Strategic Housing Market Assessment Update 2017

Welwyn Hatfield

May 2017

Turley

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Client
Welwyn Hatfield Borough Council

Our reference
WELM2000

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Executive Summary

1. The Strategic Housing Market Assessment (SHMA) forms part of the evidence base commissioned by Welwyn Hatfield Borough Council ('the Council') to inform its emerging Local Plan, providing an objective assessment of the need (OAN) for housing in Welwyn Hatfield which complies with the National Planning Policy Framework (NPPF) and published Planning Practice Guidance (PPG).

2. The SHMA[1] produced by Turley in 2014 preceded a number of further reports which took account of newly released datasets and evidence influencing the OAN, including:

    - The SHMA Partial Update[2], published in October 2015; and

    - The SHMA Partial Update Addendum[3], responding to the Economy Study Update and published in April 2016.

3. Turley were appointed by the Council to prepare this further update to the SHMA in order to provide a single reference point on the conclusions of housing need evidence used to inform the pre-submission version of the Draft Local Plan and consider new data, methodological guidance and legal interpretations – as of April 2017 – which have become available since the earlier evidence was prepared. This update also considers relevant responses received during the latest round of consultation on the Draft Local Plan.

4. This Executive Summary follows the structure of the main report firstly providing an overview of the evidence base preceding this update and then presenting the outputs of the update including the concluded position on the OAN for Welwyn Hatfield.

Overview of Previously Published Evidence

5. The overview of the previously published evidence on housing needs in Welwyn Hatfield has been structured around the core outputs required under the PPG.

Housing Market Area Definition

6. The PPG and NPPF make clear that housing needs should be assessed in relation to the relevant functional housing market area (HMA). The 2014 SHMA concluded that the administrative area of Welwyn Hatfield did not represent a distinct or self-contained HMA, identifying two housing market areas centred around the borough. A wider housing market area was identified based on local authority boundaries, incorporating Barnet, Broxbourne, East Hertfordshire, Enfield, Hertsmere, North Hertfordshire, St Albans and Stevenage. A more tightly defined boundary was also identified based on those sub-local authority areas with which Welwyn Hatfield shared the strongest relationships, which included parts of North Hertfordshire, Broxbourne, St Albans, East Hertfordshire and Barnet.

[1] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment
[2] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015
[3] Turley (April 2016) Welwyn Hatfield SHMA Partial Update Addendum: Responding to the Economy Study Update

7. The evidence base of those authorities sharing housing market area relationships with Welwyn Hatfield has been reviewed in both the 2014 SHMA and 2015 SHMA Partial Update, with the latter also reviewing the latest available spatial data on migration, commuting and house prices. The review of newly published SHMA evidence for areas proximate to Welwyn Hatfield confirmed that the borough had not been identified as an integral part of any neighbouring authorities housing market areas on a 'best fit' whole local authority basis, or included within their respective calculations of OAN. Cross-boundary relationships with Welwyn Hatfield were however identified in the SHMAs of neighbouring authorities. The 2015 SHMA Partial Update therefore concluded that it remained appropriate to focus on reviewing and updating the OAN for the administrative area of Welwyn Hatfield in this context. The 2015 Partial Update recognised that continued engagement with neighbouring authorities – particularly North Hertfordshire, Broxbourne, St Albans, East Hertfordshire and Barnet, which are partially covered by the more locally defined HMA – through the Duty to Co-operate would be important to ensure that housing needs are met in full at a strategic level.

Objective Assessment of Housing Need (OAN)

8. The 2014 SHMA concluded that there was an OAN for in the region of 625 dwellings per annum (dpa) in Welwyn Hatfield over the plan period. This recognised the importance of boosting the supply of housing beyond recent levels of growth and the appropriateness of the 2012-based sub-national population projections (SNPP) as a demographic '*starting point*' for the future growth of Welwyn Hatfield, in light of the borough's demographic complexities. The concluded OAN also recognised the need for a larger growth in population to support likely job growth based on the economic evidence available at the time, and sought to respond to an evidenced imbalance between housing supply and demand and the sizeable need for affordable housing.

9. In order to consider the need for housing across the HMA, the 2014 SHMA built upon the existing evidence base of other areas, which pointed towards an additional need for 13,319 dwellings within the more tightly defined HMA. This indicated that in the order of 25,800 homes would be needed across this area over the plan period. This estimate of need was undertaken recognising that there was a significant variation in the base date and informing information in respective SHMAs across the HMA. In this context, the SHMA was careful to highlight the need to treat this figure with considerable caution.

10. The 2015 SHMA Partial Update set out an updated OAN range, taking account of the 2012-based sub-national household projections (SNHP) and comments received during the earlier stage of Local Plan consultation in spring 2015. This again followed the stepped methodology set out within the PPG and concluded that 664 – 707 homes would be needed annually in Welwyn Hatfield over the updated plan period (2013 – 2032). As in the 2014 SHMA, this continued to view the official 2012-based SNPP as an appropriate projection of population growth in the borough, but considered that a demographic adjustment was necessary to reflect the greater level of in-migration from London likely to result from the adopted further alterations to the London Plan. Further uplifts were applied to account for evidence of worsening market signals and the need for a higher growth in population to support the likely level of job growth concluded by the Council's Economy Study. Responding to the Council's published Economy Study Update, the range was reviewed in the 2016 SHMA Addendum to reflect its conclusions on likely job growth in Welwyn Hatfield, with updated modelling concluding that the OAN

range remained appropriate. The 2015 SHMA Partial Update and the 2016 Addendum both concluded that the upper end of the range (707dpa) was more reflective of the full need for housing in Welwyn Hatfield on the basis of the evidence relating to market signals and the recognised need for affordable housing.

11. Unlike the 2014 SHMA, the 2015 SHMA Partial Update did not seek to establish a comparable OAN for the HMA, recognising the publication of updated evidence bases in those authorities sharing housing market linkages with Welwyn Hatfield. The updated evidence reviewed had consistently sought to 'best fit' assessments to reflect local authority boundaries, and it was therefore considered inappropriate and unnecessary to separately determine an OAN for other authorities in the wider HMA beyond the administrative area of Welwyn Hatfield, either wholly or in part. Instead, the 2015 SHMA Partial Update provided a summary of the latest OAN position for each of the local authority areas in the wider defined HMA considering the comparative alignment of methodological approaches.

Affordable Housing Need

12. The 2014 SHMA followed the methodology advocated by the PPG – which is entirely separate and distinct from the methodology used to establish the overall OAN – to calculate the annual need for affordable housing in Welwyn Hatfield, taking account of current and future need relative to available stock and future supply. The 2014 SHMA concluded that 810 affordable homes were needed annually over five years to clear the backlog while meeting newly arising needs, with the annual need falling to 489 affordable homes once the backlog is cleared. The 2015 SHMA Partial Update included a revised calculation which took account of the latest available data provided by the Council, concluding that 755 affordable homes are needed annually over five years before falling to 539 affordable homes annually once the backlog is cleared.

Type and Mix of Housing Needed

13. The 2014 SHMA reviewed the type of households likely to form over the plan period and considered the resultant need for different sizes and types of housing. A separate briefing note was prepared in 2016 to provide headline observations on the implications of the 2012-based SNHP[4].

14. Reflecting the guidance in the NPPF and PPG, the 2014 SHMA and subsequent updates have also considered the specific housing requirements of different groups. The strong projected growth in older people has been consistently recognised, resulting in the identification of a component of the older population assumed to require accommodation in communal establishments which is additional to the concluded OAN. A separate demand for other specialist older persons' accommodation is also expected to result from projected growth in the older population, which could contribute towards meeting the overall OAN.

15. The evidence has also continued to recognise the specific housing needs of the sizeable student population in Welwyn Hatfield, attributable to the University of Hertfordshire in Hatfield and the Royal Veterinary College close to Potters Bar. The 2014 SHMA highlighted the challenges associated with understanding the future need

[4] Turley (April 2016) Welwyn Hatfield Strategic Housing Market Assessment Briefing – Size and Type of Housing Required

for student accommodation, noting that significant growth in student numbers has previously occurred but is not planned by either provider over the short-term, although the importance of continuing to monitor this position was highlighted. The 2015 SHMA Partial Update recognised that the substantial recent growth in the student population was captured in historic demographic trends, suggesting that trend-based demographic projections were likely to assume a continued increase in student numbers following the period upon which trends are based. The number of younger residents living in halls of residence is, however, assumed to remain fixed in official projections, with proposals for net additions to the supply of student bedspaces therefore meeting a need otherwise assumed to be accommodated through private dwellings and contributing towards the concluded OAN for the borough.

Reflecting the Changing Context for Assessing Housing Needs

16. The context for assessing housing needs in Welwyn Hatfield has continued to evolve since the existing evidence summarised above was prepared. As such, there are a number of important factors which should now be taken into consideration when establishing the need for housing in the borough, relating to the release of new datasets – namely the 2014-based SNPP and SNHP – and the ongoing interpretation of the PPG by Inspectors and legal judgments. This updated context has implications for each stage of the stepped methodology advocated by the PPG, which collectively justify a review of the concluded OAN for Welwyn Hatfield.

17. The release of the official 2014-based SNHP and SNPP provides a new '*starting point*' for the assessment of housing needs, suggesting that an average of 650 households will form each year, translating into a need for 670 dwellings per annum over the plan period (2013 – 2032) when allowing for vacancy rates[5]. While this is a higher level of need than suggested by the earlier 2012-based projections referenced in the 2015 SHMA Partial Update (574dpa), Edge Analytics' detailed review of the projections has continued to highlight the complexity of the demographic profile of Welwyn Hatfield, confirming that the 'starting point' is underpinned by a projected level of population growth which appears reasonable in the context of long and short-term historic trends. A separate demographic adjustment is, however, considered necessary to allow for a return to higher levels of household formation amongst younger people, which has deteriorated over recent years and is not assumed to recover within the official projection. This adjustment would result in a need for 721 dwellings per annum, uplifting the 'starting point' by 8%.

18. This demographic projection is also projected to grow the labour force over the plan period and could be expected to as a minimum support the level of job growth considered likely in Welwyn Hatfield, based on the conclusions of the Economy Study Update. On this basis, the provision of 721 dwellings per annum over the plan period will be sufficient to grow the labour force, with no uplift considered to be required to support the assessed likely level of job growth concluded within the Economy Study Update.

19. A further adjustment is, however, concluded as being required to provide a reasonable supply response to the moderate worsening of market signals in Welwyn Hatfield, reflecting the views of Inspectors in areas which have seen a comparable worsening

[5] Appendix 1 - Edge Analytics Table 11

over recent years. Whilst an adjustment has been made within the assessment of the demographic need to assume a recovery in younger household formation rates – responding to evidence of worsening housing affordability – this is not considered to represent an adjustment of a scale which could be expected to make a justifiable contribution towards improving affordability in Welwyn Hatfield. A further uplift of 10% is therefore considered the minimum appropriate and reasonable response. Applying this uplift to the adjusted demographic projection suggests a need for 793 dwellings per annum over the plan period.

20. Although this update has not reviewed the calculation of affordable housing needs in full, a discrete update has been applied to reflect the increased number of newly forming households anticipated under the updated demographic projection. This suggests that 818 affordable homes per annum will be needed in Welwyn Hatfield over the next five years, with 602 affordable homes needed annually thereafter. It is clear that meeting this need in full would require an overall level of housing provision far in excess of that needed to accommodate demographic growth in the population, support likely employment growth and respond to worsening market signals. The evidence of need in both these regards does not support a further quantifiable uplifting of the OAN in response to elevating levels of affordable housing provision. The cumulative uplifts suggest an upward adjustment of at least 18% from the baseline demographic projection, primarily to address the historic impacts of affordability and the under-provision of housing. This scale of housing provision will accommodate a growth in the labour-force to support likely job growth, and a further uplift to assist in delivering affordable housing would therefore need to clearly justify the origin of need from households to occupy additional housing. It is considered that he successful implementation of the Council's proposed affordable housing policies could, however, result in circa 160 affordable homes being delivered annually through provision of 793 dwellings per annum. This would significantly boost the recent level of affordable housing delivery and uplift the long-term average rate of delivery, responding to this evidenced high need.

21. Drawing the updated analysis together indicates that there is a calculated objectively assessed need (OAN) for at least **793 dwellings per annum** in Welwyn Hatfield over the plan period. This has been rounded upwards to **800 dwellings per annum**. This updated level of need exceeds that suggested by the upper end of the previously concluded OAN range (707dpa).

22. The updated OAN uplifts the 'starting point' by circa 19% and would accommodate a proportionate growth in the population (24%) which surpasses that projected nationally (14%). This level of provision could be expected to meet demographic needs, taking into consideration the historic complexities in the demographic profile of the borough and the likely drivers of population change. Provision of this scale would allow for a return to higher levels of younger household formation, support likely job creation through growth in the labour force and reasonably respond to worsening market conditions in the borough through an uplift to further increase supply. Such a level of provision would also represent a significant increase in the supply of both market and affordable housing, almost doubling the longer-term average annual rate of development (413dpa, 2001 – 2015) and clearly aligning with the Government's objectives to boost significantly the

supply of housing. The adjustments applied in arriving at this updated position on OAN are summarised in the following table.

Table 1.1: Adjustments to the 'Starting Point' in Arriving at the OAN

	Adjustment (dwellings per annum)	**Dwellings per annum** 2013 – 2032	% uplift from 'starting point'
The 'starting point' – 2014-based SNHP		**670**	
Adjusted demographic projection	+51	**721**	8%
Supporting likely job growth	+0	**721**	8%
Market signals adjustment (+10%)	+72	**793**	18%
Objectively assessed need (OAN) *rounded*	**+130**	**800**	**19%**

Source: Turley; Edge Analytics, 2017

23. As in the 2015 SHMA Partial Update, the continued development of evidence for other authorities in the wider HMA means that it is not appropriate or necessary for this report to separately determine an OAN for other authorities in the wider HMA beyond the administrative area of Welwyn Hatfield, either wholly or in part. An up-to-date review of the published evidence base of each of the authorities identified confirms that Welwyn Hatfield has not been specifically included in any one of the surrounding HMAs. The concluded OAN for each of the authorities with which Welwyn Hatfield is considered to share housing market boundaries has, however, been extracted from their latest published evidence and validated with each authority. This sets the concluded OAN for Welwyn Hatfield within a wider appreciation of the evidenced needs across the HMA and provides an important context for the Council in maintaining its Duty to Co-operate discussions.

24. The updated OAN established for Welwyn Hatfield also has implications for the size and types of housing needed over the plan period, with the updated analysis in this report indicating that:

- Projected change in the household profile will generate a need for **different sizes of housing** over the plan period, when assumed for illustrative purposes that households' tendencies to occupy different sizes of housing reflect existing trends. This indicates that approximately two thirds (64%) of households are likely to require at least three bedrooms, with around 23% likely to require two bedrooms. This indicative mix should only be used for guidance in its translation into policy and for the monitoring purposes of future development;

- **Starter Homes** are likely to provide an alternative option for those currently renting in the private sector in Welwyn Hatfield, although a large number of households are expected to remain unable to afford the annual cost of Starter Homes. A range of affordable housing tenures are therefore likely to be required over the plan period;

- Growth in the **older population** will generate a demand for approximately 725 specialist housing units (Use Class C3) over the plan period, forming a component of the overall OAN for housing in Welwyn Hatfield. This is a small increase from the 714 units projected in the 2015 SHMA Partial Update, reflecting the higher level of projected population growth. The modelling indicates that growth in the older population will generate a separate and additional need for 339 bedspaces in communal establishments (Use Class C2) which is excluded from the overall OAN presented and is again a small increase from the previous assessment in the 2015 SHMA Partial Update;

- While the **student population** cannot be isolated within official population or household projections, there is no indication that the 2014-based SNPP is assuming a growth in the younger student aged population of the scale observed in the first half of the last decade in particular. There is equally no indication that the universities are pursuing a growth in student numbers with evidence indicating that their numbers have stabilised more recently. The broadly stable student age population suggested by the 2014-based SNPP therefore appears an appropriate reflection of anticipated planned short-term change in the student population, with the household projections therefore capturing the need for housing which may be generated by a largely stable student population. In considering how the student population is accommodated, the household projections make no allowance for growth in the number of younger people living in halls of residence since 2011, although the completion of new bedspaces since this point can be reasonably assumed to have increased the number of students living in halls of residence. This – and any further increase in the future – would therefore meet a need which is otherwise assumed to be accommodated within dwellings, and is included within the concluded OAN. Equally, the provision of student bedspaces could also offset the assumed growth in the number of shared adult households in HMOs, releasing housing into the market or further reducing the implied need for additional dwellings. It is, however, important to recognise that this group forms only a small component of the overall need for additional housing in Welwyn Hatfield; and

- The Council's latest assessment of the accommodation needs of **Gypsies, Travellers and Travelling Showpeople** suggests that 61 pitches will be needed over the remainder of the plan period (2016 – 2032), with over half (37) needed within the next five years to address the backlog and meet the needs of those waiting for a pitch.

1. Introduction and Scope of the Update

1.1 Turley have been appointed by Welwyn Hatfield Borough Council ('the Council') to prepare this update to the Strategic Housing Market Assessment (SHMA), which will form part of the evidence base for the emerging Local Plan.

1.2 This report is intended to fulfil two principal purposes, namely:

- To provide a single reference point on the conclusions of the housing need evidence which informed the publication of the pre-submission version of the Draft Local Plan published by the Council; and
- To include an updated consideration of data and methodological guidance – including its legal interpretation – which has become available since the earlier preparation of evidence on the objectively assessed need (OAN) for housing in Welwyn Hatfield.

1.3 The report has also considered responses received during consultation on the pre-submission version of the Draft Local Plan where these relate to the evidence base on housing needs.

Existing Housing Need Evidence Base

1.4 The Council's evidence base incorporates a number of reports which assess the OAN for housing within Welwyn Hatfield, with these reports understood to have been used to inform the housing policies within the pre-submission version of the Local Plan.

1.5 This includes the Strategic Housing Market Assessment[6] published in 2014 ('the 2014 SHMA') and a number of documents subsequently prepared to be read alongside the SHMA, which took into account the release of key datasets or evidence which directly influenced the calculation of housing needs in Welwyn Hatfield. Two partial updates have previously been commissioned and published in this regard:

- Strategic Housing Market Assessment Partial Update[7], published in October 2015 ('the 2015 SHMA Partial Update'); and
- SHMA Partial Update Addendum: Responding to the Economy Study Update[8], published in April 2016 ('the 2016 SHMA Addendum').

1.6 In addition to the above, a briefing on the size and type of housing required[9] was produced to take account of more detailed (Stage 2) household formation rate data underpinning the 2012-based sub-national household projections (SNHP). This was referenced in the pre-submission Draft Local Plan, but represented only a small update due to the limitations of data available at the time.

[6] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment
[7] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015
[8] Turley (April 2016) Welwyn Hatfield SHMA Partial Update Addendum: Responding to the Economy Study Update
[9] Turley (April 2016) Welwyn Hatfield Strategic Housing Market Assessment Briefing – Size and Type of Housing Required

Scope of Report

1.7 The analysis presented within this report takes account of the latest available datasets and guidance for assessing housing need in Welwyn Hatfield, as published in April 2017.

1.8 This includes the release of the 2014-based sub-national population and household projections (SNPP/SNHP) by the ONS and DCLG respectively. In accordance with Planning Practice Guidance (PPG), these datasets represent a new '*starting point*' for the assessment of housing needs in the borough[10].

1.9 In February 2017, the Government published a Housing White Paper titled *'Fixing our broken housing market'*[11]. This provided a clear statement of the Government belief that:

> *"The current approach to identifying housing requirements is particularly complex and lacks transparency. The National Planning Policy Framework (NPPF) sets out clear criteria but is silent on how this should be done. The lack of a standard methodology for doing this makes the process opaque for local people and may mean that the number of homes is not fully recognised"*[12]

1.10 In response to this issue, the Government confirmed that it will be consulting upon options for introducing a standardised approach to assessing housing requirements *'at the earliest opportunity'*[13] in 2017. This was also re-asserted in the Government's published response to the recommendations of the Local Plan Expert Group (LPEG) which advised that such a standardised approach should be implemented. Whilst the LPEG proposed an alternative methodology, the Government's response did not provide an indication as to whether the LPEG recommended methodology would form one of the options to be considered.

1.11 The Housing White Paper establishes that the new methodology will be applied by April 2018 for the purpose of assessing five year housing land supply and delivery where an up-to-date Local Plan is not in place. This indicates that an agreed methodology will be in place in 2017 with the Government confirming that this will be reflected in changes to the NPPF.

1.12 At the point at which the evidence in this study has been prepared, no consultation material with regards to a new standardised methodology for calculating OAN is available. The updated analysis in this report therefore follows the current PPG, which continues to represent the latest guidance issued by Government, while appreciating its ongoing interpretation through recent legal judgments and Local Plan Inspectors' reports.

1.13 In reviewing both the latest available datasets, guidance and its application, consideration has also been given to the responses received during consultation on the

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[10] PPG Reference ID 2a-015-20140306

[11] DCLG (February 2017), 'Housing White Paper: Fixing our broken housing market'

[12] *Ibid, paragraph 1.12*

[13] *Ibid, paragraph 1.13*

Draft Local Plan proposed Submission 2016 ('the Draft Local Plan'), which was held between August and October 2016[14].

1.14 It is, however, recognised that any alternative methodologies proposed by the Government may represent a significant departure from the PPG. It will be important for the Council to interpret the analysis and conclusions of this report in this context.

