used a 10% market signals adjustment and to use this now would appear to represent a change in approach. On the basis that the Council has previously accepted a 12.4% market signals factor then this should represent a floor threshold and should ideally be exceeded to give greater confidence that supply could be increased to properly respond to historic undersupply that has fed into chronic affordability ratios in the borough.
- 4.31 Using an artificially low 10% adjustment on an already suppressed base figure would represent a “double whammy” to unreasonably drive the housing requirement down in order to justify lower levels of development. We conclude that the base figures should be underpinned by 2014 based projections and that the market signals adjustment should be no lower than that which has been previously utilised.
- 4.32 The straightforward and preferable approach is of course to adopt the established 800 figure providing a much stronger basis in order to ensure that objectively assessed needs are met as a minimum, as per the requirement set out by the NPPF.

Plan Trajectory – the potential for cumulative under-provision

- 4.33 The Council’s approach is to effectively ignore under-delivery in the period 2011-2016 and to

omit the reality which is that the Plan period should extend to March 2037. In addition, they propose an annualised need of 690 dwellings per annum from their period 2016-2036.

4.34 It is also clear through separate correspondence that the Council would intend to promote a stepped trajectory through which the substantial unmet need would not be addressed until after the completion of years 1-5 of the adopted Plan. This is inconsistent with the express advice of the NPPF and is unaligned with an approach which would seek to take all and expedited opportunity to redress chronic problems of affordability (caused by undersupply).

4.35 We have set out earlier that the FOAHN for years 2011-2013 should be a minimum of 702 dwellings per annum to reflect upward adjustments used from 2013 onwards. We note that the NPPF states that the Plan should meet objectively assessed needs as a minimum, so we suggest for simplicity (contributing to the key objective which is the significant increase of housing supply) that the 800 figure that has been justified by the Council (for the period 2013-2036) of 800 dwellings per annum should be extended to cover the period 2011-2037.

4.36 The table below sets out the two competing approaches to assessing housing requirements to 2037, the first of which is the Council's that assumes no requirement to respond to under-delivery and more generally suppresses annualised requirements:

- Under-delivery from 2011-2016 should be addressed to account for the vacuum between design date of adopted Plan and the proposed start date for the draft Plan;
- This is split into two parts (2011-2013 and 2013-2016) for ease and to recognise that the originally submitted Plan did not have regard to the period 2011-2013;
- Period 2016-2032 to cover the period to the originally envisaged end date of the Plan.
- Period 2032-2036 to cover the agreed period through delays post-Publication; and
- Period 2036-2037 to allow for a Plan that can meet the 15 year requirement.

PLAN YEARS	TURLEY	800 DPA
April 2011-March 2013	440	1600
April 2013-March 2016	1057	2400
April 2016-March 2020	2760	3200
April 2020-March 2032	8280	9600
April 2032-March 2036	2760	3200
April 2036-March 2037	690	800
TOTAL	15987	20800

4.37 For absolute completeness we have referred to the Council's EX215 approach which assumes 690 dwellings per annum and ignores under-delivery in the period 2011-2016. The 690

FOAHN projection is underpinned by 2018 based numbers. The actual level of delivery from 2011-2016 is sourced from previous AMR reports and we note that this figure has been inflated within EX215 which is regrettable.

- 4.38 The use of the adopted 800 dwellings annual figure would result in a change to the overall requirement (from the 2018-based approach and sidestepping under-delivery that the Council now tries to argue) exceeding 4800 houses which is more than 6 years supply and is likely to have a greater effect upon supply than the entirety of delivery across the borough over the past decade.

Residual Requirements having regard for completions (from 2011 onwards)