Report Structure

1.15 The remainder of this report is structured as follows:

- **Section 2: Overview of Existing Housing Need Evidence in Welwyn Hatfield** – this section provides a concise overview of the housing need evidence relating to the OAN for housing in Welwyn Hatfield. This is intended to provide a single reference point on the conclusions of the work, which were used to inform the pre-submission draft of the Local Plan.

- **Section 3: Updated Context for Assessing Housing Need in Welwyn Hatfield** – an overview of factors which are considered to impact upon the updating of the OAN evidence in Welwyn Hatfield, including new data releases and guidance.

- **Section 4: Updating the OAN – Methodological Inputs** – analysis structured around the methodological steps for establishing OAN, taking into account information and the application of guidance reviewed in section 3.

- **Section 5: Housing Type and Mix** – updated analysis of the implied need for different sizes of housing, and the need arising from specific housing groups likely to have distinct needs for different types of housing.

- **Section 6: Conclusion** – establishing the implications of the analysis set out within the preceding sections, including an assessment of the OAN for housing in Welwyn Hatfield using data and published guidance as of April 2017.

[14] The responses to the consultation are available at http://consult.welhat.gov.uk/portal/planning_policy/local_plan_proposed_submission_august_2016/lpps_document

2. Overview of Previously Published Evidence of Housing Need in Welwyn Hatfield

2.1 This section provides a synopsis of the key findings relating to housing need set out within the assembled evidence base, as described in section 1 of this report. This is structured to consider the OAN for housing alongside separate sub-sections setting out additional detail relating to affordable housing need and the type and mix of housing needed.

2.2 In summarising the conclusions of the previously published research this section seeks to cross-reference relevant sections or paragraphs of these reports as relevant. However, it is important to reference that the preceding documents included detailed and extensive evidence of the factors which are required to be considered in assessing the need for housing and should be referenced separately where additional detail or context is required.

Pre-Submission Draft Housing Need Evidence

Timeline of Evidence Preparation

2.3 Turley were appointed by Welwyn Hatfield Borough Council in 2013 to prepare a full Strategic Housing Market Assessment ('the 2014 SHMA') in compliance with the National Planning Policy Framework[15] (NPPF) and available guidance.

2.4 The programme for the preparation of the original SHMA was extended to integrate the release of the 2012-based sub-national population projections (SNPP) and take account of the 2014 Economy Study[16]. The final version of the SHMA[17] was published in September 2014. This took full account of Planning Practice Guidance (PPG) which was formally launched by the Government as an online document in March 2014, recognising that it has continued to be updated following its launch and that it is a live guidance document.

2.5 Turley subsequently prepared a partial update to the SHMA[18] ('the 2015 SHMA Partial Update') which was published in October 2015. This partial update took account of the release of the 2012-based sub-national household projections (SNHP) in February 2015 as well as updated demographic modelling from the Essex Planning Officers Association (EPOA). The partial update also sought to address comments received by the Council on the SHMA during the consultation on the Local Plan in spring 2015. In updating the SHMA, a new updated range of OAN for housing was concluded, alongside an updated calculation of the need for affordable housing.

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15 DCLG (2012) National Planning Policy Framework
16 Atkins (2014) Welwyn Hatfield Economy Study
17 Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment
18 Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015

2.6 The publication of an Economy Study Update[19] in December 2015 triggered the preparation of a further addendum report[20] ('the 2016 SHMA Addendum'), which was published in April 2016. The scope of this addendum was limited to considering the implications of the Economy Study Update on the concluded OAN in the 2015 SHMA Partial Update.

2.7 It is understood that the above evidence base documents were used by the Council to prepare the pre-submission draft of the Local Plan which was published for public consultation in August 2016.

2.8 The following table summarises the relevant housing evidence base documents produced to date, and confirms where each document can be sourced from the Council's website.

Table 2.1: Pre-Submission Draft Housing Need Evidence

Document	Link
Strategic Housing Market Assessment Turley, August 2014	http://www.welhat.gov.uk/CHttpHandler.ashx?id=9428&p=0
SHMA Partial Update Turley, October 2015	http://www.welhat.gov.uk/CHttpHandler.ashx?id=10575&p=0
SHMA Partial Update Addendum: Responding to the Economy Study Update Turley, April 2016	http://www.welhat.gov.uk/CHttpHandler.ashx?id=11222&p=0
SHMA Briefing on the Size and Type of Housing Required Turley, April 2016	http://www.welhat.gov.uk/CHttpHandler.ashx?id=11221&p=0

Housing Market Area

2.9 The PPG and NPPF make clear that housing needs should be assessed in relation to the relevant functional housing market area (HMA), which 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*'[21]. The PPG notes that the extent of HMAs will vary, might overlap and will in practice cut across the boundaries of various local authorities[22].

2.10 The 2014 SHMA included detailed analysis and consideration of the appropriate HMA for Welwyn Hatfield[23].

2.11 Following the guidance and definitions set in the NPPF and PPG, the 2014 SHMA concluded that the administrative area of Welwyn Hatfield did not represent a distinct or self-contained HMA. In defining a Welwyn Hatfield-centric HMA, two housing market areas centred around the borough were identified. A wider housing market area was

[19] Turley (December 2015) Welwyn Hatfield Economy Study Update
[20] Turley (April 2016) Welwyn Hatfield SHMA Partial Update Addendum: Responding to the Economy Study Update
[21] PPG Reference ID 2a-010-20140306
[22] Ibid
[23] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment, section 2 of the SHMA included a summary of the detailed evidence presented within Appendix 3.

identified based on local authority boundaries[24], with a more tightly defined boundary also identified based on those sub-local authority areas with which Welwyn Hatfield shared the strongest relationships[25]. The identified HMAs are illustrated in the following plan[26], with the red hatched area representing the more tightly defined housing market area. A more detailed figure of the defined HMA can be viewed at Appendix 3.

Figure 2.1: Welwyn Hatfield Housing Market Areas

Source: Turley, 2014

2.12 The 2014 SHMA in defining the wider housing market area, as represented by the authorities shown in Figure 2.14, sought to build upon and reflect the existing evidence base of these authorities and in particular consider the balance between the planned supply and requirements indicated by the official sub-national household projections and published SHMAs for each authority[27].

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[24] *Ibid* - paragraph 10.6 lists the 'wider housing market area' as including the following authorities: Barnet, Broxbourne, East Hertfordshire, Enfield, Hertsmere, North Hertfordshire, St Albans and Stevenage

[25] *Ibid* – paragraph 10.8 confirms that this more tightly defined boundary drawn on the basis of wards included wards within the following authorities – Barnet, Broxbourne, East Hertfordshire, Hertsmere, North Hertfordshire and St Albans

[26] *Ibid* – this plan was originally included as Figure 10.1

[27] *Ibid* – paragraph 10.10

2.13 Recognising the publication of new SHMA evidence for areas proximate to Welwyn Hatfield, the 2015 SHMA Partial Update revisited this conclusion[28]. This included an analysis of the latest available data including additional 2011 Census data and the 2011 Census based Travel to Work Areas (TTWA) published by the ONS. Importantly, this confirmed that none of the reviewed SHMAs commissioned by surrounding authorities identified Welwyn Hatfield as an integral part of its housing market area or included it within their calculation of OAN[29].

2.14 The review of the concluded HMA within the 2015 SHMA Partial Update also served to reinforce the complexities associated with defining appropriate HMAs within this wider area[30]. The influence of Greater London was identified as resulting in few areas demonstrating the level of containment – in terms of migration and commuting – suggested by the PPG as being representative of a distinct housing market area[31], while analysis of house prices equally failed to provide a conclusive picture. The updated analysis continued to confirm that in practice, Welwyn Hatfield can be viewed as part of a much larger housing market which encompasses parts of the London commuter belt. This presents challenges in defining housing market areas for the purposes of assessing housing needs within this area, however, given that such areas may not be adjoining and may in any case share stronger relationships with areas beyond them.

2.15 On the basis of the updated review of the HMA the 2015 SHMA Partial Update arrived at the conclusion that it remained appropriate and necessary to focus on reviewing and updating the OAN for Welwyn Hatfield[32].

2.16 It was concluded that continued engagement through the Duty to Co-operate process between Welwyn Hatfield Borough Council and other authorities within the wider HMA – defined at Figure 2.1 – would be important to ensure that housing needs are met in full at a strategic level. In accordance with the more tightly defined HMA set out in the 2014 SHMA (Figure 2.1), these authorities continued to be considered primarily as including North Hertfordshire, Broxbourne, St Albans, East Hertfordshire, Hertsmere and the London Borough of Barnet. It was recognised that these conversations would also need to recognise the combination of HMA geographies within which these authorities were also included, including the Greater London Authority (GLA) [33].

2.17 Outside of the housing evidence it is recognised that the Economy Study Update also identified important economic linkages with surrounding authorities, and concluded that Welwyn Hatfield shares a functional economic market area (FEMA) with the local authority areas of East Hertfordshire, St Albans, Luton, North Hertfordshire and Stevenage. This further reinforced the importance of the Council's ongoing Duty to Co-operate discussions with neighbouring authorities in the context of its assessment of need focusing on its own authority area.

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28 Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015, Section 2 included a detailed re-assessment of the latest data relating to the defining of the HMA.
29 Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015, paragraph 2.54
30 *Ibid – Section 2*
31 PPG Reference ID 2a-011-20140306
32 *Ibid* – paragraph 2.59
33 *ibid – paragraph 2.61*

Objective Assessment of Housing Need (OAN)

2.18 The 2014 SHMA calculated the objectively assessed need (OAN) for housing in Welwyn Hatfield, in compliance with the NPPF and PPG[34]. This concluded that there was an OAN for in the region of 625 dwellings per annum (dpa) in Welwyn Hatfield over the plan period[35].

2.19 In concluding this level of OAN the 2014 SHMA followed the PPG methodology recognising[36]:

- The importance of boosting the supply of housing in the authority above more recent levels of growth;
- The appropriate starting point projection of population growth associated with the 2012 SNPP recognising the complexities of migration dynamics within the authority as well as the previous ONS over-count of the population and changing net internal migration flows reflecting in particular the relationship with London;
- A higher growth in population required to support the assessed level of likely job growth in the Economy Study (Atkins, 2014); and
- Evidence of a potential imbalance between supply and demand which had occurred over the last 10 years and a calculated high need for affordable housing.

2.20 In order to consider the need for housing across the housing market area, the 2014 SHMA took account of the guidance in the PPG, which states that:

"Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area…"[37]

2.21 All authorities within the wider HMA were invited at an early stage to take part in a stakeholder workshop and were also contacted during the development of the evidence base so that the SHMA could build upon the evidence base of authorities proximate to Welwyn Hatfield available at that time. The 2014 SHMA assessed the OAN for Welwyn Hatfield borough and also set out, proportionate to the number of households within the defined HMA, the distribution of the projected growth in households derived from the suite of evidence available at that time for authorities within the defined HMA.

2.22 As set out above, within the 2014 SHMA the OAN for Welwyn Hatfield was assessed at 625 dwellings per annum, equivalent to 12,500 dwellings between 2011 and 2031. The evidence base of other areas pointed towards an additional need for 13,319 dwellings across the other parts of the defined HMA based upon the ward definition; a total of in the order of 25,800 homes needed across the ward based HMA. The 2014 SHMA was careful to highlight that this *'figure should be treated with considerable caution, given the assumptions used in order to derive* it'[38]. The 2014 SHMA also noted that the purpose of

[34] DCLG (2014) Planning Practice Guidance – section 2a housing and economic development needs assessments
[35] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment - Paragraph 9.69
[36] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 9.68
[37] PPG Reference ID 2a-007-20150320
[38] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 9.107

this analysis was not to question any of the input OANs from other authorities included in the HMA. It was therefore at best illustrative and intended to provide a consideration of the implications for the future Duty to Co-operate process.

Table 2.2: Distribution of Objectively Assessed Need 2014

Authority	Total projected household growth 2011 – 2031	Proportion of all households in tightly defined HMA	Total household growth in HMA	**Cumulative total**
Barnet	44,200 *(GLA 'Central' household projection)*	9.6%	4,243	4,243
Broxbourne	5,240 *(Housing target linked to 2013 SHMA)*	8.0%	419	4,662
East Hertfordshire	15,000 *(Housing target linked to 2013 SHMA)*	22.4%	3,360	8,022
Enfield	39,900 *(GLA 'Central' household projection)*	0.0%	0	8,022
Hertsmere	11,060 *(2011 SNHP)*	22.4%	2,477	10,500
North Hertfordshire	10,700 *(2013 SHMA)*	6.3%	674	11,174
St Albans	8,720 *(2013 SHMA)*	24.6%	2,145	13,319
Stevenage	5,300 *(Local Housing Targets Paper)*	0.0%	0	13,319
Welwyn Hatfield	12,500	100.0%	12,500	**25,819**

Source: Turley analysis, 2014

2.23 The 2015 SHMA Partial Update set out an updated OAN range to that presented within the 2014 SHMA. This took account of the release of the 2012-based SNHP, as well as comments received by the Council on the 2014 SHMA from those submitting representations during the latest round of consultation on the Local Plan in spring 2015[39].

2.24 The analysis in the 2015 SHMA Partial Update again followed the stepped methodology set out within the PPG in calculating the OAN for Welwyn Hatfield and took account of the latest evidence available at the time. In order to align with the emerging plan period the assessment period was updated (2013 – 2032).

2.25 Figure 7.1 of the 2015 SHMA Partial Update set out the stepped methodology followed in arriving at the OAN for Welwyn Hatfield, and this is replicated below.

Table 2.3: Adjustments to the Demographic Starting Point Implied in the Evidencing of the OAN

	Annual average projected dwelling need 2013 - 2032	Implied uplift from demographic 'starting point'	Implied annual proportionate growth in dwellings
2012 SNHP – the 'starting point'	**574**	**–**	**1.2%**[40]
2012 SNHP headship rate adjustment *Applied to younger households (20 – 29) in response to market signals evidence*	607	6%	1.3%
Adjustment to consider demographic implications of London	664	16%	1.4%
Adjustment to align labour-force growth with forecast job growth *Economy Study Baseline – EEFM Employed People*	625 – 707	9% – 23%	1.3% – 1.5%
Recommended OAN range	**664 – 707**	**16% – 23%**	**1.4% – 1.5%**

Source: 2015 SHMA Partial Update, Turley (Figure 7.1)

2.26 The 2015 SHMA Partial Update therefore concluded with an updated OAN range of between 664 and 707 homes per annum.

2.27 In deriving this OAN, the 2015 SHMA Partial Update concluded that in line with the 2014 SHMA the 2012 SNPP was considered to represent an appropriate demographic starting point projection of need[41]. This took into account the implications of longer-term historic trends of population growth in the authority and a number of factors highlighted by representors to the Local Plan consultation including the redevelopment of the Hatfield Aerodrome site and the impact of growth of the universities and student population in Welwyn Hatfield. In the case of the former it was noted that the

[39] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 1.4
[40] In the 2015 SHMA Partial Update, this is presented as 1.3%. This has been corrected to 1.2% following further consideration of the data
[41] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 7.38

development of the Hatfield Aerodrome site was concluded prior to the five year historic period upon which the 2012 SNPP was based[42] and in considering the impact of a growing student population, and in particular international students, it was concluded that these presented complexities associated with migration flows which reaffirmed the decision to retain the official projection rather than use variant sensitivity scenarios developed by Edge Analytics[43].

2.28 In concluding the OAN the SHMA acknowledged the implications of the London evidence base, developed through the further alterations to the London Plan (FALP), which had been recently adopted and was identified as resulting in a higher level of net migration flows from London. It was also considered that the associated projected level of population growth showed a greater alignment with the higher levels of population growth seen in the more recent ONS population estimates[44].

2.29 Further uplifts were applied to account for evidence of worsening market signals and the need for a higher growth in population to support the evidenced likely level of job growth concluded in the Economy Study[45].

2.30 Following the publication of the 2015 SHMA Partial Update, the Economy Study Update was published by the Council in December 2015. This updated the underpinning economic forecasts and arrived at an evidenced recommendation as to a likely level of job growth which was translated into an objective assessment of the need for employment land, which was used to inform the pre-submission Draft Local Plan. In order to maintain an alignment between the housing and employment needs evidence, the 2016 SHMA Addendum was commissioned. On the basis of updated modelling prepared by Edge Analytics integrating the job growth forecasts from the Economy Study Update, this Addendum concluded that the OAN range of 664 – 707 dwellings per annum remained appropriate. **As in the 2015 SHMA Partial Update[46], it also concluded that an uplift towards the upper end of the range (707dpa) was more reflective of the full need for housing in Welwyn Hatfield on the basis of evidence relating to market signals and a recognised need for affordable housing.**

2.31 The 2015 SHMA Partial Update did not seek to present a comparable OAN for the HMA, such as that presented at Table 2.2. Although when the 2014 SHMA was prepared many of the authorities with which housing market linkages were identified had outdated evidence bases, each had published updated evidence bases when the Partial Update was undertaken. It was noted that:

"The updated SHMAs have consistently sought to present evidence using a 'best fit' set of HMA geographies, which include whole local authority areas. In this context, it is not considered appropriate or indeed necessary to seek to determine an OAN which includes authorities outside of Welwyn Hatfield – either whole or in part – to arrive at an evidenced position of need across the strategic housing market area geography."[47]

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[42] *Ibid – paragraph 3.22*
[43] *Ibid – paragraph 5.34*
[44] *Ibid* – paragraph 7.13 – 7.14
[45] *Ibid* – paragraph 7.39
[46] *Ibid* – paragraph 7.48
[47] *Ibid* – paragraph 7.50

2.32 The 2015 SHMA Partial Update instead presented a summary table setting out the latest OAN position for each of the HMAs surrounding Welwyn Hatfield, where the report had been published. This included the calculated affordable housing need and a short consideration of how the PPG methodological steps had been applied to enable comparison with the calculation process set out in Table 2.3.

Affordable Housing Need

2.33 In compliance with the methodology advocated by the PPG – which is entirely separate and distinct from the methodology used to establish the overall OAN – section 7 of the 2014 SHMA drew upon available evidence to calculate the annual need for affordable housing in Welwyn Hatfield. This calculation comprises of:

- **Current housing need**, capturing households registered in priority bands (A – D) on the Council's Housing Register (Stage 1);
- **Available affordable housing stock**, including affordable dwellings currently occupied by households in need, surplus stock and the committed supply of new affordable housing over the next five years, removing units to be taken out of management (Stage 2);
- **Future housing need**, consisting of the number of newly forming households unable to afford the cost of market housing in their local area based on their income and the average number of existing households annually falling into need from other tenures over recent years (Stage 4); and
- **Affordable housing supply**, based on the annual supply of social re-lets and the annual supply of intermediate affordable housing becoming available at sub-market levels (Stage 5).

2.34 The calculation establishes the shortfall in affordable housing to meet the current backlog over a five year period, by subtracting available stock (Stage 2) from the current housing need (Stage 1) and annualising (Stage 3). The annual net new need for affordable housing (Stage 6) is calculated by subtracting affordable housing supply (Stage 5) from future housing need (Stage 4).

2.35 The annual net new need (Stage 6) is assumed to persist throughout the plan period, although concurrently clearing the backlog over five years (Stage 3) generates a higher level of need over the short-term.

2.36 Following this approach, the 2014 SHMA concluded that 810 affordable homes were needed annually in Welwyn Hatfield to both clear the backlog of existing unmet need within five years and meet newly arising need, with the annual need falling to 489 affordable homes once the backlog is cleared[48].

2.37 The affordable housing need calculation was revised in the 2015 SHMA Partial Update to take account of the latest available data provided by the Council. This followed an identical stepped approach and concluded that 755 affordable homes are needed

[48] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 9.57

annually in Welwyn Hatfield to 2020, falling to 539 affordable homes per annum once the backlog is cleared after five years[49]. This is summarised in the following table.

Table 2.4: Calculated Annual Need for Affordable Housing in Welwyn Hatfield

	Net annual need	
	2014 SHMA	2015 SHMA Partial Update
Shortfall in affordable housing to meet current backlog	321	216
Net new need	489	539
Net annual affordable housing need (5 years)	**810**	**755**

Source: 2014 SHMA and 2015 SHMA Partial Update, Turley

2.38 As acknowledged within the SHMA, the PPG makes clear that the calculated need for affordable housing should be considered and addressed in the context of the OAN. In concluding on the OAN in the 2014 SHMA, it was noted that meeting the calculated affordable housing need figure in full would require a level of provision on an annual basis considerably in excess of that seen in recent history. An assumption on the delivery of 30% affordable housing would result in the need to deliver 1,927 homes per annum to support the delivery of the calculated need for 578 affordable homes per annum. It was noted that this would be *'extremely unlikely to represent a realistic proposition'*[50]. In comparing the calculated need for affordable housing and the OAN the 2014 SHMA highlighted the issues associated with directly comparing the two figures, identifying that the calculation of affordable housing need includes those in existing need, many of which are already in existing stock in the borough[51].

2.39 In addition the 2014 SHMA considered the relationship between affordable housing need and affordability issues and comparable levels of completions of affordable housing and lettings. It was noted that:

"The highest levels of completions and new lettings [seen between 2006/07 and 2008/09] also corresponds with a 'peak' in terms of the affordability ratio'. The conclusion was also reached on this basis that this highlighted 'the more complex nature of the direct balance between supply and demand for housing suggesting that an uplift in the provision of affordable housing in Welwyn Hatfield will not necessarily directly result in an alleviating of affordability pressures'"[52]

2.40 The 2015 SHMA Partial Update also considered the need to consider the relationship between the calculated affordable housing need (as set out in Table 2.4) and the OAN. Consideration was given to a High Court judgement which had been recently published

49 Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 7.30
50 Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 9.68
51 *ibid*
52 *ibid* – paragraph 9.59 and Figure 9.2

at the time the study was undertaken[53]. This judgement confirmed how the gross unmet need for affordable housing should be considered:

“The Framework makes clear these needs should be addressed in determining the…[Full Objective Assessment of Need (FOAN)], but neither the Framework nor the PPG suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. This is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed”[54]

2.41 In comparing the affordable housing need figure and the OAN the 2015 SHMA Partial Update highlighted the points of methodological difference which made a direct comparison complex[55]. Again the High Court judgement quoted above was referenced in this context which identified that paragraph 159 of the NPPF requires *‘that the SHMA ‘addresses’ these needs in determining the FOAN’* and that:

”…when paragraph 47 of the Framework requires the local plan to meet “the full objectively assessed needs for market and affordable housing,” that is the figure determined by the SHMA required by the paragraph 159 of the Framework for the purpose of identifying the FOAN. That process, guided by the PPG, seeks to meet household and population projections (taking account of migration and demographic change), and to address the need for types of housing including affordable housing”[56]

2.42 The 2015 SHMA Partial Update on this basis concluded that *‘it will be important for the Council to seek to maximise the delivery of affordable housing through the provision of market housing. It is important to highlight that a significant amount of this need relates to existing households or those projected to form under the 2012 SNHP, and this would therefore not add to the overall need for housing’*[57]. As noted above in concluding on the OAN range the 2015 SHMA Partial update considered that the evidenced high need for affordable housing specifically pointed towards needs being represented by the upper end of the identified range[58].

Type and Mix of Housing Needed

2.43 The 2014 SHMA calculated the level of housing need associated with the 2012-based SNPP, but was prepared prior to the publication of the sister 2012-based SNHP dataset by DCLG. In the absence of household formation rates (‘headship rates’) from the 2012-based SNHP – used to translate population into households – the analysis applied the preceding 2008-based and interim 2011-based datasets to all of the population projection scenarios by Edge Analytics, with a midpoint of the resultant modelling outputs also presented given uncertainties associated with both datasets. These

[53] Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)

[54] Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)

[55] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 7.31

[56] *Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, [2015] EWHC 2464 (Admin)*

[57] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 7.33

[58] *Ibid – paragraph 7.44*

datasets were broken down by household type, enabling an understanding of the types of households likely to form in Welwyn Hatfield and the size of housing required. A broad similarity between scenarios was observed, and it was concluded that there was an evidenced need to provide for a mix of sizes and types of housing in the future[59].

2.44 The publication of the 2012-based SNHP in February 2015 provided new household formation rates which were subsequently applied to scenarios presented in the 2015 SHMA Partial Update and 2016 SHMA Addendum. However, the initial publication of a 'Stage One' release by DCLG did not include comparable detail on the types of households projected to form, restricting the extent to which the analysis of the need for different sizes and types of housing could be updated within these studies. This does, however, remain a requirement of the PPG[60].

2.45 Following the development of the scenarios referenced in the 2016 SHMA Addendum, 'Stage Two' outputs from the 2012-based SNHP were released by DCLG. A briefing note was prepared by Turley to provide headline observations on the size and type of housing needed under the 2012-based SNHP scenario[61]. This suggested a more limited need for smaller flats and a greater need for larger family housing when compared with the conclusions of the 2014 SHMA, although this exercise did not allow for modelled improvements in household formation rates – as considered appropriate in both the 2015 SHMA Partial Update and 2016 SHMA Addendum – and did not consider the types of households likely to form under any of the scenarios beyond the 2012 SNHP presented in these reports. This was noted as a limitation in the context of updated demographic modelling data not being available at the time the briefing note was prepared. Recognising that the adjustment to headship rates was applied to younger households, it was noted that the result would be likely to be an elevated need for smaller housing which was considered as being more likely to meet the needs of these household groups[62].

2.46 The following table summarises the conclusions of the 2014 SHMA and the initial observations of the 2016 briefing note on the size and type of housing required in Welwyn Hatfield.

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[59] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment - Figure 9.9

[60] PPG Reference ID 2a-021-20160401

[61] Turley (April 2016) Welwyn Hatfield Strategic Housing Market Assessment Briefing – Size and Type of Housing Required

[62] *ibid* – Size and Type of Housing Required – paragraph 14

Table 2.5: Estimated Size and Type of Housing Required

	2014 SHMA[63]	2016 Briefing (SNPP 2012)[64]
Studio/small 1 bed flat	15 – 16%	11%
2 bed flat or small mews	27 – 28%	26%
2 or 3 bed family house, semi-detached or mews	29%	30%
3 or 4 bed family semi-detached house or small 4 bed detached house	12 – 13%	14%
Larger 4+ bed family detached house	15 – 16%	20%

Source: Edge Analytics; Turley; DCLG

2.47 Reflecting the guidance in the NPPF and PPG, the 2014 SHMA and subsequent updates have also considered the housing requirements of specific groups, including:

- **Older people –** the 2014 SHMA highlighted the projected increase in the number of older residents, and identified that a component of the projected population were not included in the conversion of people into households given that they were not classified within the private household population. This suggested that the communal population would grow by approximately 620 persons between 2011 and 2031, with this growth to be accommodated in communal establishments (Use Class C2)[65]. The updated population and household projections developed to inform the 2015 SHMA Partial Update suggested that a lower level of need for C2 accommodation was required outside of the OAN based upon updated modelling of the projected change in the communal population, with a growth of approximately 330 persons projected and translated into a need for additional bedspaces over the period from 2013 to 2032[66]. While this is additional to the concluded OAN, the analysis in Appendix 2 of the 2015 SHMA Partial Update suggested that circa 38 – 39 specialist housing units (i.e. homes designed specifically for older people, such as sheltered housing) for those aged 75 and over annually (722 – 741 homes over the plan period) could contribute towards meeting the OAN; and

- **Students –** section 8 of the 2014 SHMA considered the specific housing needs of the sizeable student population in Welwyn Hatfield. It was concluded that students represented a particularly important group to consider in the borough given that the University of Hertfordshire (UoH) is based in Hatfield and the Royal Veterinary College's (RVC) Hawkshead Campus is located on the boundary with Hertsmere, close to Potters Bar. It was noted that the former has a more pronounced impact on the housing market, with over 90% of the borough's student properties located in Hatfield and one in three of the usual resident

[63] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – Figure 9.9
[64] Turley (April 2016) Welwyn Hatfield Strategic Housing Market Assessment Briefing – Size and Type of Housing Required – Table 3
[65] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 10.49
[66] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 7.55

population of Hatfield aged 16-74 being registered as students. It was also noted that international students represented a key demographic, with around one in three students born outside the UK[67]. The 2014 SHMA identified that it was challenging to understand the future level of need for student accommodation given that this is directly associated with the potential expansion plans of further and higher education providers. It was noted that in this context the latest UoH 'Strategic Plan' (2010 – 2015) indicated that student numbers were anticipated to remain stable at its 2009 level, following a period of growth. On this basis it was highlighted that it would be important to monitor future changes in student numbers[68]. The 2015 SHMA Partial Update considered the historical growth in student numbers in more detail noting that the UoH had expanded by around a quarter in terms of student numbers between 2002 and 2013. It was identified through the analysis informed by Edge Analytics that this recent growth in the student population had been captured in historic demographic trends, given that the ONS projections do not explicitly isolate students in population data. It was therefore acknowledged that students are *'likely to be a driver of population and migration trends in Welwyn Hatfield, although this is by no means the only driver of change in the borough'*[69]*.* It was therefore noted in the context of understanding the need for student accommodation that the demographic trend-based scenarios produced by ONS and Edge Analytics assume a continued increase in student numbers following the period upon which trends were based, but hold the number of younger residents living in halls of residence constant. It was noted that a significant increase in student numbers above historic trends would suggest additional need, although no update from the 2014 SHMA was available to suggest that student numbers would grow significantly recognising the intention of the UoH in particular to keep its numbers stable. In this context the 2015 SHMA Partial Update highlighted the intention of the UoH to deliver new on-campus accommodation which would on this basis increase the number of students living in halls of residence, subsequently meeting the needs of students who may have otherwise have been living in the private market. The 2015 SHMA Partial update also concluded that *'any proposals to deliver net additions to the supply of student bedspaces in Welwyn Hatfield should be assessed on their merits by the Council, given that this accommodation will contribute towards meeting the objectively assessed need for housing in the borough*'[70].

[67] Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraph 10.50
[68] *Ibid – paragraph 10.52*
[69] Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – Appendix 3 3rd paragraph
[70] *Ibid – paragraph 7.59*

3. Updated Context for Assessing Housing Need in Welwyn Hatfield

3.1 The context for assessing housing needs in Welwyn Hatfield has continued to evolve since the publication of the 2015 SHMA Partial Update and the latest 2016 SHMA Addendum in April 2016. As such, there are a number of important factors which should now be taken into consideration in establishing the need for housing in the borough.

3.2 This section includes a short review of the release of new datasets which directly influence the updated assessment of housing need, including the 2014-based SNPP and SNHP published by ONS and DCLG respectively[71].

3.3 Prior to considering the release of new data and its implications for the OAN in Welwyn Hatfield, a summary of the key points raised by representors to the consultation on the pre-submission Draft Local Plan is presented, which relates to the evidence base introduced in the preceding section of this report[72]. Several of these representations identified factors arising since the publication of the 2016 SHMA Addendum.

3.4 It is recognised that whilst the PPG has not been updated, Local Plan Inspectors' reports and their interpretation in S78 Inquiries and legal judgments have implications for the application of the methodological approach to calculating housing needs. Where relevant these are considered in the interpretation of the data in section 4 and in the concluded OAN in section 6 of this report.

Summary of Representations to the Submission Draft Local Plan Relating to Housing Need

3.5 The Council undertook public consultation on the pre-submission Draft Local Plan between August and October 2016, with responses received on the borough's proposed targets for growth. The pre-submission Draft Local Plan included reference to the housing needs evidence presented in the SHMA and subsequent updates, and therefore several responses were identified by the Council as being of relevance to this update. These responses are published on the Council's website, and are not exhaustively replicated in full within this update.

3.6 The following provides an overview of the key points raised during the consultation on the basis of the responses identified of relevance by the Council:

- Several responses identified the release of the 2014-based population and household projections, and highlighted the importance of considering the implications of this new dataset which projected a higher level of household growth over the plan period in Welwyn Hatfield;

[71] Going forward, ONS will now be producing household as well as population projections.
[72] Welwyn Hatfield Borough Council were responsible for undertaking a review of representations to identify those which were considered to raise substantive challenges to the assembled housing evidence base documents in the context of the NPPF and PPG. A review of representations which were not identified by the Council has not been undertaken by Turley

- A number of representations suggested that the OAN should be lower or higher with reference made to one-off historical events or other data inputs that inform the SHMA. In this context a number of representations highlighted concerns around the scale of population growth projected, which was seen as high and unduly influenced by the historic development of Hatfield Aerodrome and the growth of the borough's universities in the recent past;

- Following the decision to leave the European Union (EU), several responses highlighted a need to review the evidence given the likely impact on future international migration from the EU;

- There was recognition of the substantial need for affordable housing in Welwyn Hatfield, and the need to increase housing delivery if this were to be met in full;

- The allowance for likely future change in the relationship with London was welcomed and endorsed, as was the approach to test longer-term migration trends, although some felt that any longer time period was unlikely to present a more accurate projection than the latest official ONS dataset;

- A number of representations, including those submitted by the House Builders Federation (HBF), endorsed the methodology applied in the 2015 SHMA Partial Update and the concluded OAN range. The point was stressed, however, that the upper end of the OAN range should be used to inform the housing requirement in the Draft Local Plan. ;

- One comprehensive alternative assessment of OAN was submitted, on behalf of a developer/site promoter. This assessment concluded with a higher OAN for Welwyn Hatfield than identified in the SHMA. The assessment referenced the application of the methodology recommended by the Local Plans Expert Group (LPEG). It is understood that the assessment integrated the latest 2014-based projections, which are subsequently uplifted to reflect fixed longer-term average migration counts[73] and the application of further uplifts in response to market signals and affordable housing need. Alternative modelling is also presented to demonstrate that fixing migration levels at their recent (five year) level would similarly result in a higher need for housing than suggested by the 2015 SHMA Partial Update;

- Several responses commented on the approach to defining the housing market area, which is acknowledged as complex. This is seen to justify continued joint working across boundaries to ensure that housing needs are met in full across the wider area; and

- Although some responses raised concerns that the OAN elevated needs beyond the demographic baseline projection, others were reassured that this approach positively contributes towards significantly boosting housing supply in line with the objectives of the NPPF.

[73] It is noted that the document does not explicitly set out the methodology used. The approach of using 'fixed' historic migration rates differs from that consistently used by Edge Analytics in the modelling undertaken for the Council which applies migration rates which more closely reflects the approach adopted by the ONS in the generation of their SNPP datasets.

3.7 This update seeks to take account of the new data released since earlier updates to the SHMA were produced, and considers the implications of the decision to leave the EU on the demographic projections of need. Where other aspects have already been considered through the 2014 SHMA and 2015 SHMA Partial Update, as referenced in section 2, these are cross-referenced.

3.8 Whilst it is noted that reference was made in a number of responses to the LPEG recommendations; the Government response to the LPEG published in February 2017, does not at this point in time specifically set out that this will be one of the methodologies which will be consulted upon in arriving at a new standardised approach. The Government proposes to consult '*on options for introducing a standardised approach to assessing housing requirements'*. The Housing White Paper indicates that as part of this process it will also be consulting on what would constitute a reasonable justification for deviating from a standard methodology, implying that authorities may have to consider the applicability of the methodology to local circumstances. The Housing White Paper does not confirm how local authorities should take account of the future methodology in terms of plan-making but indicates that the new methodology will apply from April 2018. In the absence of the publication of the methodology, even at a consultation stage, it is not appropriate for this SHMA Update to pre-empt what that might be. The current PPG itself specifies that there is no single approach which will provide a definitive answer on future housing needs[74]. It is, however, recognised that the established and ongoing interpretation of guidance on OAN provides an important consideration, and this is reflected where relevant in the evidence presented in this section.

Emergence of New Data

3.9 Following the publication of the 2016 SHMA Addendum, the 2014-based sub-national population projections (SNPP) were released by the ONS on 25 May 2016. This updated population growth projection underpinned the 2014-based sub-national household projections (SNHP) later released by DCLG on 12 July 2016. Whilst the PPG confirms that the demographic findings developed to date for Welwyn Hatfield are not automatically rendered out of the date by these new projections, local authorities are expected to consider any '*meaningful change in the housing situation*' implied to ensure that housing needs assessments are based on the latest available demographic data[75]. On this basis, the analysis presented within the remainder of this report considers demographic evidence provided by Edge Analytics which considers the implications of the 2014 SNHP and the latest ONS mid-year population estimates (MYE) datasets which represent the latest published demographic datasets available.

3.10 Recognising that the 2015 SHMA Partial Update sought to take account of the demographic impact of London, it is also important to note that updated population projections (2015 round) have been produced by the GLA, with two variant scenarios developed to reflect short-term and long-term migration trends. This represents only a projection, however, and cannot be directly compared with the Central scenario – developed in the 2013 SHMA[76] – which forms the demographic basis for understanding

[74] PPG Reference ID 2a-014-20140306

[75] PPG Reference ID 2a-016-20150227

[76] Mayor of London (2013) London Strategic Housing Market Assessment

housing needs in London, as acknowledged in the London Plan. It is anticipated that the forthcoming publication of a new SHMA for London will make reference to these demographic projections developed by the GLA in arriving at an updated position on the need for housing in London.

3.11 At the current point in time, it is important to recognise that these projections are only produced for London boroughs. However, the GLA is currently expanding its model to illustrate the implications of its variant migration assumptions for all local authorities in England[77]. Once released, this will enable comparison with official projections produced by DCLG and ONS, which form the 'starting point' for assessing housing need as per the PPG. The detailed modelled outputs from the GLA were not, however, available to inform this SHMA update. The Council will need to engage separately with the GLA to establish the implications of its modelling on the need for housing in Welwyn Hatfield through the ongoing Duty to Co-operate discussions.

3.12 In addition to demographic considerations, the existing methodology for assessing housing need identifies the importance of considering economic and market signals evidence.

3.13 The Council has recently commissioned an update to its evidence relating to forecast employment growth, although the outputs of this work were not available to inform the modelling undertaken by Edge Analytics to inform this SHMA update. The 2015 Economy Study Update therefore represents the most up-to-date objective assessment of economic needs in Welwyn Hatfield for the purposes of this SHMA update.

3.14 It is, however, understood that the updated economic analysis commissioned by the Council considers the implications of the latest available forecasts of full-time equivalent (FTE) employment produced by Experian and the East of England Forecasting Model (EEFM). Total employment forecasts – as opposed to FTE – are of greater relevance to an assessment of housing needs as the FTE forecasts risk underestimating the number of separate persons in employment. The following table sets out the scale of total employment growth forecast by these datasets. This is presented alongside the forecasts used within the 2015 Economy Study Update and the concluded Hybrid scenario. It is noted that the Hybrid scenario continues to be used by the Council in its Local Plan and evidence base as the considered likely level of job growth in the borough.

Table 3.1: Forecast Employment Growth 2013 – 2032

	Total change 2013 – 2032	Average annual change
Experian, December 2016	19,400	1,021
EEFM 2014	17,856	940
Hybrid scenario	**16,908**	**890**
Experian, June 2015	15,960	840
EEFM 2016	13,400	705

77 Wider South East Summit (December 2015) Annex 2 – Towards a common understanding of the evidence

Source: Experian; EEFM; Atkins

3.15 Consideration of the range of economic forecast data presented in Table 3.1 continues to illustrate a divergence of forecasts of job growth. It is noted, however, that the Hybrid scenario used in the Council's latest Economy Study and used to support its economic planning policies remains in the middle of the wide range represented by the 2016 forecasts.

3.16 Finally, a number of the datasets used to analyse market signals within the previous studies of housing need have been updated to include additional years of market data. This report uses the latest available data to provide an updated assessment of market signals.

4. Updating the OAN – Methodological Inputs

4.1 This section reflects the changing context for the assessment of housing needs in Welwyn Hatfield and reviews the latest available evidence to provide an updated position on the OAN for housing in Welwyn Hatfield, as of April 2017.

4.2 This includes analysis of updated demographic modelling separately commissioned by the Council and produced by Edge Analytics, which takes account of the 2014-based SNPP and SNHP and integrates the latest available demographic evidence. A separate report produced by Edge Analytics for the Council reviews these datasets in further detail, and presents updated scenarios of housing need based on various sensitivities. This report is included at Appendix 1.

4.3 This section separately considers each of the methodological stages for calculating the OAN for Welwyn Hatfield, with the implications for the concluded OAN set out in section 6 of this report.

Demographic Data and Projections

4.4 Within both the 2014 SHMA and the 2015 SHMA Partial Update extensive consideration was given by Edge Analytics to the appropriateness of the official ONS projections, the then latest 2012-based SNPP, as a projection of population growth in Welwyn Hatfield[78].

4.5 Within the previous studies the conclusion was reached that the official projection represented a robust starting point for considering housing needs[79]. Whilst variant scenarios were presented and considered – which took account of trends recorded over a longer historic period – these were considered unlikely to present a more accurate projection than the latest official ONS dataset[80].

4.6 The previous evidence and analysis assembled by Edge Analytics for the Council identified that the historic demographic picture in Welwyn Hatfield was notably complex. The 2015 SHMA Partial Update summarised the following key issues relating to the demographic profile of the borough:

- More recent mid-year estimates (MYE) of population growth produced by the ONS indicated that the population of Welwyn Hatfield was growing more rapidly than the official projections suggested. This was identified as primarily relating to higher net levels of international migration, although this data only covered a short two year period and therefore the continuation of this trend over a longer period would need to be monitored[81];

- It was recognised that between the Census years the ONS overestimated the scale of population growth in Welwyn Hatfield by a considerable amount, with this

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[78] Appendix 2 of 2014 SHMA; Appendix 1 of 2015 SHMA Partial Update
[79] Paragraph 3.12 of the 2015 SHMA Partial Update
[80] Paragraph 3.55 of the 2015 SHMA Partial Update
[81] Figure 3.8 of the 2015 SHMA Partial Update

unattributable population change (UPC) likely to be largely due to international migration estimates[82];

- The impact of varying levels of development over the historic period was considered, particularly a single large site influencing the historic period prior to 2008[83];

- The implications of changing student numbers – particularly international students – on the complex demographic profile and in particular the complexities of migration flows linked to the growth of universities in Welwyn Hatfield[84];

- The future impact of variant population projections for London developed by the GLA to provide an evidence base for the London Plan was considered. It was acknowledged that while this related to demographic evidence, it could potentially be interpreted as allowing for 'unmet needs' rather than an objective assessment[85]; and

- The underpinning household formation rates within the SNHP datasets were considered, noting that the previous studies have considered 2008-based, interim 2011-based and 2012-based SNHP headship rate data. It was identified that the 2012-based SNHP sustained a projection of falling headship rates for younger households, which it was considered reflected the impact of worsening affordability more recently and over the period from which the trend-based projections were derived[86].

4.7 The publication of new 2014-based projections by the ONS and DCLG presents a new context for considering the demographic projection of population and household growth which forms the first step of the calculation of OAN.

4.8 The Council appointed Edge Analytics to provide updated modelling of population and household projections to inform this SHMA update, alongside a review of historic demographic data for Welwyn Hatfield. This report is included at Appendix 1. The analysis and conclusions of this report are drawn upon in the context of assessing the demographic need for housing below.