- 4.39 The inclusion (or the exclusion) of the early omitted years is fundamental. Their omission suppresses requirements (from 2011 to 2016) by a significant degree in the magnitude of 2307 homes. The effect of omitting these early years (2011-2016) and 2036-2037 is to suppress requirements for the remainder of the Plan period by 3107 homes which is equivalent to a reduction of more than 15% for a period covering 2011-2037.
- 4.40 If one assumed a flat development trajectory and the accepted 800 DPA yield, then it would be necessary for the Plan to provide for an absolute minimum of 6503 homes in the first 5 years of the Plan period (thus addressing under-delivery in the first five years post-adoption). Through reference to the EX193 trajectory the Plan projects delivery of 3742 units in that period, therefore considerably below that minimum requirement. If the Council proceeded with the stepped trajectory and artificially suppressed requirement they would be more than 2700 homes short of what would be required in the first five years to meet the housing need.
- 4.41 We have already made comment in regard to historic undersupply and the fact that it gives strong credence to the case that the objectively assessed need should be at least 800 homes per annum (having regard to these market signals stemming from undersupply). In addition, if the Council were to select sites that were unable to meet trajectory requirements in the first five years of the Plan then this would amplify these affordability issues and be entirely inconsistent with the ambition to accelerate the supply of housing.
- 4.42 It will be important for the Council to identify additional sites to meet housing requirements, but also to ensure that those with strong deliverability credentials can be prioritised so that the Plan trajectory can be improved to meet targets, certainly in years 1-5 of the Plan.

5.0 The Appropriate Approach

- 5.1 We say that a sound Plan making approach for the Plan period should represent a seamless transfer from the Plan strategy for the currently adopted Plan through to its replacement, which should itself allow for a 15 year period post its adoption. It should also ensure that under-delivery during the early part of the Plan period is made up within the first five years post-adoption of the Plan.
- 5.2 The Government has decided to reject the use of 2018-based projections in the context of Standard Methodology given its volatility and poor statistical foundations. Even prior to that, numerous LPAs in a similar position to WHBC (including neighbouring North Herts) had decided to reject the use of 2018-based numbers and continue to rely on the 2014-based projections. Those LPAs responded to the standard PINS letters (analogous to EX190) to conclude that the 2018-based numbers did not represent a material change in circumstance. Given that the 2018-based numbers have now been rejected by Government for the purposes of plan-making, the only credible way forward is for WHBC to be directed to accept that the 2018-based numbers do not represent a material change in circumstance (so should be rejected) and that the Council should immediately revert to the previously accepted 800 dwellings per annum figure for FOAHN.
- 5.3 The objectively assessed needs should meet identified needs in full, giving proper regard and weight for market signals and demographic factors. In this instance, affordability ratios are extremely challenging and this should translate to an appropriate market adjustment factor. Indeed, the most recent HDT results demonstrate that delivery has consistently failed to reflect HDT requirements and this has worsened to the extent where the Presumption in Favour is now applicable. That is (regrettably) now the scenario for Welwyn Hatfield as a result of chronic under-performance in terms of housing delivery for the past 3 years.
- 5.4 The Council has to select an annualised FOAHN figure which is evidence-based. The figure which they have justified through Examination is 800 and the figure which they now seek to promote is underpinned by 2018-based numbers which have been discredited by Government. There is an alternate approach which would be to adopt a housing requirement aligned to or close to the published Standard Methodology figure that already builds in adjustments for market signals including historic under-delivery. That is an option which remains open to the Council, but we do not necessarily advocate that it should be used because that would necessarily delay the Local Plan because those revised requirements would need to be assessed and then the selection exercise either run again or refreshed.

A Negatively Prepared Plan

5.5 It would be entirely inappropriate to seek to:

- Simply omit early Plan years during which there was considerable under-delivery;
- Refuse to extend the end date for the Plan preventing the possibility of meeting the minimum requirement of a Plan period covering at least fifteen years post-adoption;
- Agree an artificially stepped trajectory such that there would be no prospect of the significant undersupply being made up in the early part of the Plan period;
- Identify an annualised requirement that failed to provide an adequate “market signals factor” given the chronic affordability issues;
- Arrive at a housing trajectory underpinned by inflated assumptions in terms of windfall and suppressed assumptions in regard to non-implementation; and
- Promote a Plan which has a primary aim to suppress delivery of new housing despite the admission that it is undersupply which has prompted this affordability crisis.

5.6 The CPPP panel have sought to reduce the number of homes delivered to a lower and then lower level, then seeking to justify this using a number (if not all) of the measures outlined above. When taken cumulatively, these artificially suppress the housing need to avoid meeting their obligations.

A Positively Prepared Plan

5.7 Instead, a sound Plan would:

- Be based upon a Plan period commencing April 2011 and culminating in March 2037;
- Historic under-delivery from 2011 should form part of the residual requirement;
- The Council should ensure under-delivery is made up within 5 years post-adoption;
- Maintain annualised requirement at 800 homes for the entire Plan period because Government has concluded that 2018 ONS base evidence lack statistical robustness;
- Have an annualised figure which includes a market signals adjustment that is at least as robust as that employed for the assessment of the 2016 ONS numbers; and
- Project windfall delivery that is realistic and should not be allowed to be inflated.