Official 2014-based Projections

4.9 As noted in section 3, the release of the 2014-based population and household projections provides a new '*starting point*' for the assessment of housing needs, in accordance with the PPG[87]. The following table shows the projected change in population and households in Welwyn Hatfield under the 2014-based projections. Household growth is converted to dwellings using a vacancy rate (3%) for consistency with earlier evidence produced[88].

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82 Paragraphs 2.5 – 2.6 of Appendix 2 to the 2014 SHMA
83 Paragraph 3.22 of the 2015 SHMA Partial Update
84 Paragraphs 3.23 – 3.28 of the 2015 SHMA Partial Update
85 Paragraph 3.56 of the 2015 SHMA Partial Update
86 Paragraphs 5.39 – 5.42 of the 2015 SHMA Partial Update
87 PPG Reference ID 2a-015-20140306
88 Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – Footnote 55 pg 123 notes that 3% has been applied by Edge Analytics in the modelling with this representing a long-term assumption to allow for turnover

Table 4.1: 2014-based Population and Household Projections 2013 – 2032

	Change 2013 – 2032				Average per year	
	Population change	%	Households change	%	Net migration	Dwellings
SNPP 2014	26,790	23.5%	12,345	27.4%	895	670

Source: ONS; DCLG

4.10 The 2014-based SNPP indicates that the population of Welwyn Hatfield will increase by 26,790 persons over the period from 2013 to 2032, representing a growth of circa 24%. This surpasses by some way the 14% growth projected nationally in England over the same period. Based on the household formation rates applied by DCLG, Table 4.1 sets out that population growth of this scale would result in the formation of 12,345 households in Welwyn Hatfield, with the 27% implied growth in the number of households again exceeding that projected nationally (19%) over the same period.

4.11 The levels of population and household growth projected by the 2014-based datasets can be compared at a headline level with the demographic scenarios presented in the 2015 SHMA Partial Update[89].

Table 4.2: Comparing 2012-based and 2014-based SNPP and SNHP 2013 – 2032

	Change 2013 – 2032		Average per year	
	Population change	Households change	Net migration	Dwellings
SNPP 2014	**26,790**	**12,345**	**895**	**670**
SNPP London	25,086	11,615	777	630
SNPP 2012	23,001	10,585	667	574

Source: ONS; DCLG

4.12 Table 4.2 shows that the 2014-based projections suggest that the population will grow to a greater extent than suggested by the 2012-based SNPP, or indeed the adjusted London scenario. This results in a higher implied need for housing over the plan period based on the latest DCLG 'starting point' projection. This is unsurprising when considering the trend period upon which they are based (2009 – 2014), when the borough has seen notably high levels of population growth as identified in the 2015 SHMA Partial Update[90]. The assumed level of net migration in the 2014 based dataset, as shown in Table 4.2, exceeds by some way the previous 'starting point' projection used in the 2014 SHMA and 2015 SHMA Partial Update as well as the bespoke modelling prepared by Edge Analytics to assess the implications of future demographic pressures from London.

and is only applied to the level off household growth and does not relate to the existing stock. This assumption was also applied in the 2015 SHMA Partial Update and subsequent modelling in the April 2016 Addendum.

[89] Figure 3.9 of the 2015 SHMA Partial Update

[90] Figure 3.8 of the 2015 SHMA Partial Update

Alternative Projections of Population Growth

4.13 As with the previous SHMA documents it is important to recognise that whilst the 2014-based SNPP provides the 'starting point' for the assessment of housing need the PPG states that it is appropriate to consider '*alternative assumptions in relation to the underlying demographic projections and household formation rates*'[91].

4.14 Reflecting the reference to the official projections within the PPG the Quality and Methodology Information Paper published alongside the 2014-based SNPP dataset confirms:

"The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. Since they are produced in a consistent way, they can be used as a common framework for informing local-level policy and planning in a number of different fields."[92]

4.15 Edge Analytics' report presented at Appendix 1 develops a range of alternative trend-based scenarios using the POPGROUP model, detailed in its appendices and developed to ensure consistency with the ONS methodology. These are considered and recognised within the context of the PPG and the ONS, which note that the official projections are produced consistently and follow a robust methodology.

4.16 A number of variant scenarios have been developed by Edge Analytics which explore the implications of using longer-term historic trends – considered useful by the Planning Advisory Service[93] – and the latest population data in the form of the 2015 MYE for the borough. Reflecting the issues identified previously with regards to the over-estimation of population growth in Welwyn Hatfield by the ONS between the Census years[94], the scenarios also consider the implications of excluding and including an adjustment for UPC.

4.17 It is important to recognise that in the official SNPP datasets the ONS explicitly states that it has not included any allowance for UPC, with trends therefore based on historic estimates which have not been adjusted to account for any earlier over-estimate – or indeed any under-estimate – implied by the 2011 Census.

4.18 In recognition of the recognised issues relating to the historic demographic data in Welwyn Hatfield and representations provided to the Council on their Local Plan consultation on this issue, Edge Analytics have also considered the possibility that international migration as a future component of population change is being over-estimated in a similar way to that which may have occurred prior to the 2011 Census. If this is the case, then the higher growth implied by the MYEs produced since the 2011 Census will manifest in higher trend-based demographic projections, including the 2014-based SNPP.

4.19 Indeed, Edge Analytics' report highlights at paragraph 5.10 that '*the high international migration rates recorded in historical MYEs appear to have been carried forward in the*

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[91] PPG Reference ID 2a-017-20140306

[92] ONS (27 May 2016) 'Information Paper Quality and Methodology Information'

[93] PAS (July 2015) 'Objectively Assessed Need and Housing Targets – Technical Advice Note' Second edition

[94] Paragraphs 2.5 – 2.6 of Appendix 2 to the 2014 SHMA

2014-based SNPP, which may not be appropriate given the substantial UPC adjustment in the inter-Census historical data'.

4.20 As highlighted within the analysis in the SHMA and subsequent updates, there remains significant uncertainty around the cause and treatment of UPC in establishing the need for housing, and a process of sensitivity testing is therefore appropriate to establish the impact of this factor.

4.21 The alternative trend-based scenarios developed through POPGROUP (PG) are based on variant migration assumptions derived from recent and longer-term past growth trends as follows:

- **Short-Term** scenarios base internal migration *rates* and international migration *counts* on the latest six years of historic evidence (2009 – 2015). This aligns with the dynamic approach taken by ONS in its development of population projections[95], but includes the latest available mid-year population estimate (MYE) for 2015;

- **10 year** scenarios base internal migration *rates* and international migration *counts* on trends recorded over a longer, ten year period (2005 – 2015); and

- **Long-Term** scenarios base internal migration *rates* and international migration *counts* on trends recorded between 2001 and 2015. This is the earliest period for which consistent and robust demographic data for local authorities is published by ONS.

4.22 The following table summarises the outputs of the scenarios developed by Edge Analytics, which initially exclude any adjustment for UPC – denoted as 'X' scenarios in Appendix 1 – for consistency with the approach explicitly adopted by ONS. The 2014-based SNPP is also included as a benchmark.

Table 4.3: Alternative Demographic Trend-based Projections (excluding adjustment for the possibility of UPC)

	Change 2013 – 2032				Average per year	
	Population change	%	Hholds change	%	Net migration	Dwellings
PG Short-Term X	30,125	26.4%	13,556	30.1%	990	736
PG 10yr X	30,204	26.5%	13,527	30.0%	965	734
PG Long-Term X	29,670	26.0%	13,040	29.0%	916	708
SNPP 2014	26,790	23.5%	12,345	27.4%	895	670

Source: ONS; Edge Analytics, 2017

4.23 The following table summarises the outputs of scenarios which are based on the historic trends implied when a downward adjustment to historic MYEs (up to 2011) is applied, to

[95] ONS (2016) Methodology used to produce the 2014-based subnational population projections for England

account for the possibility of UPC. If present in official population estimates, this would have the effect of overestimating future population growth, and excluding this component through a downward adjustment therefore assists in understanding the possible impact of any historic overestimate. This is again compared with the 2014-based SNPP as the 'starting point', although it is important to recognise that this scenario explicitly does not include any adjustment for UPC.

Table 4.4: Alternative Demographic Trend-based Projections (including an adjustment for the possibility of UPC)

	Change 2013 – 2032				Average per year	
	Popltn change	%	Hholds change	%	Net migration	Dwellings
PG Short-Term (UPC)	27,071	23.7%	12,433	27.6%	855	675
SNPP 2014	26,790	23.5%	12,345	27.4%	895	670
PG 10yr (UPC)	25,331	22.2%	11,770	26.1%	754	639
PG Long-Term (UPC)	24,158	21.2%	11,185	24.8%	674	607

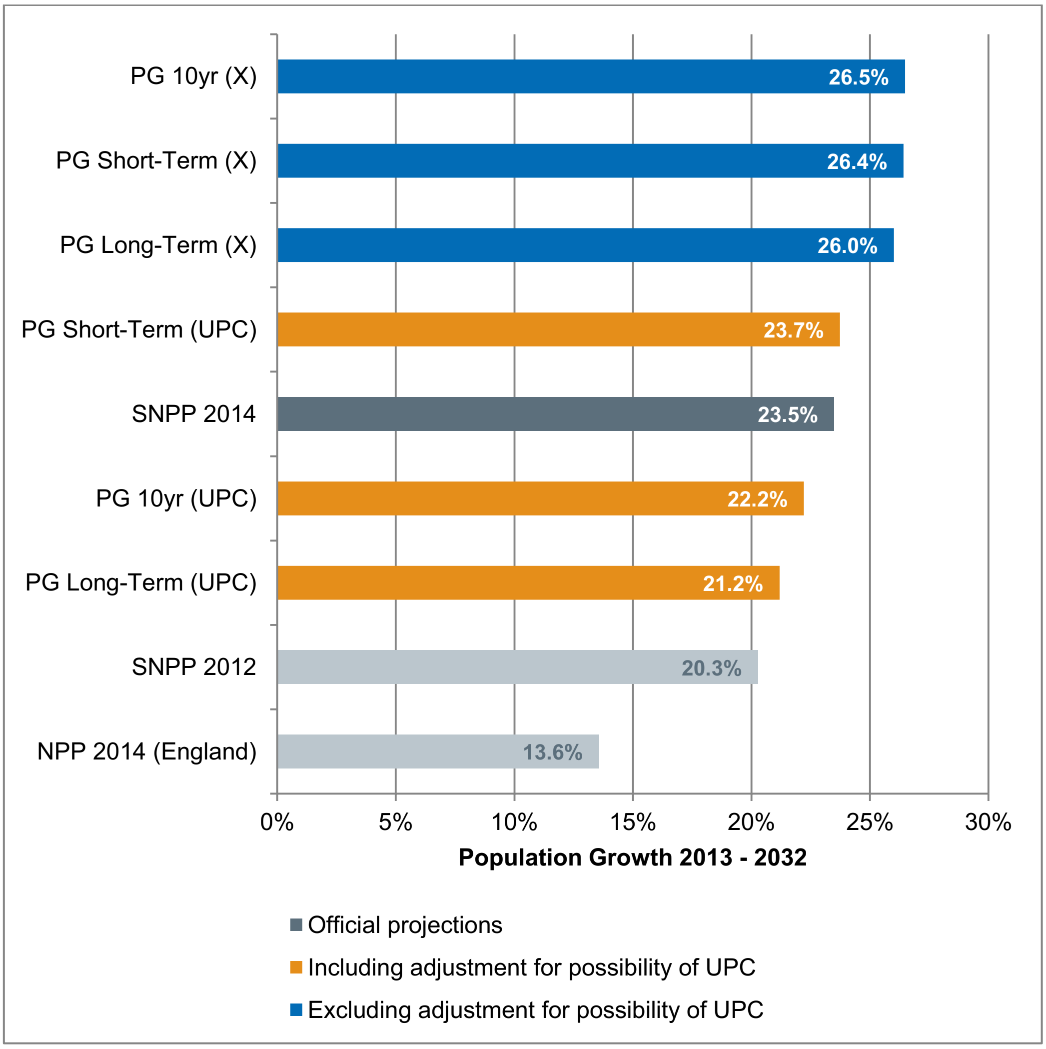
Source: ONS; Edge Analytics, 2017

4.24 While each of the scenarios developed to exclude any adjustment for UPC suggest that the population of Welwyn Hatfield will grow to a greater extent than implied by the 2014-based SNPP, the 'starting point' demonstrates a greater alignment with those scenarios which include an adjustment for UPC. This is despite the ONS projection excluding any possibility that UPC is present in historic population estimates[96].

4.25 The comparative levels of total population growth in the various scenarios are illustrated in Figure 4.1, and compared with the previous 2012-based SNPP and the 2014-based national population projection (NPP) for England for context.

[96] ONS (2016) 2014-based subnational population projects: questions and answers, section 4

Figure 4.1: Comparing Projected Population Growth 2013 – 2032



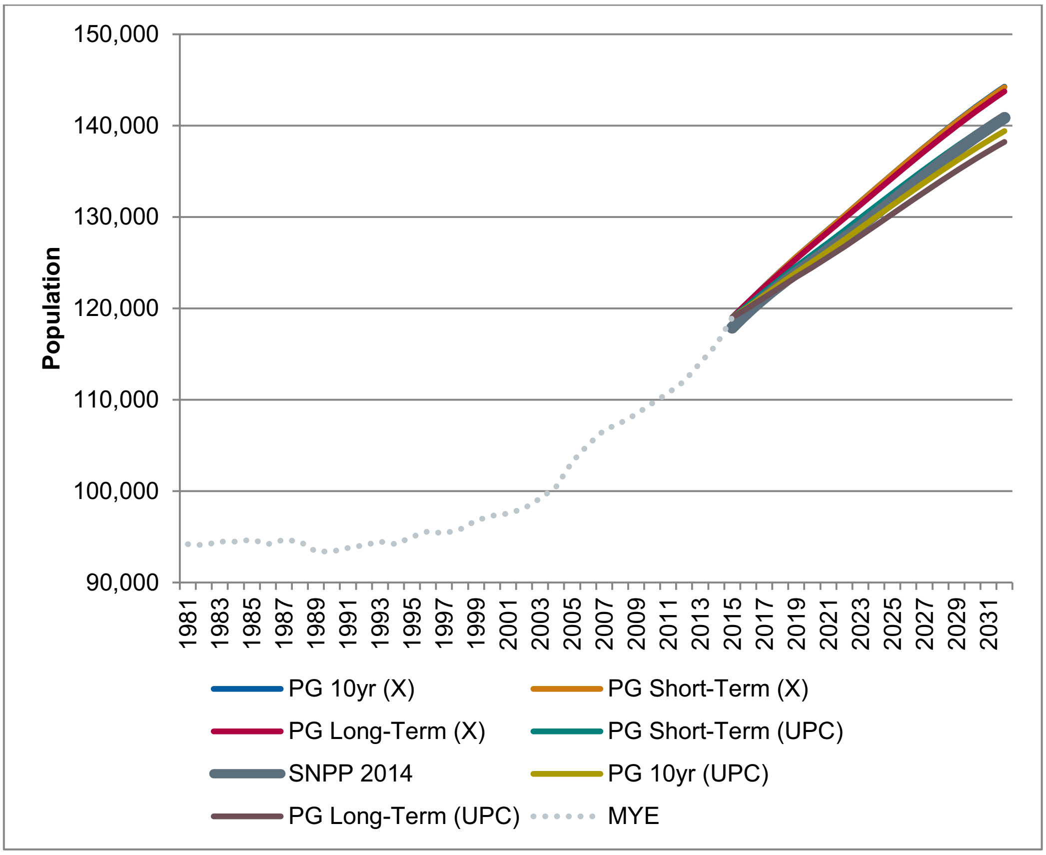
Source: ONS; Edge Analytics, 2017

4.26 Figure 4.1 clearly shows that the 2014 SNPP sits within the range of alternative forecasts developed by Edge Analytics. The ONS excludes the possibility of UPC being present in its official projection. On a similar basis, the exclusion of this possible element in the development of variant projections – based on short-term, 10 year and long-term trends – suggests a slightly higher level of population growth, with a continuation of 10 year migration trends showing the highest level of growth.

4.27 As would be expected, the inclusion of the UPC factor – lowering the assumed level of historic international migration in the borough, given Edge Analytics' assignment of this component – results in longer-term population projections which are lower than implied by the official projection. The short term projection including UPC (which includes only 2 years negatively adjusted for UPC) suggests a level of growth which is closely aligned to the 2014 SNPP, even with the inclusion of a much higher level of population growth in 2015 under the latest ONS MYE.

4.28 Figure 4.2 shows the range of variant projections produced by Edge Analytics as trajectories of growth compared to the historic demographic picture since 1981[97]. This illustrates that all of the scenarios project forward a continued strong level of population growth, especially when set in the context of more limited population change in the borough prior to 2001.

Figure 4.2: Alternative Scenarios of Population Growth



Source: Edge Analytics, ONS

4.29 The factors shaping this range of forecasts are considered further below on the basis of the evidence assembled by Edge Analytics. However, at a simple level it is apparent that the official projection suggests a continued strong level of population growth for Welwyn Hatfield which is higher than previous projections, with variant scenarios based on differing trend-periods and the treatment of UPC suggesting higher and lower potential levels of growth.

Considering Historic and Future Demographic Trends

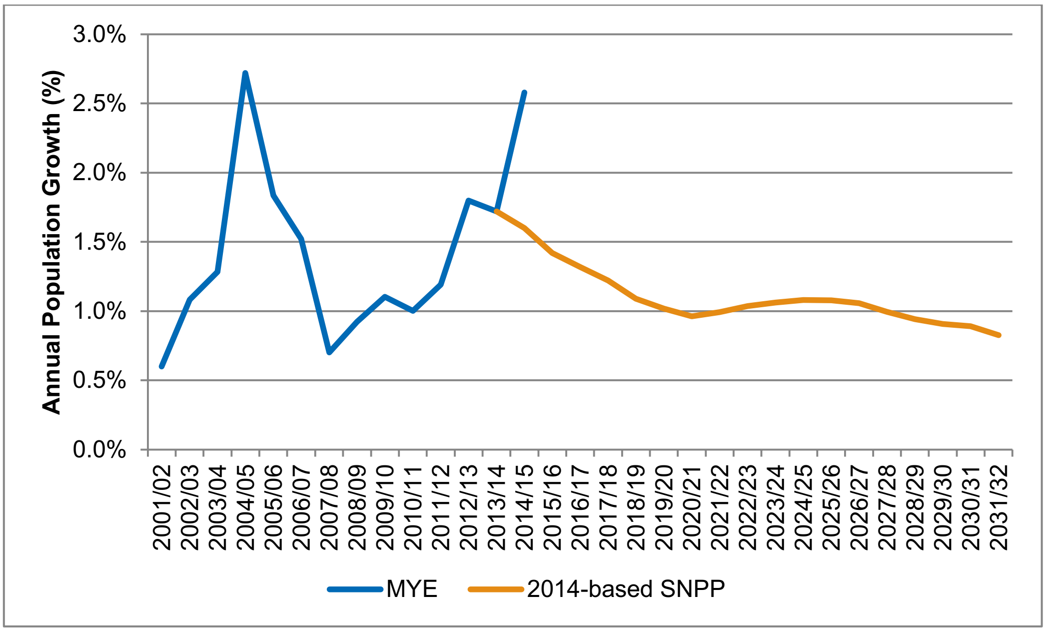
4.30 The scenarios modelled by Edge Analytics have sought to consider the implications of drawing upon different historic periods in the development of future trends.

4.31 Figure 15 of the Edge Analytics report – replicated below – shows the annual proportionate growth rate of population in Welwyn Hatfield historically and the projected growth rates under the 2014 SNPP. This shows that the 2014 SNPP essentially

97 This presents a comparable analysis to Figure 3.2 of the 2015 SHMA Partial Update

maintains an assumed stronger level of population growth – as seen more recently – over the next couple of years before growth stabilises at around 1% per annum, which is akin to that seen in between the historic spikes. This is a common feature of the 2014-based national population projections (NPP), with the principal projection for the UK assuming a slower rate of growth than seen over the last fifteen years[98].

Figure 4.3: Comparing Historic and Projected Population Growth Rates

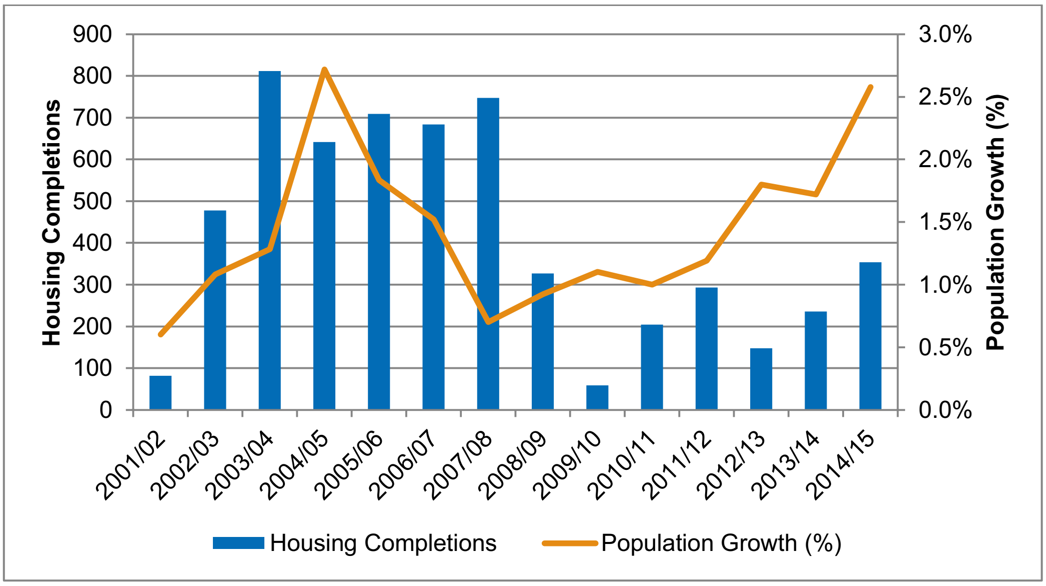


Source: ONS

4.32 The 2015 SHMA Partial Update considered the potential impact of historic development levels on population change in Welwyn Hatfield[99]. Analysis was undertaken to index dwelling completions in Welwyn Hatfield against the national picture (Figure 3.3 of the 2015 SHMA Partial Update) which identified that the period from 2003 to 2008 represented an exceptional level of development when set in the national context with subsequent years seeing lower levels of growth. This is illustrated in the context of population change in Figure 4.4, drawing from Edge Analytics' report.