5.8 As illustrated on the table overleaf, if the Council did promote a Plan which followed a sound approach it would plan for the delivery of 800 homes per annum for the period 2011-2037 i.e. 20800 homes.

5.9 Once regard is had for delivery in the period 2011-2020 that would leave a residual requirement for 17182 net additional new homes.

YIELD	800 DPA
Completions 2011-2016	1497
Completions 2016-2020	2121
TOTAL COMPLETIONS	3618
Requirement 2011-2016	4,000
Requirement 2016-2020	3200
Requirement 2020-2032	9600
Requirement 2032-2036	3200
Requirement 2036-2037	800
TOTAL REQUIREMENT	20800
RESIDUAL REQUIREMENT	17182

- 5.10 As we have set out earlier, there is a logical argument to say that the Plan period should be extended to March 2037 to allow for an adopted Plan to consider a minimum 15 year period running from the date of first adoption- that is built in to the above analysis and would increase the requirement by 800 homes.
- 5.11 In comparison, the approach which appears to be being promoted by the Council would suppress both annualised requirements and simply gloss over significant under-delivery from 2011-2016. It would also ignore the requirement for a 15 year Plan (by ceasing in 2036). Such an approach would plainly be wrong and would only serve to reinforce historic undersupply and chronic affordability issues which would take on a generational status.

6.0 Summary

- 6.1 We have previously submitted representations where we identified our strong concern that despite the Inspector's very clear advice and recommendations that the Council appears determined to either resist or delay progress on a Plan which could genuinely meet objectively assessed needs having proper regard for historic undersupply.
- 6.2 Remarkably, since that point the Council has sought to further suppress supply by creating their own mutant algorithm to arrive at a residual housing requirement underpinned by a dogmatic approach where sources of demand are suppressed and certain intangible elements of supply (such as windfall) are inflated in order to align with political objectives.
- 6.3 We would urge the Inspector to agree that the key premise for this consultation (EX190) is now somewhat obsolete given that the 2018-based projections have been rejected by numerous authorities in a similar position and also MHCLG in the context of Housing Delivery Test work.
- 6.4 We conclude that the Council's assertion that the FOAHN has fallen to 690 homes per annum should be rejected as it relies upon 2018-based projections. The Council should instead revert to 2014-based projections and account for the chronic and persistent under-delivery that has occurred for a period now exceeding a decade.
- 6.5 The FOAHN for the Plan period should be a **minimum of 17,182 homes** because the annualised need is at least 800 homes and the Plan period should cover the administrative years April 2016- March 2037. It also needs to have regard for the under-delivery within the omitted years 2011-2016.
- 6.6 Through this five year period, the Council has failed to achieve its annualised growth targets every year and admits to having an inadequate housing land supply. It has also failed to meet the required delivery yield of the Housing Delivery Test every year since that was introduced. This is chronic under-delivery demonstrating a reluctance to move forward with a justified sound Plan that will genuinely overcome affordability issues that stem from under-delivery.
- 6.7 The Council faces a very similar predicament to neighbouring North Hertfordshire, with a political preference for reduced housing delivery and a windfall opportunity to meet that objective by a reliance upon lower projections through use of the 2018 based numbers. It is self-evident that the Council felt reassured that the HDT consultation would support their preference for suppressed housing delivery.

- 6.8 Despite our comments above, we do not seek to impede the progress of this Plan and nor would we encourage a proposal to defer these matters to immediate Local Plan Review cycle. If that were to follow, that would inevitably arrive in the requirement for a new Local Plan process informed by an even higher annual requirement consistent with the published Standard Methodology of 875 dwellings per annum.
- 6.9 We would suggest that a pragmatic compromise would be to identify a Plan period from 2011-2037 that addresses historic under-delivery and relies upon the 800 annual requirement that has been agreed to meet needs inclusive of an appropriate market signals adjustment.
- 6.10 It is the case that there are several sustainable and available sites which have been promoted and found technically sound by officers which could deliver the shortfall. In that vein, we note EX220 which recognises this point and directs that these sites should be subject of Examination during March 2021 which we strongly endorse.