[98] National Infrastructure Commission (2016) The Impact of Population Change and Demography on Future Infrastructure Demand (p9)
[99] Paragraph 3.17 of the 2015 SHMA Partial Update

Figure 4.4: Welwyn Hatfield Population Change and Housing Completions



Source: Edge Analytics

4.33 It is apparent that earlier in the decade there was a potentially strong relationship between comparatively high net levels of development and strong population growth, although more recently the return to strong rates of population growth has not been accompanied by significant increases in the rate of development. The high levels of development in the early to mid-part of the last decade were influenced by the redevelopment of the former Hatfield Aerodrome site, which represented a significant scale of development on a single site. The PPG recognises that a large housing development can affect migration levels and influence household projections if delivered within the last five years[100]. The Council's monitoring demonstrates that housing delivery at the former Hatfield Aerodrome site was largely completed by 2008/09.

4.34 It is noted that the differences between the short and long-term projections developed by Edge Analytics are relatively limited, particularly where no adjustment is made for the possibility of UPC. Given that the development peak between 2003 and 2008 – which included the redevelopment of the former Hatfield Aerodrome site – is only included in the longer-term projections, this would strongly suggest that it is not a significant factor directly influencing the future growth projected by the 2014-based SNPP. The 2015 SHMA Partial Update also concluded on the same basis when considering the trend period underpinning the 2012-based SNPP[101]. Whilst there may be some potential indirect impacts relating to the growth in population which was accommodated through this period of higher growth, the analysis by Edge Analytics has not highlighted this as a significant factor with the nature of the data making it very complex to separate out any long-standing impact.

4.35 Whilst the concentrated period of higher historic levels of completion is not considered to unduly impact on the trajectory of growth in the 2014 SNPP equally, the more recent

[100] PPG Reference ID 2a-017-20140306
[101] Paragraph 3.22 of the 2015 SHMA Partial Update

high rates of population growth implied by the ONS MYE would suggest that more recently lower levels of development – relative to those seen around ten years ago – do not equally appear to be a significant factor in constraining the population growth represented by the ONS estimates. The lack of alignment between these two factors more recently i.e. with population growth significantly outpacing completion rates has been considered by Edge Analytics in Appendix 1 and is re-visited in the conclusions to this sub-section.

4.36 Whilst historic development rates represent an important consideration, as set out in the PPG, more recent growth in population does not appear to be directly aligned with rates of development, indicating that the picture of demographic change in Welwyn Hatfield continues to be more complex for other reasons.

4.37 Recognising the complex demographic picture within Welwyn Hatfield and the range of scenarios developed by Edge Analytics using POPGROUP in the previous sub-section, the 2014-based projections have been interrogated in detail within Edge Analytics' latest report, presented at Appendix 1. This analyses the underpinning components of population change within the context of recent historic demographic data, enabling a position to be reached on its appropriateness and robustness as a demographic starting point for establishing the need for housing in Welwyn Hatfield.

4.38 Over the full projection period (2014 – 2039), it is recognised that the 2014-based SNPP assumes a lower annual level of population growth than MYE datasets suggest has occurred during the recent and longer-term period. This is illustrated in the following table, replicated from Table 3 of the Edge Analytics report.

Table 4.5: Comparing Historic and Projected Components of Annual Population Change in Welwyn Hatfield

	Historic		Projected
	6 yr average 2008 – 2014	13 yr average 2001 – 2014	SNPP 2014 2014 – 2039
Natural change	478	355	489
Net internal migration	81	496	-470
Net international migration (exc UPC)	*1,312*	*1,215*	1,262
Unattributable population change[102]	*-880*	*-839*	
Net international migration (inc UPC)[103]	872	570	
Annual population change	**1,430**	**1,421**	**1,280**

Source: ONS

[102] UPC applies only to the years 2001/02 to 2010/11. Therefore the average UPC has been calculated for these years included in the respective 6-year and 13-year historic periods
[103] Calculated by including the annual UPC component up to 2010/11 in net international migration

4.39 The annual population change implied in the 2014 SNPP of 1,280 persons per annum is slightly below that seen on average over the both the shorter and longer-term period, which shows a relatively strong level of consistency at approximately 1,400 persons per annum.

4.40 The underpinning components of population change in the projection, and historically, have been considered by Edge Analytics, and analysis suggests that the slightly lower projected level of annual population growth stems from differing assumptions in relation to migration in particular.

4.41 Alongside the recognised mis-estimation of population growth between the Census years, with Edge Analytics considering that this is most likely to be associated with the estimation of international migration flows, the appended Edge Analytics report also considered that there is a risk that the MYEs produced by ONS since 2011 have continued to overestimate international migration – specifically immigration – in the borough, resulting in notably high implied growth rates (eg 2.6% between 2014 and 2015, as shown at Figure 4.3) which are disproportionate to the recent past and the growth in housing stock.

4.42 The Edge Analytics analysis has also highlighted evidence of remaining issues related to the estimation of population change within Welwyn Hatfield, largely attributable to younger age cohorts[104]. This continues to indicate that the changing and dynamic student and migrant population in the borough has a defining role in these complex inter-relationships between internal and international migration flows, as considered in the 2015 SHMA Partial Update[105].

4.43 In the context of these issues relating to the historic estimation of population change in Welwyn Hatfield, it is important to recognise Edge Analytics' conclusion that the 2014-based SNPP does not simply appear to directly extrapolate historic trends, as illustrated in Table 4.5. Significantly, it is of note that the 2014 SNPP suggest a reversal in recent internal migration trends, which Edge Analytics identify is likely to be due both to the changing balance between internal in- and out-migration and the continuing effect of high net international migration to Welwyn Hatfield. This is explored further within the Edge Analytics report, which confirms that:

- **The higher projected rate of population growth in Welwyn Hatfield relative to other parts of the UK alters the net balance of internal migration assumed**. This is due to the use of historic migration rates rather than absolute counts by the ONS in its methodology, and was similarly identified by Edge Analytics as a feature of earlier official projections for Welwyn Hatfield[106]. This means that the future absolute flow of people to and from Welwyn Hatfield is assumed to vary to reflect the changing overall size of the population both within and outside the borough. The slower rate of growth in the population outside of Welwyn Hatfield influences the assumed inflow of migrants to the borough, while the stronger growth in the population of Welwyn Hatfield means that the outflow of residents to other parts of the UK is assumed to grow to a proportionately greater

104 Figure 9 of the Edge Analytics report included as Appendix 1
105 Paragraph 3.33 of the 2015 SHMA Partial Update
106 Paragraphs 2.16 – 2.19 of Appendix 2 to the 2014 SHMA

extent. This smaller inflow and larger outflow results in a larger assumed net outflow of migrants from Welwyn Hatfield to the rest of the UK, relative to historically observed trends; and

- **International migration is projected to drive population growth in Welwyn Hatfield**, with higher levels of international migration simultaneously increasing the projected level of internal net out-migration from the borough. This can be observed when comparing the components of change projected by the 2014-based and preceding 2012-based SNPP (Table 5, Appendix 1), which shows that the assumed higher level of net international migration to Welwyn Hatfield within the latest dataset is offset in population terms by the larger projected net outflow of internal migrants from the borough.

4.44 It continues to be recognised that these factors mean that caution should be applied to the variant demographic projections developed, with the complex inter-relationships between other areas influencing population change in Welwyn Hatfield.

4.45 The treatment of UPC evidently represents an important factor within this context, albeit one which is evidenced to the period between the Census counts in 2001 and 2011. This is therefore likely to have less of an impact on the 2014 SNPP than the earlier official projections, noting that the historic trend period from which it draws only includes two years in which UPC would potentially have an impact.

4.46 However, each of the alternative trend-based scenarios developed by Edge Analytics also capture the significant growth in net international migration implied by MYEs since 2011, which alternative data sources suggest may not have occurred to the extent implied. This period of more recent significant growth therefore directly influences the scale of growth implied by the alternative trend-based scenarios, but cannot be verified through the identification of UPC.

4.47 The extent to which this significant implied growth in international migration over recent years influences trend-based projections has been illustrated through a sensitivity developed by Edge Analytics (‘Long-Term Adjusted’), which bases its internal migration rates on long-term trends (2001 – 2015), but only draws its international migration counts from UPC-adjusted trends between 2001 and 2011. This scenario can be directly compared with the Long-Term scenario presented above, which applies consistent assumptions on internal migration but also integrates international migration estimates since the Census (2011 – 2015) which have yet to be subject to an adjustment for UPC. With the exception of the SNPP 2014 – which is presented for comparison – each of the scenarios presented below include an adjustment for the possibility of UPC over the decade to 2011.

Table 4.6: Considering the Implications of Recent International Migration Estimates

	Change 2013 – 2032				Average per year	
	Population change	%	Hholds change	%	Net migration	Dwellings
SNPP 2014	26,790	23.5%	12,345	27.4%	895	670
PG Long-Term (UPC)	24,158	21.2%	11,185	24.8%	674	607
PG Long-Term Adjusted (UPC)	21,331	18.7%	10,366	23.0%	545	562

Source: ONS; Edge Analytics, 2017

4.48 Including estimates of international migration since 2011 evidently has a relatively significant impact on the population growth outcome for Welwyn Hatfield. A continuation of the international migration trends recorded over the decade up to 2011 – verified and adjusted to allow for the possibility of UPC – would result in a lower level of population growth. Edge Analytics within Appendix 1 arrive at the conclusion:

"Given the potential mis-estimation of historical international migration (specifically emigration) that has occurred in Welwyn Hatfield, the 'UPC' scenario variants would appear to provide a more appropriate range of growth outcomes.[107]"

4.49 However, as is evident within the analysis in this section and the previous analysis undertaken in the 2015 SHMA Partial Update (summarised in section 2) it is considered that there remains a high degree of uncertainty associated with re-estimating or adjusting any counts of population in Welwyn Hatfield. The analysis undertaken by Edge Analytics of the more recent population estimates, including the notably high 2015 MYE count, in Appendix 1 leads them to suggest that it is considered likely that *'analysis of HESA data, NINo registrations and the ONS Statistical Population Dataset (SPD) for Welwyn Hatfield suggests that the mis-estimation of international migration (specifically immigration) may have continued in the post-2011 Census MYEs. This is emphasised by the different population growth rates over these time periods Between 2001 and 2011, population growth averaged 1.35% per year. Post-Census (2011-2015), population growth averaged 1.87% per year, with the data for the twelve month period prior to the 2015 MYE suggesting a considerably higher level of growth, at 2.6%."[108]*

4.50 In this context as noted already in this section Edge Analytics also note that the more recent levels of population growth do not appear to align with a notable uplift in completions, where this was the case pre-recession where population growth and higher completion levels were seen in tandem.

4.51 The above re-affirms potential issues related to the historic demographic datasets, including those most recent estimates by the ONS, however, in considering the 2014

[107] Appendix 1 – paragraph 5.21
[108] Appendix 1 – paragraph 7.6

SNPP and the other variant scenarios generated it is appreciated that in regards to the components of change, the ONS projection does not simply represent a direct extrapolation forward of historic trends (Table 4.5). Edge Analytics recognise this point in the context of the identified potential over-estimation of international migration, concluding:

"Whilst it would appear that the levels of international migration in the latest 2014-based SNPP have potentially been over-estimated by ONS, its impact is being countered through the net outflow through internal migration. The resulting impact of this is that the rate of population growth under the SNPP-2014 scenario (1.24% per year 2013-2032) is lower than that seen over the 2001-2013 time period (1.41% per year)."[109]

4.52 In recognition of the complexities relating to the underlying demographic data, issues which as set out in section 2 were also recognised in the 2015 SHMA Partial update in the context of the 2012 SNPP, Edge Analytics conclude:

"Whilst the 2014-based SNPP, with its 2014 base-year, is not impacted by the 2015 MYE, it is still influenced by the high levels of international migration estimated post-Census. As stated above, however, the impact of this is countered through the net internal migration outflow, with the SNPP-2014 sitting in the middle of the range of scenarios presented here."[110]

4.53 In this context recognising the uncertainties around historic population growth data identified by Edge Analytics – and as in the previous analysis for Welwyn Hatfield[111] – it is equally not considered that the variant demographic projections drawing upon shorter or longer-term periods factoring in the 2015 MYE and excluding the possibility of UPC provide a more robust or accurate projection of future need in the instance of Welwyn Hatfield when considering factors in the whole. It is considered reasonable in this context to use the 2014 SNPP as a reasonable projection of need based upon projected population factors alone.

International Migration

4.54 Irrespective of issues associated with historic overestimates of population, it is apparent that international migration is an important component of population change in Welwyn Hatfield. In the context of representations received during the pre-submission Draft Local Plan consultation, consideration is given on this basis to the potential implications of the recent decision to leave the EU.

4.55 In March 2017, the Prime Minister triggered Article 50, formalising the UK's intention to withdraw from the EU and commencing two years of formal negotiations[112]. This indicates that the UK will leave the EU in March 2019.

4.56 To inform its negotiations, the Government has set out a series of objectives, confirming that it intends to control immigration and '*the number of people coming to Britain from*

[109] Appendix 1 – paragraph 7.10
[110] Appendix 1 – paragraph 7.16
[111] Paragraph 7.9 of the 2015 SHMA Partial Update; paragraph 9.30 of the 2014 SHMA
[112] Prime Minister's letter to Donald Tusk triggering Article 50, 29 March 2017

the EU'[113]. Migration is a key element of future population growth projections and therefore housing need. While there may be an expectation that levels of migration change over the long-term as a result of leaving the EU, the exact nature and scale of change remains unknown, with the Government yet to issue clear national guidance on how this should be reflected in assessing the future need for housing. This evidently creates some uncertainty when projecting forward international migration based on past trends, particularly given the recent significant growth in National Insurance Number (NINo) registrations recorded in Welwyn Hatfield which originated from countries in the EU. This is illustrated at Figure 7 of Edge Analytics' report at Appendix 1, and is likely to have at least partially influenced recent international migration trends in the borough.

4.57 It is, however, important to recognise that official projections make no assumption on the origin or nationality of future international migrants, as confirmed by the National Statistician and Chief Executive of the UK Statistics Authority:

"The migration assumptions are set in terms of in and out flows for the constituent countries of the UK by age and sex; they are not produced by nationality or country of last residence. Therefore ONS does not have an estimate of the number of immigrants from other EU and EEA member states who will (a) enter and (b) settle in the UK in each of the next five years"[114]

4.58 At a national level, negotiations over the UK's exit from the EU could be expected to reduce current levels of international migration. The latest migration data for the UK[117] shows that there was a net inflow of 273,000 international migrants over the year ending September 2016. This indicates that the net outflow of 56,000 British citizens was outnumbered by the net inflow of 164,000 non-EU migrants and 165,000 from EU member states during this period. Although this overall net flow is slightly lower than the recent peak, the ONS view this recent decline as '*not statistically significant*' and confirm that '*it is too early to say what effect the referendum result has had on long-term international migration*'[118].

4.59 Within this context, it is important to interrogate the latest 2014-based national population projections (NPP) in further detail, recognising that they underpin the 2014-based SNPP and therefore the official 'starting point' of the 2014-based household projections. While the methodological assumptions predate the outcome of the EU referendum, they equally do not seek to take account of political factors and instead extrapolate projections on the basis of historic trends. They are explicitly '*produced without trying to predict any potential impacts of unrealised factors*'[119].

4.60 Over the projection period to 2039, the 2014-based NPP projects a short-term reduction in the scale of international migration, reaching approximately 185,000 by 2020/21 and remaining at this level thereafter. This is illustrated in the following chart, with the latest statistics – covering the year ending September 2016 – also shown for context.

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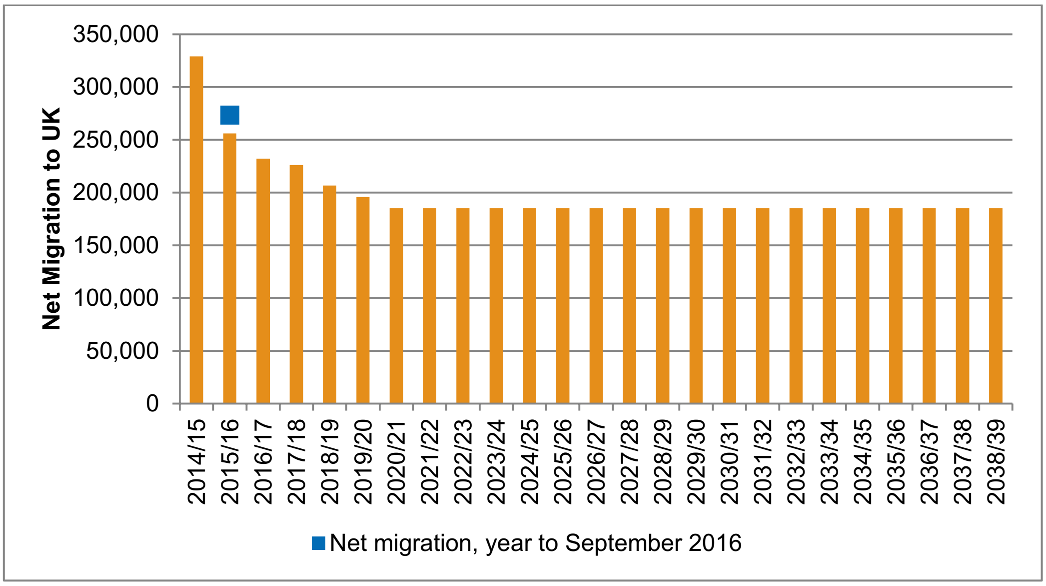
113 Speech by Prime Minister Theresa May on the Government's negotiating objectives for exiting the EU, 17 January 2017
114 Letter from John Pullinger CB CStat to William Wragg MP (29 April 2016)
117 ONS (2017) Migration Statistics Quarterly Report – February 2017
118 Ibid
119 ONS (2016) Information Paper Quality and Methodology Information

Figure 4.5: Projected Net International Migration to UK – 2014-based NPP



Source: ONS

4.61 The 2014-based NPP evidently does not maintain net international migration at current levels, and inherently assumes that international migration falls to around 185,000 per annum within five years. This represents a significant reduction of some 32% in the net inflow compared to the latest national statistics for the year to September 2016. Assuming that non-EU migration levels and the outflow of British nationals remain at their recent rates, this could only be achieved through a 53% reduction in the flow of migrants from the EU over the next five years.

4.62 On the basis of international migration trends, there is therefore no evidenced justification for viewing the projections of population growth implied by the 2014-based NPP, SNPP and SNHP as an overestimate of future growth in the short term or indeed over a longer term plan period.

4.63 It is understood that no further iterations of the official projections are planned for release in advance of the 2016-based dataset, which will not be published before late 2017 following the usual timetable. This will be the first set of official national projections to be published following the decision to leave the EU.

4.64 Locally, while it is evident that the 2014-based SNPP expects net international migration to be a significant driver of population growth in Welwyn Hatfield, the analysis above – and presented in the Edge Analytics report at Appendix 1 – identifies the assumed linkages between international and internal migration assumptions within the projections. Were a lower level of international migration to materialise in the borough – as projected within the preceding 2012-based projections, for example – it would appear likely that this would be offset by a reduced net outflow of existing residents to other parts of the UK on the basis of the integrated demographic model used by the ONS.

Impact of Projected Population Growth in London

4.65 The London Plan[120] currently seeks to provide approximately 42,000 homes annually between 2015 and 2025, based on assessed capacity. This is acknowledged to fall below the assessed need for at least 49,000 dwellings per annum, based on the '*most likely*' Central scenario developed in the 2013 SHMA[121]. Equally, recent levels of completions in London continue to fall substantially below the level of provision needed and planned, with 28,000 net conventional completions recorded in 2014/15[122].

4.66 It is stated that trends will be closely monitored with a view towards revising the adopted housing requirement through a future review of the London Plan. The GLA is currently undertaking a full review of the London Plan, with consultation on a draft anticipated in autumn 2017 prior to its examination in summer 2018. It is expected that the final London Plan will be published in autumn 2019.

4.67 To inform this full review, a wide-ranging consultation on the Mayor's vision for the future direction of London[123] was held in late 2016. It is understood that an updated Strategic Housing Land Availability Assessment (SHLAA) will be published in summer 2017[124], with a new SHMA also being produced to provide an updated position on London's housing needs which will update the conclusions reached in the 2013 SHMA, where the Central scenario was identified as the most appropriate basis for housing requirements. Although no technical evidence has yet been published, available consultation material suggests that at least 55,000 new homes may be needed annually[125] – a level of need which exceeds that implied by the Central scenario, and is around double the recent level of completions (28,000 in 2014/15).

4.68 It is anticipated that the new GLA SHMA will update the Central scenario based on the latest demographic projections developed by the GLA. The latest 2015 round of projections released by the GLA – presented at Figure 17 of Appendix 1 – suggest that the population of London will grow to a greater extent than anticipated by the Central scenario, although this is principally due to a significantly higher assumed net inflow of international migrants (Table 7, Appendix 1). A larger net outflow of internal migrants from London to other parts of the UK is projected relative to the Central scenario (Figure 18, Appendix 1), with this increased inflow from London implying that the net outflow of internal migrants from Welwyn Hatfield would be more modest than assumed under official projections (Figure 20, Appendix 1). In combination with other components of population change, this would result in a slightly higher net inflow of migrants to the borough and a higher level of population growth.

4.69 While Edge Analytics previously adjusted the 2012-based SNPP for Welwyn Hatfield to allow for the demographic effects of London's Central scenario[126], a comparable adjustment to the 2014-based SNPP is restricted by the absence of the more detailed migration flow statistics previously made available. Similarly, while this distinct

[120] Mayor of London (2016) The London Plan: the spatial development strategy for London consolidated with alterations since 2011 (Policy 3.3)
[121] Mayor of London (2013) London Strategic Housing Market Assessment
[122] Mayor of London (2016) London Plan Annual Monitoring Report 12, 2014 – 15, July 2016 update
[123] Mayor of London (2016) A City for all Londoners
[124] It is understood that Welwyn Hatfield (and others) have submitted representations to the GLA SHLAA methodology to seek the consideration of Green Belt sites within the SHLAA.
[125] Mayor of London (November 2016) Accommodating Growth Workshop
[126] Paragraphs 3.42 – 3.49 of the 2014 SHMA

adjustment was previously considered appropriate to reflect the planned level of housing provision relative to needs in London, the 2015 round of projections inherently carry less weight at this point in time, given that they are yet to be tested and evaluated through the forthcoming production of a new London SHMA. This will form the basis of the housing requirement set through the new London Plan, and is likely to involve the release of projections for all local authorities in England to illustrate the wider implications of the bespoke projections developed by the GLA. The availability of such information would evidently supersede any adjusted London scenario developed solely for Welwyn Hatfield to inform this update.

4.70 On this basis, it is considered premature to apply a quantifiable adjustment to the 2014-based SNPP at this time to allow for the demographic implications of London. Such a local and isolated adjustment would be likely to be superseded given the ongoing work by the GLA to update the evidence base to inform the review of the London Plan, which includes exploring all sustainable opportunities for growth in London Boroughs to address both the shortfall in housing supply and the projected growth in households. The potential sustained pressures resulting from higher levels of net migration from London are, however, considered in the overall judgement on the concluded OAN in section 6.

4.71 In addition in the context of the developing policy in London it is recommended that the Council partakes and continues to engage with the development of this evidence where required, considering the implications of London's assessed housing needs and its capacity to meet this need.

Suppressed Household Formation Rates

4.72 As recognised within the SHMA, official population and household projections released by ONS and DCLG respectively are interlinked, with the latter derived from the application of household formation rates ('headship rates') to the projected growth in population. This provides an estimate of the total number of households projected to form, representing the 'starting point' for the assessment of housing need. The alternative demographic trend-based scenarios developed by Edge Analytics similarly apply the 2014-based headship rates produced by DCLG to the variant levels of projected population growth.

4.73 However, the PPG recognises that household formation rates could require adjustment, given that they are largely trend-based and therefore do not take account of factors influencing local demography, such as an historic undersupply of housing and worsening affordability[127]. The PPG explicitly seeks to adjust household projections to reflect these factors which may have historically affected household formation rates, recommending that sensitivity testing is undertaken to test the implications of local factors influencing the formation of new households.

4.74 The 2015 SHMA Partial Update concluded that the household formation rates underpinning the 2012-based SNHP required adjustment in Welwyn Hatfield. This reflected evidence that household formation rates amongst younger age groups (20 – 29) in the borough have fallen since 2001 but were not assumed to recover within the

[127] PPG Reference ID 2a-015-20140306

2012-based SNHP[128]. This period coincided with a worsening in market conditions in the borough, including worsening affordability, increased overcrowding and growth in the number of concealed families[129].

4.75 The 2015 SHMA Partial Update presented a sensitivity scenario which adjusted headship rates for younger age groups to return to 2001 levels[130]. This year was used as a benchmark on the basis that the national housing market subsequently saw a significant period of growth from this point, with price growth far exceeding rises in income. This is illustrated at Figure 5.11 of the 2015 SHMA Partial Update.

4.76 In order to assess the extent to which such an adjustment remains appropriate following the release of the 2014-based SNHP, a comparable exercise has been undertaken to compare the historic and projected household formation rates for different age groups in Welwyn Hatfield over the projection period. While the 2015 SHMA Partial Update interrogated rates assumed for five year age groups, the updated analysis is based on the broader ten year age groups used in the Stage 2 data published by DCLG. This provides additional detail on household typologies which is required to align with the PPG and assess the size and type of households likely to form over the projection period, underpinning the analysis in section 5 of this report.

4.77 It is recognised that the methodology used by DCLG in deriving Stage 1 and Stage 2 household formation rates differs, with the Stage 1 rates drawing upon longer-term trends (1971 – 2011) and the Stage 2 rates based on trends over the period 2001 – 2011[131]. It is understood that one impact of this is that the Stage 2 rates are likely to project the more pronounced trends of household suppression in younger households observed during this period.

4.78 Edge Analytics have limited their analysis to the Stage 2 rates within their separate analysis for the Council. This is preferred on the basis that it provides the more detailed household type data required to inform other elements of the SHMA analysis. It is noted, however, that adjusting the headship rates for younger households implied by Stage 1 could result in slightly different housing need outcomes, albeit the proportionate impact of the comparable adjustment made in the 2015 SHMA Partial Update[132] (5 – 6%) – based on the Stage 1 headship rates available at the time – provides valuable context in this regard.

4.79 As shown at Figure 22 of Edge Analytics' report (Appendix 1), it is evident that the 2014-based SNHP continues to assume that household formation for younger age groups (15 – 24 and 25 – 34) will remain at a lower rate than seen in 2001 (also illustrated Figure 4.6). This reflects the recently observed demographic trends upon which these assumptions are based, given that DCLG explicitly '*do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour*'[133]. However, the PPG makes clear the importance of assessing the '*extent to which household formation rates are or have*

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[128] Paragraphs 5.39 – 5.42 of the 2015 SHMA Partial Update
[129] Section 5 of the 2015 SHMA Partial Update; section 5 of the 2014 SHMA
[130] Paragraphs 5.43 – 5.54 of the 2015 SHMA Partial Update
[131] DCLG (July 2016) 'Household Projections 2014-based: Methodological Report'
[132] Paragraph 5.49 of the 2015 SHMA Partial Update
[133] PPG Reference ID 2a-015-20140306

been constrained by supply', addressing the '*consequences of past under delivery of housing*' and applying adjustments where necessary[134].

4.80 The increased number of younger households unable to form households and access the housing market has been consistently recognised as a fundamental issue by the Government. The explanatory notes[135] released with the Housing and Planning Act 2016 cite the one in four (26%) younger people aged 20 to 34 who were still living with parents in 2014, and young adults in this age group are more likely to be sharing a home with their parents than at any time since 1996[136]. The recently published Redfern Review considers the implications and causes of these changes:

"The most obvious example of the hidden household in the context of this Review is young adults living at home with mum and dad because they cannot afford to move out – either to buy or to rent…It is difficult to believe that, all of a sudden, the preference for 25-34 year olds has changed so that they want to stay at home. Their decisions must be influenced by the changing availability of housing and the changing affordability constraints faced by this group"[137]

4.81 If unaddressed, an extrapolation of the suppressed trends seen over more recent years would effectively accept that the worsening affordability and historic undersupply of housing will restrict the formation of younger households in future. This conflicts with the clear emphasis of the NPPF towards significantly boosting the supply of housing in order to meet needs and address acknowledged issues relating to affordability. This also contracts with the Government's recently stated intentions to '*create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity*'[138].

4.82 Allowing for a return to higher levels of household formation amongst younger people through an adjustment to the underlying household formation rate assumptions in the official projections has been recognised as an appropriate adjustment in objectively assessing the need for housing[139]. Inspectors have recognised that:

"Low household formation rates can and do have harmful social impacts, such as the creation of concealed households. Because of this I am not persuaded that the correct response is simply to reflect these projected rates in the OAN…rather than seeking to address and improve the situation"[140]

4.83 It is therefore considered that there is a continued need to adjust the underlying 2014-based headship rate assumptions for those age groups (15 – 34) where household formation is not expected to recover to respective 2001 rates by 2024. On this basis, alternative household formation rates have been applied through POPGROUP for these age groups to allow for a return to respective 2001 rates by 2024 before following the

[134] PPG Reference ID 2a-015-20140306
[135] Explanatory Notes, Housing and Planning Act 2016
[136] ONS Digital (February 2016) Why are more young people living with their parents?
[137] Redfern Review (2016) The Redfern Review into the decline of home ownership
[138] DCLG (2017) Fixing our broken housing market (p16)
[139] Report on the Examination into the Brighton and Hove City Plan Part One, February 2016 (para 21); Report on the Examination of the Tamworth Local Plan 2006 – 2031, February 2016
[140] Appeal Ref APP/C3240/W/3025042

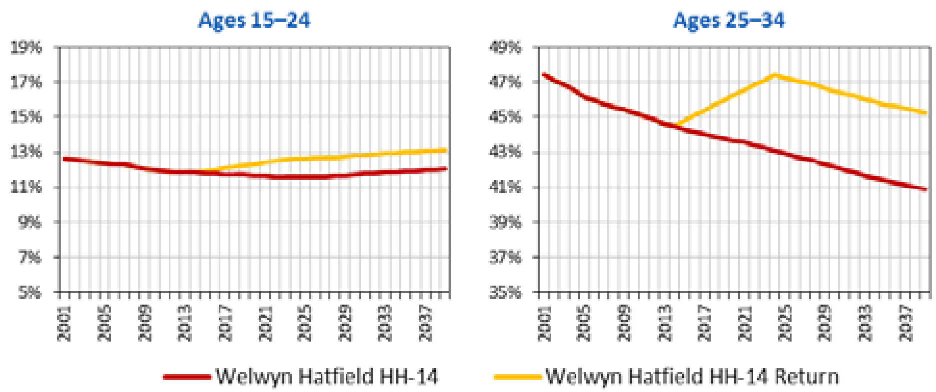
projected trend thereafter. This approach broadly aligns with that taken in the 2015 SHMA Partial Update, but:

- Allows for a gradual return to 2001 rates by 2024 rather than 2022, reflecting the later base date of the latest official projections (2014-based) and the retention of a ten year period from the base date of the projections during which rates are assumed to recover; and

- Applies the adjustment to a wider age cohort (15 – 34 rather than 20 – 29) reflecting the ten year age groups for which Stage 2 headship rate data is published by DCLG.

4.84 The impact of this adjustment on the assumed household formation rate in these age cohorts is illustrated in Figure 4.6.

Figure 4.6: Impact of Household Formation Rate Adjustment by Age Group



Source: Edge Analytics, 2017

4.85 The following table summarises the impact of this adjustment on the implied number of additional homes needed annually in Welwyn Hatfield between 2013 and 2032 under the 2014-based SNPP.

Table 4.7: Impact of Headship Rate Return Sensitivity (SNPP 2014)

	Dwellings per annum 2013 – 2032
Unadjusted 2014-based rates	670
Headship rate return sensitivity	**721**
% uplift	8%

Source: Edge Analytics, 2017

4.86 This adjustment uplifts the implied number of new homes needed annually to support the growth in population projected, as a direct result of the additional younger households assumed to form. Over the full plan period, this adjustment in dwelling numbers would allow for the formation of approximately 935 younger households[141] in Welwyn Hatfield who would otherwise be unable to form if the unadjusted, lower starting point demographic 2014-based household formation rates were applied. The formation of these households – by both the existing and future population – is supported and indeed enabled through the circa 8% increase in housing provision over the plan period, as indicated by the table above. It is noted that this adjustment – based on Stage 2 headship rates released by DCLG, as introduced earlier – is not disproportionate to that resulting from the analysis presented in the 2015 SHMA Partial Update, where a headship rate adjustment based on Stage 1 2012-based rates increased the resultant need for housing by circa 5 – 6%, particularly given that the updated adjustment presented herein is applied to a wider age cohort[142]. This suggests that the use of Stage 1 or Stage 2 headship rates as the basis for this adjustment is unlikely to fundamentally influence the resultant need for housing, particularly within the context of the other adjustments applied in arriving at an updated position on the OAN for housing in Welwyn Hatfield.

4.87 The assumed recovery of headship rates for these younger age groups represents a positive adjustment to counter the assumption that the impact of suppressed household formation in Welwyn Hatfield will not be sustained recognised that this has been impacted as a result of affordability conditions worsening, reflected in increases in the number of concealed households and instances of overcrowding resulting from young adults being unable to form separate households. Evidence on these aspects is also considered in the context of the updating of market signals evidence within this section.

Implications for the Demographic Projection of Need

4.88 Although the PPG makes clear that housing needs assessments are not automatically outdated by the release of new projections, any implied '*meaningful change in the housing situation*' should be considered to ensure that assessments are informed by the latest available information[143]. Within this context, the release of the 2014-based household projections provides a new 'starting point' for the assessment of housing needs which is higher than implied by the earlier 2012-based projections.

4.89 The analysis in this section has drawn upon Edge Analytics' report at Appendix 1, which has evaluated the 2014-based projections in further detail within the context of historic trends and alternative demographic trend-based projections, developed through POPGROUP. This suggests that the new 'starting point' is underpinned by a level of population growth which appears reasonable in the context of historic trends – particularly over the short-term – albeit falling slightly below the average levels of growth suggested by historic evidence.

4.90 There is, however, uncertainty attached to this historic evidence, due both to the sizeable negative UPC adjustment applied by the ONS following the 2011 Census and more recent evidence that international migration may not have occurred to the extent suggested by the ONS since 2011.

[141] This excludes an allowance for vacancy and therefore does not directly compare with the annual dwelling figures presented at Table 4.7

[142] It is also noted that the implied scale of need is not dissimilar to the scale of household growth projected under the 2008 SNHP, which as referenced at paragraph 3.26 of Appendix 1 suggested household growth of 730 households per annum on average over its projection period.

[143] PPG Reference ID 2a-016-20150227

4.91 Edge Analytics' development of sensitivities to test these factors provides a relatively narrow range of population growth outcomes, with the 2014-based SNPP sitting broadly in the middle of the range of modelled sensitivities largely dependent on the treatment of UPC. Although Edge Analytics' report suggests that it may be appropriate to include an adjustment which allows for the potential mis-estimation of historic international migration in Welwyn Hatfield, it could be equally asserted that the specific issues associated with historic demographic data for the borough necessitate an approach which exercises caution and does not include any adjustment for UPC. Within this context, it is noted that the ONS do not explicitly adjust the historic estimates used to inform its official projection (2014-based SNPP) for UPC.

4.92 Given this uncertainty, it is considered that the official projections – in this instance the 2014-based SNPP – continue to represent an appropriate and reasonable baseline projection of population growth for Welwyn Hatfield. This recognises in line with the stated conclusion by Edge Analytics that they fall broadly midway within the range of alternative scenarios generated. As in the evidence previously produced to date, the complexities and uncertainties associated with demographic evidence for the borough mean that any alternative trend-based projection is unlikely to provide a more accurate projection than the official ONS dataset[144].

4.93 It is not considered appropriate at this time to apply any distinct adjustment to the 2014-based SNPP to allow for the demographic implications of London, given the ongoing work by the GLA to review the London Plan and update its evidence base. Such an isolated adjustment risks misaligning with this updated position, and it is instead recommended that the Council partake and engage with the development of this evidence where required to consider the implications of London's assessed housing needs. The potential for an upward adjustment to population growth, however – as allowed for in the previous SHMA evidence – is considered as part of the judgement on the concluded OAN in section 6.

4.94 An adjustment to the level of housing growth needed to support the population growth projected by the 2014-based SNPP is considered necessary, given the underlying assumption that household formation amongst younger people in Welwyn Hatfield will otherwise continue to be suppressed. This is consistent with the adjustment concluded as being required in the 2015 SHMA Partial Update[145].

4.95 This adjustment allows for a short-term return to higher levels of household formation for younger age groups where this is not already projected, in order to ensure that this suppressed market context does not form the basis for future plan-making. This adjustment allows for a recovery in household formation rates for existing and future younger populations assuming that they are able to form independent households. This results in an 8% uplift to the 2014 SNHP. This level of adjustment is broadly comparable to that resulting from a similar adjustment within the 2015 SHMA Partial Update.

4.96 On this basis, it is considered that the 2014-based SNPP with a reasonable adjustment to headship rates for younger households represents an appropriate demographic

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[144] Paragraph 7.9 of the 2015 SHMA Partial Update; paragraph 9.30 of the 2014 SHMA
[145] Paragraph 7.26 of the 2015 SHMA Partial Update

projection of the need for housing in Welwyn Hatfield. **This suggests a need for 721 dwellings per annum in the borough over the plan period from 2013 to 2032.**

Economic Drivers of Need

4.97 The evidence produced for Welwyn Hatfield to date has consistently recognised that the local economy will represent a key driver of the need for housing in the borough over the plan period. Responding to the guidance in the PPG, the SHMA and subsequent updates have established the scale of labour force growth required to support the level of job growth considered likely over the plan period, based on the findings of the Economy Study and more recently the Economy Study Update. This has subsequently informed an evidenced position on the resultant level of housing growth which may be needed over the plan period to support forecast job creation.

4.98 The 2015 Economy Study Update, which informed the Draft Local Plan Proposed Submission document 2016, contains the Council's evidenced position on the level of job growth likely to occur in Welwyn Hatfield over the plan period, with this derived from two separate forecasts available at the time (EEFM and Experian). This evidence has recently been updated, and while this was not available to inform Edge Analytics' modelling for this SHMA update, a review of the latest available forecasts – which also form the basis for the updated economic analysis commissioned by the Council – in section 3 of this report suggests that the Hybrid scenario previously concluded for the borough (890 jobs per annum) continues to sit within the range implied by more up-to-date forecasts. On the basis that it is important to retain a level of consistency between the economic and housing strands of the evidence base, it is considered to remain an appropriate forecast of likely employment growth in Welwyn Hatfield for the purpose of assessing the potential impact on housing need following the PPG stepped methodology.

4.99 This section therefore considers the scale of job growth likely to be supported by the updated demographic projections presented above, in order to establish whether this will generate a sufficient growth in the labour force to support likely job creation in Welwyn Hatfield over the plan period.

Projecting Labour Force Change

4.100 Change in the population as projected by the 2014-based SNPP will change the labour force of Welwyn Hatfield. The following table shows how the working age (16 – 64), younger and older populations are projected to change over the plan period, based on the 2014-based SNPP.

Table 4.8: Projected Demographic Population Change by Age (SNPP 2014) 2013 – 2032

	2013	2032	Change
15 and under	20,972	25,871	4,899
16 to 29	26,714	30,733	4,019
30 to 44	21,963	26,306	4,343
45 to 64	26,373	31,218	4,845
65 and over	18,039	26,723	8,684
Total	**114,061**	**140,851**	**26,790**
16 to 64	75,050	88,256	13,206

Source: ONS

4.101 It is apparent that population growth suggested within the 2014-based SNPP would result in a sizeable growth in the working age population of Welwyn Hatfield, which represents around half (49%) of the total population growth projected over the plan period. Growth in the younger and older population is also anticipated.

4.102 This changing demographic profile will impact upon the size of the labour force in Welwyn Hatfield, which can be estimated through POPGROUP. In order to estimate the future size of the labour force and the number of jobs which can be potentially supported, the following assumptions have been applied by Edge Analytics within the modelling presented at Appendix 1:

- **Unemployment** – integrates historic data to 2015, with the 2015 rate (4.6%) fixed to 2018 before gradually reducing to a pre-recession (2004 – 2007) average of 4.0% over the plan period;
- **Economic activity rates** – baseline economic activity rates by age group and sex derived from the 2011 Census, with all age groups then adjusted to change in line with forecasts produced by the Office for Budget Responsibility (OBR); and
- **Commuting** – commuting ratio from the 2011 Census fixed throughout the forecast period.

4.103 In considering the capacity of the labour force to support jobs in Welwyn Hatfield, it is similarly appropriate to apply a reasonable assumption on people holding more than one job ('**double jobbing**'). This was explored within the 2016 SHMA Addendum and earlier 2015 SHMA Partial Update, which includes sensitivity testing to consider the implications of aligning with the people-based measures of employment growth produced by forecasting houses[146]. However, these forecasts can make assumptions that double jobbing deviates from historic trends, thus suggesting that people holding more than one job will make a substantially larger contribution to job growth than has historically been the case. For the purposes of this update, it is considered prudent to

[146] Paragraph 3.7 of the 2016 SHMA Addendum; paragraph 4.15 of the 2015 SHMA Partial Update

instead allow for this factor by holding the level of double jobbing fixed at the long-term average (2006 – 2015) rate of 4.1% in Welwyn Hatfield, as recorded by the Annual Population Survey (APS). This is not presented or applied by Edge Analytics within the modelling presented at Appendix 1, but is included within the job growth outputs presented within this report.

4.104 The following table summarises the number of jobs which could be supported over the plan period based on the projected change in the labour force and the labour force behaviour assumptions outlined above.

Table 4.9: Jobs Supported by 2014-based SNPP 2013 – 2032

	Total jobs supported 2013 – 2032	Average annual jobs supported
SNPP 2014	18,635	981

Source: Edge Analytics; ONS

4.105 The 2014-based SNPP indicate that a significant level of job growth in Welwyn Hatfield could be supported over the plan period. This is driven both by the projected growth in the working age population and changing behaviours amongst the existing population, primarily in relation to economic participation and a modest long-term reduction in unemployment.

Supporting Likely Job Growth

4.106 The 2015 Economy Study Update concluded that 890 jobs are likely to be created annually in Welwyn Hatfield over the plan period, based on the Hybrid scenario. The updated demographic modelling produced by Edge Analytics suggests that this scale of job growth can be accommodated and supported by the demographic growth in the population projected by the 2014-based SNPP. Indeed, based on the labour force assumptions introduced above, the development of employment-led scenarios through POPGROUP – as produced to inform the housing needs evidence developed to date for Welwyn Hatfield – suggests that a lower level of population growth could support likely job growth in the borough, as summarised in the following table. Equally, the comparable growth in the labour force in the context of likely job growth could reduce the extent to which Welwyn Hatfield is dependent upon in-commuting, although no allowance for such change is made within the modelling.

Table 4.10: Supporting Likely Job Growth in Welwyn Hatfield 2013 – 2032

	Change 2013 – 2032				Average per year	
	Population change	%	Hholds change	%	Net migration	Dwellings
SNPP 2014	26,790	23.5%	12,345	27.4%	895	670
Jobs-led	22,081	19.4%	10,530	23.4%	676	571

Source: Edge Analytics; ONS

4.107 This evidently suggests that the population growth projected by the 2014-based SNPP will provide sufficient capacity within the labour force to support likely job creation, based on the labour force behaviour assumptions applied in this update. It is important to note that – with the exception of commuting – the assumptions applied within this update slightly differ from those applied most recently in the 2016 SHMA Addendum, reflecting the availability of new data and the positions reached by a number of Local Plan / S78 Inspectors on this issue. The updated assumptions applied are considered reasonable within the current context, on the basis that:

- The modelling to date allowed for a short-term improvement in unemployment, which has been observed in Welwyn Hatfield to 2015 as shown at Figure 32 of Appendix 1. However, given the increased national economic uncertainty and the likelihood for a degree of economic volatility as the UK negotiates its exit from the EU and adjusts to new long-term global trading relationships[147], it is considered prudent to allow for a longer-term return to pre-recession conditions with more limited short-term change in the unemployment rate;

- As noted above, the updated assumption on double jobbing seeks to align with long-term historic local evidence on Welwyn Hatfield residents' tendency to occupy more than one job, rather than deriving a position from forecasts. This therefore makes no assumption that this group will or can make a disproportionate contribution towards supporting future job growth, relative to their current role in the local economy[148]; and

- The allowance for change in economic participation aligns with forecasts produced by the OBR, which is a nationally consistent source of data given weight in a recent appeal decision[149] and features within the LPEG recommendations[150]. These adjustments are applied to Census-derived economic activity rates in Welwyn Hatfield for all age groups. This differs from the earlier assumptions, which held 2011 Census rates fixed for ages 16 – 74 but adjusted economic activity rates for those aged 60 – 69 to account for changes to the state pension age (SPA).

4.108 The updated assumptions alter the assumed balance between population and labour force, with additional modelling developed by Edge Analytics suggesting that the variant economic activity rate assumptions have the greatest bearing on the scenario outcomes. However, the modelling undertaken by Edge Analytics indicates that even retaining the more prudent labour force behaviour assumptions previously applied would not require a greater level of population growth than projected by the 2014-based SNPP to sufficiently grow the labour force, and therefore no upward adjustment in terms of housing need would be implied[151].

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[147] HM Treasury (2016) Autumn Statement

[148] The Inspector examining the Telford & Wrekin Local Plan set out in his interim Inspector's note (30 March 2017) concerns that an assumed rise in the proportion of double-jobbing within the economic forecast was not firmly evidenced (paragraph 4). A more cautious approach was recommended as being required.

[149] Appeal Decision APP/V0728/W/15/3018546 (para 21)

[150] Local Plans Expert Group (2016) Local Plans Report to Government, Appendix 6

[151] Additional sensitivity has been developed by Edge Analytics for the purposes of this update to retain previous assumptions on unemployment (returning to pre-recession trend by 2020 and fixed thereafter) and economic activity (2011 Census with SPA adjustments). This suggests that population growth of 25,693 would be required between 2013

4.109 The above approach applies a transparent set of labour-force behaviour assumptions within the POPGROUP model to assess the relationship between employment growth and housing need. It is understood that each of the forecasting houses incorporate internal labour-force assumptions and detail to balance their integrated models. The selection of a 'hybrid' scenario as the preferred likely economic growth forecast for Welwyn Hatfield in the Economy Study means that there would be a degree of inconsistency if any one of the separate economic forecasting houses' labour-force assumptions were preferred and used. It is evident, however, in the consideration of the implications of the relationship between population change and economic growth that collectively the forecasting houses' models would not in isolation challenge the conclusion that likely job growth can be supported by the preferred demographic projection[153].

4.110 On this basis, taking into account the range of evidence considered, the population growth projected by the 2014-based SNPP can be reasonably viewed as sufficient to grow the labour force and support the level of job growth considered likely by the Economy Study Update, particularly given that it allows for some flexibility in how the behaviour of the labour force – namely economic activity – will reasonably change over the plan period.

Market Signals

4.111 Reflecting the guidance in the PPG, section 5 of the 2015 SHMA Partial Update reviewed market signals to establish the local balance between housing supply and demand, identifying:

"…a comparatively mixed message for Welwyn Hatfield. While worsening in affordability and house prices – at both the middle and lower end of the market – have not reached the levels seen in many neighbouring authorities or England as a whole, there has been a significant increase in the number of overcrowded households and concealed families in the borough"[154]

4.112 This conclusion was based on analysis of market evidence available at the time, which has been continuously updated since the analysis was undertaken. For the purposes of this update, it is therefore considered beneficial to take account of the latest available market evidence through a headline updated review of market signals.

4.113 The PPG is clear in expecting trends to be compared with '*appropriate*' areas in order to determine the significance of any change in market signals, suggesting that comparisons should be made with the wider '*housing market area; similar demographic and economic areas; and nationally*'[155].

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and 2032 to support the Hybrid job growth scenario, generating a need for 651 dwellings per annum. This falls below the level of population growth projected by the 2014-based SNPP and the resultant need for new dwellings.

[153] It is noted that the latest integrated EEFM forecasts suggest that 602 dwellings will be required annually to support the creation of 705 jobs per annum. The assumptions made evidently therefore deviate from those applied through POPGROUP, potentially assuming that existing residents will make a greater contribution towards supporting future job growth through more marked changes in economic activity and/or unemployment

[154] Paragraph 5.36 of the 2015 SHMA Partial Update

[155] PPG Reference ID 2a-020-20140306

4.114 The 2015 SHMA Partial Update compared market signals in Welwyn Hatfield against England and neighbouring authorities within the wider housing market area. In order to benchmark trends in the borough against '*similar demographic and economic areas*', the analysis in this update has been expanded to include the five authorities deemed most similar to Welwyn Hatfield in the ONS 2011 area classifications[156]. This classifies the borough as a '*business and education centre*', identifying several comparator areas which – though similar in this regard – also notably differ from Welwyn Hatfield in terms of location, rural/urban character and wider market context. As such, while these areas provide valuable context, these important points of distinction should also be recognised in interpreting this analysis.

4.115 Comparison has also been made with Eastleigh and Canterbury, given that the Inspector examining each of these Local Plans arrived at a clear position on an appropriate response to market signals evidence in each authority. The conclusion of the Inspector examining the Eastleigh Local Plan is widely cited as a benchmark in interpreting this stage of the PPG methodology, with the Inspector advocating an uplift of 10% to respond to the '*modest*' pressure on market signals recognised within the SHMA[157]. The interpretation of modest pressure recognised that '*not all signals demonstrate that Eastleigh is worse than the national or regional/sub regional averages. But on some crucial indicators it is*'[158]. The Inspector specifically cited an affordability ratio which had worsened to a greater extent than seen nationally or across the Southampton HMA, and rents which were increasing faster than the national or county rate.

4.116 The Inspector considering the Canterbury Local Plan recommended an uplift of 20% associated with evidence of worsening market signals[159], advising that this uplift needed to be considered in the context of other adjustments relating to household formation and the alignment of population change with economic growth. He noted that '*the amount of uplift to be applied to the starting point estimate is a matter of judgement*' and identified the potential for '*a degree of overlap between [the market signals uplift] and some of the other assumptions*', before recommending that '*an uplift that took reasonable account of market signals, economic factors, a return to higher rates of household formation and affordable housing needs*' was appropriate as a full OAN for Canterbury[160].

4.117 Understanding change in Welwyn Hatfield relative to these authorities provides valuable context on the local scale of market pressure, and the scale of adjustment required in response.

4.118 On this basis, the geographies selected for comparison within this update are set out in the following table.

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156 ONS (2015) 2011 Area Classification for Local Authorities – five most similar local authorities to Welwyn Hatfield by Squared Eucildean Distance value

157 'Report on the Examination into Eastleigh Borough Council's Eastleigh Borough Local Plan 2011 – 29', 11th February 2015

158 Ibid (para 40)

159 'Canterbury District Local Plan: Note on main outcomes of Stage 1 hearings', August 2015

160 Ibid (para 25/26)

Table 4.11: Comparator Areas for Market Signals Analysis

Criteria	Selected Geographies
National	England
Wider housing market area	Barnet
	Broxbourne
	East Hertfordshire
	Enfield
	Hertsmere
	North Hertfordshire
	St Albans
	Stevenage
Areas with similar demographic and economic characteristics	Leeds
	Preston
	Coventry
	Southampton
	Colchester
Scale of adjustment deemed appropriate by Local Plan Inspectors	Canterbury (20%)
	Eastleigh (10%)

4.119 The following market signals have been analysed for each of the areas introduced above, reflecting the availability of consistent and comparable data for each of these indicators:

- Lower quartile **house prices** in the last full calendar year for which data is available (2015) and change since 2001, based on Land Registry price paid data;
- Lower quartile private **rents** during the full year to the end of September 2016 and change since the earliest comparable dataset was produced (year to the end of June 2011), based on published VOA data for 2 bedroom properties to enable direct comparison;
- Ratio between lower quartile house prices and earnings as of 2015 ('**affordability ratio**') and change since 2013, based on published DCLG data[161];
- Change in the number of **overcrowded households** between 2001 and 2011, drawn from the Census and based on the room standard; and

[161] The release notes accompanying Live Tables 576 – 578 confirms that 2013 – 2015 ratios are calculated using different data sources to preceding years, and in this instance it is therefore considered inappropriate to directly compare the latest ratios with the earlier published datasets

- Change in the number of **concealed families** between the 2001 and 2011 Census.

4.120 The following table ranks Welwyn Hatfield against each of the comparator areas based on these market signals indicators, based on the data presented at Appendix 2 of this report. This includes neighbouring authorities, areas with similar demographic and economic characteristics (shown in blue) and Eastleigh and Canterbury (italicised).

Table 4.12: Benchmarking Market Signals in Welwyn Hatfield (Appendix 2)

	House prices		Rents (2 bed)		Affordability		Change in overcrowding	Change in concealed families
	2015 LQ	Change 2001 – 15	2015/16 LQ	Change 2010/11 – 2015/16	2015 LQ	Change 2013 – 15	2001 – 11	2001 – 11
Greater significance	Barnet	Barnet	Barnet	Hertsmere	St Albans	Barnet	**Welwyn Hatfield**	**Welwyn Hatfield**
	St Albans	England	Enfield	Stevenage	Barnet	Stevenage	Broxbourne	Enfield
	Hertsmere	Coventry	Hertsmere	Enfield	Hertsmere	Broxbourne	Enfield	Barnet
	Enfield	Enfield	St Albans	Barnet	Enfield	Enfield	Colchester	Southampton
	East Hertfordshire	Hertsmere	Broxbourne	North Herts	East Hertfordshire	St Albans	Barnet	East Hertfordshire
	Welwyn Hatfield	Stevenage	Stevenage	St Albans	Broxbourne	North Herts	East Hertfordshire	Colchester
	Broxbourne	*Canterbury*	**Welwyn Hatfield**	East Hertfordshire	*Canterbury*	Coventry	Southampton	Stevenage
	North Herts	Leeds	East Hertfordshire	Broxbourne	**Welwyn Hatfield**	**Welwyn Hatfield**	Hertsmere	Broxbourne
▲	*Canterbury*	North Herts	North Herts	*Eastleigh*	North Herts	Colchester	*Eastleigh*	England
	Stevenage	St Albans	*Eastleigh*	*Canterbury*	Stevenage	Hertsmere	England	Hertsmere
	Eastleigh	Preston	*Canterbury*	Coventry	*Eastleigh*	East Hertfordshire	Stevenage	*Canterbury*
	Colchester	Colchester	Southampton	Colchester	Colchester	Southampton	*Canterbury*	Coventry
	Southampton	**Welwyn Hatfield**	Colchester	**Welwyn Hatfield**	Southampton	*Canterbury*	North Herts	St Albans
	England	East Hertfordshire	Leeds	Southampton	England	Leeds	St Albans	Leeds
	Coventry	Broxbourne	Coventry	Leeds	Coventry	England	Leeds	*Eastleigh*
	Leeds	Southampton	England	England	Leeds	*Eastleigh*	Coventry	North Herts
Limited significance	Preston	*Eastleigh*	Preston	Preston	Preston	Preston	Preston	Preston

4.121 As in the 2015 SHMA Partial Update, this review of updated evidence suggests a relatively varied picture for Welwyn Hatfield, depending upon the indicator observed and the areas used for comparison.

4.122 Like many of the authorities in the wider HMA, entry-level lower quartile house prices in Welwyn Hatfield are higher than seen nationally, and exceed prices in areas seen to have similar economic and demographic characteristics to the borough. The change in lower quartile house prices since 2001, however, has been more moderate, suggesting that other areas – both within the wider HMA and other similar authorities elsewhere in the country – have seen a greater worsening in the cost of entry-level housing.

4.123 A similar trend is apparent for entry-level rents, with relatively high rents for two bedroom properties in Welwyn Hatfield which are nevertheless towards the lower end of those seen across the wider HMA. Although rents have grown faster than the national rate over recent years, other authorities in the wider HMA have seen a greater worsening, and the proportionate change in rents in Welwyn Hatfield is in line with that seen in areas with similar demographic and economic characteristics.

4.124 Welwyn Hatfield also ranks in a relatively average position when considering affordability, both in absolute terms and recent change when compared to the comparator areas, albeit it is recognised that records a high ratio when compared to the national average. Entry-level house prices in the majority of neighbouring authorities are less affordable relative to earnings, and have seen a greater worsening in this position over recent years. Welwyn Hatfield is, however, less affordable than the national average, or than many areas with similar economic and demographic characteristics, although as shown when compared to neighbouring areas in particular it is important to recognise that this is reflective of the borough's location and wider market context within the high value market areas surrounding London.

4.125 Welwyn Hatfield records a high rank in terms of the concealed families and overcrowded households signals, with each increasing at a faster rate than all of the comparator areas presented. The 2015 SHMA Partial Update noted that the growth in concealed families was unlikely to be attributable to students, although the growth in overcrowded households – based on the room standard – could be skewed by younger people and students who would all be expected to have their own room under this standard if not married[162]. Nevertheless, as per the PPG, this could demonstrate an unmet need for housing. As referenced earlier in the section, these worsening indicators in particular (i.e. concealed households and overcrowding) need to be considered in the context of the adjustment to headship rates already recommended and applied in the derivation of the demographic projection of need.

4.126 The market signals presented in Table 4.12 do not include the '*rate of development*' which is also listed as one of the market signals to be considered in the PPG. The analysis of market signals in both the 2014 SHMA and the 2015 SHMA Partial Update did, however, consider this specific indicator[163]. In the 2014 SHMA it was identified that prior to the base date of the modelling (2012) there had been an average of 475 homes delivered annually between 2001 and 2011. This level of provision exceeded by some

162 Paragraph 5.30 and 5.33 of the 2015 SHMA Partial Update

163 Paragraphs 5.18 – 5.20 of the 2015 SHMA Partial Update; paragraphs 9.63 – 9.67 of the 2014 SHMA

way the last adopted housing target for the borough set in the 2005 District Plan (280dpa between 1991 and 2011). A small backlog of 250 dwellings was identified relative to the former East of England Plan requirement of 500dpa between 2001 and 2021, although it was noted that this former regional target was quashed following its adoption. However, the SHMA also recognised that this requirement was not significantly dissimilar to the level of projected household growth under the DCLG household projections at the time (2004-based SNHP) which projected household growth of 530 households per annum (2004 – 2021)[164].

4.127 The 2014 SHMA did conclude in this context that recent levels of development, up to 2012/13, had fallen below pre-recession rates, providing a clear justification for boosting the supply of housing above more recent levels of provision. In the context of an additional year of data, which showed a continued recovery in terms of levels of development, the need to continue to elevate the supply of housing above current rates was also considered to remain appropriate within the 2015 SHMA Partial Update[165]. In the context of the latest completions data it is also considered that this remains appropriate although it is noted that the amount of new homes delivered has increased year on year since 2013/14 in Welwyn Hatfield[166], albeit remaining at a level which is below the long-term average previously noted in the 2014 SHMA and indeed the successive estimates of OAN in the SHMA evidence.

4.128 When considered relative to Eastleigh and Canterbury – where Inspectors respectively concluded that an uplift of 10% and 20% was appropriate respectively in response to worsening market signals – the picture is again comparatively mixed. The analysis suggests that some market signals in Welwyn Hatfield are worse than seen in these authorities, including comparatively high house prices and rents, a worsening relationship between earnings and house prices and a notably higher level of growth in overcrowded households and concealed families. However, it is also noted that growth in entry-level house prices in the borough has fallen below that seen in Canterbury, with rents growing at a slower rate than seen in both Eastleigh and Canterbury. On this basis, it can be considered that the evidence of worsening in market signals in Welwyn Hatfield justifies an adjustment to the demographic projection of need, as considered appropriate by these respective Inspectors.

4.129 The PPG does not clarify the precise scale of adjustment required to respond to worsening market signals – nor how this should be applied – but states that any upward adjustment to housing supply should be '*at a level which is reasonable*'[167]. The PPG expects the uplift in housing supply to address or alleviate recognised affordability issues, stemming from a longstanding national recognition of the need to elevate levels of supply[168]. The PPG makes clear, however, that plan-makers should not attempt to estimate the precise impact of an increase in housing supply[169].

164 Turley (August 2014) Welwyn Hatfield Strategic Housing Market Assessment – paragraphs 9.66 – 9.67
165 Turley (October 2015) Welwyn Hatfield Strategic Housing Market Assessment Partial Update 2015 – paragraph 5.20
166 Figure 10 of Appendix 1
167 PPG Reference ID 2a-020-20140306
168 Barker Review (2004) Delivering Stability: securing our future housing needs; National Audit Office (2017) Housing in England: overview
169 PPG Reference ID 2a-020-20140306

4.130 The recently published Redfern Review concludes that '*all long-term sustainable solutions to high house prices and availability depend on increasing long-term supply*'[170]. Modelling was undertaken to support the review, advancing the position that:

"In order for real house prices to rise in line with real earnings in the longer run, with current low interest rates, we would have to substantially 'out build' the growth in the number of households, assuming that in this scenario all the elasticities remain the same. With real earnings growing at 1.5% per year, real house price rises would be in the order of 3% annually, all other things being equal. This implies we would have to 'out build' the growth in households to trim the real house price rate increases back to anything near 1.5% – i.e. the same as real earnings growth – and so stabilise prices relative to earnings"[171]

4.131 The report concludes that '*boosting housing supply will have a material impact on house prices, but only if sustained over a long period*'. In considering the '*very relevant*' implications for policymakers, it suggests that the delivery of housing would need to consistently exceed the projected growth in the number of households by around 50% if house price inflation were to be meaningfully reduced:

"Restrictions on new housing supply have not been the main culprit when it comes to price rises over the past 25 years, although they have constrained availability. But looking forward, if the number of households in the UK were to grow at around 200,000 per year, new supply of 300,000 dwellings per year over a decade would be expected to cut house price inflation by around 5% points (0.5 percentage points a year)"

4.132 Establishing an appropriate level of housing provision by fully and objectively assessing the need for housing provides a vehicle to support the elevation of supply over the longer term in those areas where there is evidence of a high demand for housing. Whilst this may not stop or reverse price growth, this can ensure that house price growth is not unsustainable in scale.

4.133 As concluded in the 2015 SHMA Partial Update[172], the updated analysis above indicates that there has been a worsening in market conditions in Welwyn Hatfield over recent years, suggesting a continued imbalance between housing supply and demand. Taking the range of market indicators into account, it remains appropriate and justified to apply a reasonable adjustment to the demographic trend-based projection for the borough. The scale of adjustment required is considered further in section 6 of this report.

Affordable Housing

4.134 As summarised in section 2 of this update, both the 2014 SHMA and 2015 SHMA Partial Update presented a calculation of the need for affordable housing in Welwyn Hatfield. The latest calculation presented in the 2015 SHMA Partial Update concluded that 755 affordable homes are needed annually in the borough to 2020, falling to 539 affordable homes per annum once the backlog is cleared after five years[173].

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170 Redfern Review (2016) The Redfern Review into the Decline of Home Ownership
171 Ibid (part 2, para 12)
172 Paragraph 7.24 of the 2015 SHMA Partial Update
173 Figure 6.9 of the 2015 SHMA Partial Update

4.135 This calculation has not been reviewed in full as part of this update. However, it is important to recognise that the formation of new households represents an input to the calculation in estimating the number of newly forming households unable to afford entry-level rent in Welwyn Hatfield, generating a newly arising need over the plan period. Consistently with earlier calculations and available guidance, this is based on a '*gross annual estimate*'[175] of change in the number of households aged 15 to 44, and therefore cannot be directly compared with net change figures presented elsewhere within both this and Edge Analytics' reports.

4.136 The calculation previously incorporated Edge Analytics' modelling of the 2012-based SNHP, which has now been superseded by the release of the 2014-based SNHP. As explored within this section, this new dataset provides an appropriate demographic projection of housing need in Welwyn Hatfield, and can therefore be discretely integrated into the assessment of affordable housing need. This updated calculation is presented at Table 4.13.

[175] PPG Reference ID 2a-025-20140306

Table 4.13: Updated Calculation of Affordable Housing Need in Welwyn Hatfield

	Step	Source	Bedrooms				Total
			1	2	3	4+	
Current Housing Need (Gross Backlog) – Stages 1 – 3							
1.5	Total current housing need (gross)	Figure 6.1, 2015 SHMA Partial Update	1,203	347	279	50	**1,879**
2.5	Total affordable housing stock available	Figure 6.2, 2015 SHMA Partial Update	366	245	154	33	**798**
3.1	Shortfall in affordable housing to meet current backlog (annual)	(1.5 – 2.5) / 5	167	20	25	3	**216**
Calculating Annual Net New Need – Stages 4 – 6							
Annual Future Housing Need – Stage 4							
4.1	New household formation (annual)	Gross annual household formation – Edge Analytics, 2014-based SNHP	288	349	368	125	**1,130**
4.2	Newly forming households in need	Number of households unable to afford to privately rent in the open market	150	182	192	65	**590**
4.3	Existing households falling into need	Figure 6.5, 2015 SHMA Partial Update	131	85	76	6	**297**
4.4	Total newly arising need (gross annual)	4.2 + 4.3	281	267	268	71	**886**

	Step	Source	Bedrooms				**Total**
			1	2	3	4+	
Annual Affordable Housing Supply – Stage 5							
5.1	Annual supply of social re-lets (net annual)	Figure 6.6, 2015 SHMA Partial Update	125	83	62	3	**271**
5.2	Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels	Figure 6.6, 2015 SHMA Partial Update	3	6	4	1	**13**
5.3	Annual supply of affordable housing	5.1 + 5.2	127	89	65	3	**284**
Annual Net New Need – Stage 6							
6.1	Annual net new need	4.4 – 5.3	154	178	202	68	**602**
Total Affordable Housing Need (Net Annual) – Stage 7							
7.1	Shortfall in affordable housing to meet current backlog (annual)	3.1	167	20	25	3	**216**
7.2	Annual net new need	6.1	154	178	202	68	**602**
7.3	**Net annual affordable housing need (5 years)**	**3.1 + 6.1**	**321**	**198**	**227**	**71**	**818**
	%		39%	24%	28%	9%	–

4.137 Integrating the latest projection of gross household formation elevates the implied need for affordable housing in Welwyn Hatfield. While the 2015 SHMA Partial Update suggested an annual need for 755 affordable homes over five years – falling to 539 thereafter – the updated calculation suggests that 818 affordable homes will be needed annually over the period to 2020, reducing to 602 affordable homes per annum thereafter. From the base date of the assessment to the end of the plan period (2015 – 2032), this suggests a total need for 11,314 affordable homes in Welwyn Hatfield.

4.138 Given that only part of the calculation has been updated, this increase is solely attributable to the increased number of new households projected to form. Updating this stage of the calculation increases the number of households assumed to be unable to access the entry level of the private rented market, based on their earnings. This tenure was identified as the most affordable open market option in the benchmarking analysis originally presented in the 2014 SHMA and updated in the 2015 SHMA Partial Update[176]. This affordability benchmarking exercise has not been reviewed as part of this update, although the implied number of households assumed to require affordable housing modestly increases following the application of these proportionate benchmarks. This elevates the gross newly arising need stage of the calculation and therefore uplifts the total net need for affordable housing, given that the supply side of the calculation has been held constant.

4.139 While a full update has not been produced for the purposes of this report, it is important to recognise that the calculation remains based on data available at a single point in time in 2015. This data by its nature is not static, and continues to change over time. DCLG data, for example, suggests that the number of households on the Housing Register in Welwyn Hatfield declined by 15% over the year to April 2016[177]. Right to Buy also continues to have an effect on the supply of affordable housing in the borough, although this can be offset by acquisition of new stock[178].

4.140 Nevertheless, the latest fully assessed and fully evidenced position – set out at Table 4.13 – suggests that there remains a sizeable need for affordable housing in Welwyn Hatfield. The PPG makes clear that this need should 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*'[180].

4.141 The pre-submission Draft Local Plan proposes that between 25 – 35% of homes delivered on sites providing 11 homes or more should be affordable housing, with the Council estimating that around 20% of all new homes built in the borough over the plan period will be affordable[181]. On this numerical basis, and assuming that the Local Plan is the key intervention tool, meeting affordable housing needs in full on an annual basis would require the provision of some 4,090 homes per annum over five years, or 3,010 homes per annum once the backlog is cleared. This evidently far exceeds the level of housing growth needed to accommodate demographic growth in the population.

[176] P154 – 156 of the 2014 SHMA; p68 – 69 of the 2015 SHMA Partial Update
[177] DCLG (2016) Live Table 600 – Number of households on local authorities' housing waiting lists, by district: England 1997 – 2016
[178] Welwyn Hatfield Borough Council (2017) Performance Report Q3 2016-2017
[180] PPG Reference ID 2a-029-20140306
[181] Policy SP 7 and paragraph 9.19 of the proposed submission Draft Local Plan

4.142 Further consideration is given to the need to support the delivery of affordable housing in the derivation of the OAN in Section 6.

5. Housing Type and Mix

5.1 The PPG highlights the importance of considering the size and type of housing required once an overall housing figure has been identified[182]. Responding to this guidance, section 8 of the 2014 SHMA and a more recent briefing note[183] issued in April 2016 based its analysis of the size of property likely to be required on modelling undertaken by Edge Analytics, which provided a breakdown of the types of households projected to form over the plan period.

5.2 This analysis has been updated based on the updated projections analysed within this report to understand the types of households likely to form over the plan period, and the size of housing likely to be required to meet this need.

5.3 Furthermore, the NPPF and PPG both specify that the specific needs of different household groups should be assessed. This was considered in detail within section 8 of the 2014 SHMA, with the conclusions on student housing and older people further reviewed in the 2015 SHMA Partial Update, as summarised in section 2 of this report. This analysis is not replicated or updated in full, but is updated to integrate the latest available evidence on the housing needs of older persons and students and reference the Council's latest assessment of the need for Gypsy, Traveller and Travelling Showpeople accommodation.

Size of Housing (All Tenures)

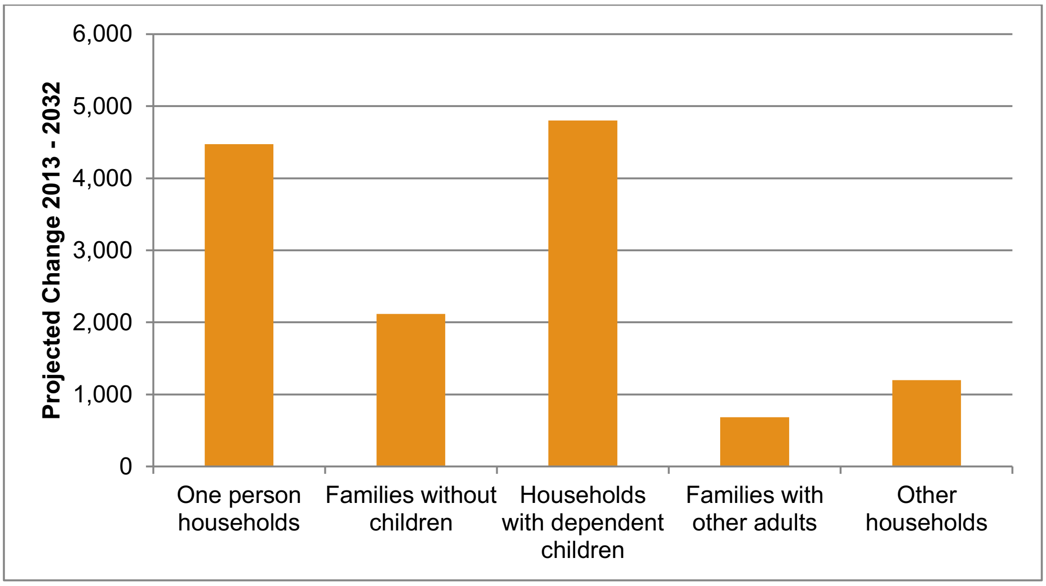
5.4 The analysis in this section explores how a changing demographic profile may generate a need for housing of different sizes over the plan period. Existing housing trends form the basis for this assessment, with the approach assuming that the current tendencies of different household types to occupy different sizes of housing are maintained throughout the period assessed. This does not seek to estimate how market factors – such as changes to house prices, incomes and household preferences – will impact upon the propensity of households to occupy different sizes of property. Recognising market volatility over longer term periods, this approach is considered prudent, albeit illustrative.

5.5 The assessment is based on projected change in the number of households of different types, under the 2014-based SNHP which the previous section suggests represents an appropriate demographic projection of housing needs in Welwyn Hatfield. The following chart shows the scale of growth in different household types projected under the 2014-based SNHP over the plan period, with adjusted household formation rates applied.

[182] PPG Reference ID 2a-021-20160401

[183] Turley (April 2016) Welwyn Hatfield Strategic Housing Market Assessment Briefing – Size and Type of Housing Required

Figure 5.1: Change in Household Profile (2014-based SNHP with headship rate adjustment) 2013 – 2032



Source: DCLG

5.6 The 2014-based projections suggest that the number of households with dependent children will increase significantly over the plan period, with the number of one person households also expected to grow at a similar level. Growth is also projected in 'other households', which includes students assumed to live in private households and other unrelated, and predominantly younger, adults sharing. Within this context, it is of note that the projections assume that there will be an additional 180 such households headed by a resident aged 16 to 24 over the plan period. Although this represents only a component of the additional 'other households' projected, this growth is likely to at least partially include a small allowance for additional student households in Welwyn Hatfield over the plan period. While this cannot be explicitly isolated within the projection, this is explored further later in this section.

5.7 In order to understand the implications for the type of housing required by these households, it is necessary to establish a profile of the size of housing currently occupied by different household types in Welwyn Hatfield. This is based on the number of bedrooms and drawn from the 2011 Census, and builds upon and can be read alongside the detailed analysis presented in section 3 of the 2014 SHMA. This also drew upon Census data to profile the existing housing stock.

5.8 It is noted that the Census only provides detail on the number of bedrooms in a limited number of household categories which do not directly align with the household types which are a modelled output within the 2014-based SNHP. The 2011 Census outputs do not, for example, distinguish between the number of bedrooms required by families with or without dependent children. A process of aggregation is therefore necessary, resulting in the identification of three broad household typologies as follows:

- One person households;

- One family households, with or without dependent children and/or other adults; and

- Other households not captured by the definitions introduced above, such as student households and unrelated sharing adults ('other households').

5.9 The following table shows the tendency of each of these household types to occupy different sizes of housing in Welwyn Hatfield, based on the 2011 Census.

Table 5.1: Number of Bedrooms by Household Type 2011

	1 bed	2 beds	3 beds	4+ beds
One person households	33%	29%	30%	8%
One family households	5%	20%	48%	26%
Other households	5%	19%	32%	44%

Source: Census 2011

5.10 It is evident that one person households in the borough tend to occupy smaller housing, with the tendency to occupy larger housing increasing amongst family households. 'Other households' also tend to live in larger housing, with more than three quarters (76%) living in properties with at least three bedrooms. It is of note that people living in 'other households', as noted earlier, tend to be younger, with the 2011 Census showing that some 77% of people living in these households in Welwyn Hatfield are aged 16 to 34. This suggests that the tendency to live in larger properties is likely to reflect the occupancy trends of full-time students and other unrelated sharing adults, for example.

5.11 Reflecting these propensities to occupy different sizes of home,

5.12 the overall profile of household growth will shape demand for different sizes of housing over the plan period. By proportionately applying existing households' tendencies to occupy different sizes of housing – based on the 2011 Census data presented at Table 5.1 – an illustrative profile of the size of housing likely to be required by additional households forming over the plan period can be established. This analysis relates to all additional households projected to form and is not broken down by tenure, although the affordable housing need calculation presented at Table 4.13 of this report contains a separately calculated breakdown of the need for affordable housing in isolation by size.

Table 5.2: Implied Size of Housing Required 2013 – 2032

	1 bed	2 beds	3 beds	4+ beds
Proportion of households requiring…	13%	22%	41%	23%

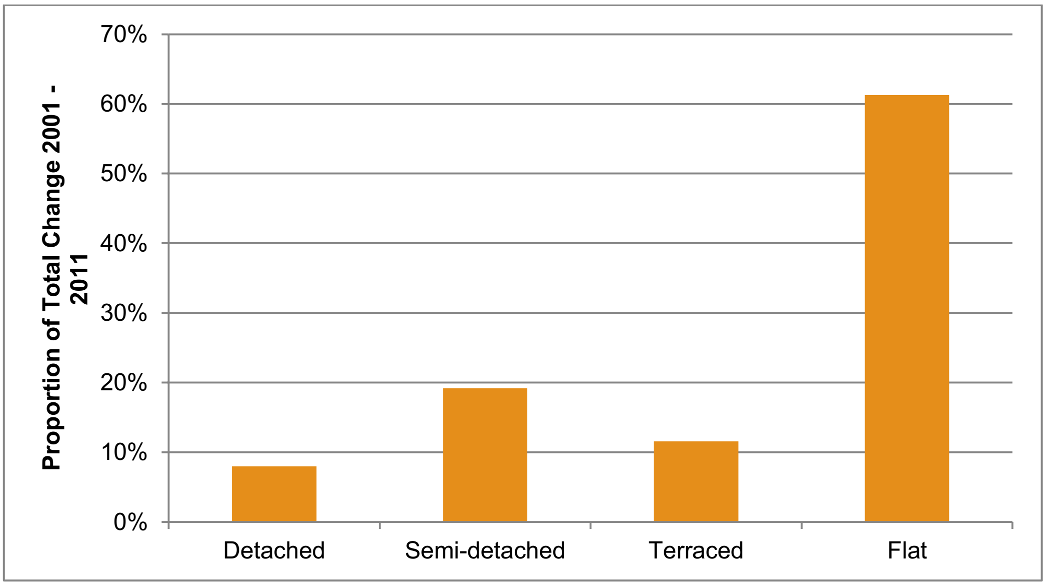
Source: Turley; DCLG; Census 2011

5.13 The analysis suggests a strong demand for family sized or larger accommodation with a comparably large proportion of additional households identified as requiring three bedrooms, with approximately one in four (23%) requiring four or more bedrooms.

5.14 Alongside the need for larger housing, it is also identified that approximately 35% of additional housing will need to be smaller in size with this demand primarily for 2 bedroom properties.

5.15 At a headline level, this can be broadly compared against the profile of stock delivered over recent years, based on change between the 2001 and 2011 Census. Only limited conclusions can be drawn from this analysis, however, given that the number of bedrooms – presented at Figure 3.18 and 3.19 of the 2014 SHMA – was recorded in the 2011 Census but not the 2001 Census. Understanding the respective contributions of different types of dwellings[184] in growing the housing stock over this decade nevertheless provides valuable context in highlighting how the housing stock could change if recent trends continue, and this was explored in the 2014 SHMA (Figure 3.5). The following chart summarises how change in stock of different types contributed to the overall growth in housing stock recorded between the 2001 and 2011 Censuses.

Figure 5.2: Housing Stock Growth by Type 2001 – 2011



Source: Census 2011; Census 2001

5.16 It is evident that a considerable proportion of the additional dwellings delivered over the decade to 2011 were flats, with other types of housing making a smaller contribution towards growing the housing stock over this time.

5.17 While the impact of this change on the overall size profile of dwellings in Welwyn Hatfield cannot be established using this data, the 2011 Census did identify that the stock of flatted accommodation in the borough is significantly weighted towards smaller properties with one or two bedrooms, with detached and semi-detached housing in contrast more likely to contain three bedrooms or more. This is summarised in the following table.

[184] Given that caravans represent a limited component of the dwelling stock in Welwyn Hatfield, change in the number of caravans has been excluded from this illustrative analysis

Table 5.3: Accommodation Type by Number of Bedrooms 2011

	1 bed	2 beds	3 beds	4+ beds	Total
Detached	1%	9%	27%	63%	100%
Semi-detached	4%	18%	57%	21%	100%
Terraced	3%	21%	62%	14%	100%
Flat	50%	43%	5%	2%	100%

Source: Census 2011

5.18 On this basis, while the delivery of flats may contribute towards meeting additional demand for smaller housing, there will be a clear need to ensure a balanced delivery of different types of housing to meet the demand for different sizes of housing in Welwyn Hatfield.

Interpreting the Evidence

5.19 This modelling exercise provides an illustrative interpretation of available historic evidence to estimate the size of housing which may be required in Welwyn Hatfield over the plan period. In reality, the profile of housing delivered is likely to respond to the market, which will judge the type of housing most appropriate to meet demand at any point in time.

5.20 The analysis presented above should therefore only be used for guidance in its translation into policy and for the monitoring of future development. While this evidence provides a valuable overall indication of the broad mix of housing which may be required, it is recommended that policies are not overly prescriptive in directly basing requirements for individual sites on the illustrative mix presented above. The individual mix of housing provided on a site-by-site basis will need to take account of local market evidence and viability considerations, which will have an important influence on the appropriate mix.

Affordable Housing and Starter Homes

5.21 The 2015 SHMA Partial Update calculated the need for affordable housing – which has been partially updated within section 4 of this report – and considered the role of Starter Homes in meeting this calculated need[185]. This followed the announcement in early 2015 of the Government's initiative to provide Starter Homes for first time buyers aged 40 years and under at a minimum discount of 20%, in order to support access to home ownership.

5.22 Since the 2015 SHMA Partial Update, the passage of the Housing and Planning Act 2016 provided some additional clarity to this Government-led initiative, making provision for a new simplified definition of affordable housing which included Starter Homes available for purchase by first-time buyers aged 23 to 40 and sold at no more than 80% of open market value, capped at £250,000 outside Greater London. However, this

[185] Paragraphs 6.63 – 6.68 of the 2015 SHMA Partial Update

definition has not yet been implemented through the required secondary legislation, which is subject to further parliamentary debate.

5.23 Until the recent publication of the Housing White Paper, the Government had not confirmed when or if the secondary legislation required would be brought forward. The Government has now confirmed that the general duty of Councils to promote Starter Homes will commence, with the revised definition of affordable housing – to be introduced through changes to the NPPF later this year – expected to apply from April 2018. The Government intends to make clear the *'policy expectation that housing sites deliver a minimum of 10% affordable home ownership units*'[186], with this applicable on larger sites (10+ units) to support the delivery of Starter Homes, shared ownership homes and discounted market sales products[187].

5.24 The Government clearly expects Starter Homes to play a role in addressing the needs of '*young aspiring home owners who would be unable to get a mortgage for the full market price of a home*'[188]. Local authorities are therefore expected to '*work with developers to agree an appropriate level of delivery of Starter Homes, alongside other affordable home ownership and rented tenures*'[189]. This does, however, reflect a clear '*change…[in] focus from Starter Homes to a wider range of affordable housing'*[190] which the Council should continue to monitor as the Government enacts the changes to policy proposed through the Housing White Paper.

5.25 It remains challenging to fully establish how an increased supply of Starter Homes could contribute towards meeting the calculated need for affordable housing in Welwyn Hatfield, although – as noted in the 2015 SHMA Partial Update – the provision of new market homes at a discount would lower the cost of purchase for younger households in the borough, providing additional housing at the lower end of the market which is more affordable for those able to buy. This is reinforced by the Housing White Paper, which proposes the introduction of a household income eligibility cap of £80,000 outside London – or £90,000 in London – for Starter Homes to ensure that such products are available for those genuinely in need of support to purchase their first home[191].

5.26 The market signals analysis in section 4 of this report considered house price data from the Land Registry for the calendar year of 2015 to establish the lower quartile, entry-level cost of housing in the borough. This suggests a lower quartile value of £229,950 (Appendix 2), and further analysis of the data suggests that the lower quartile cost of new build housing in the borough in 2015 is identical (£229,950). This is of relevance to an analysis of the role of Starter Homes, given that such housing must be a new dwelling[192].

5.27 The minimum discount of 20% can be applied to this entry-level market value to estimate the income required to afford a Starter Home. This applies reasonable and consistent assumptions about mortgage arrangements and repayments, and assumes –

[186] DCLG (2017) Fixing our Broken Housing Market (para 4.17)
[187] Ibid (para A.124)
[188] Ibid (para 4.13)
[189] Ibid (para 4.17)
[190] Ibid (para 4.21)
[191] Ibid (para A.120)
[192] Housing and Planning Act 2016 (section 2, 1a)

as per the requirements set out in the Housing White Paper – that a household takes out a mortgage to cover the cost of purchase. As in the affordable housing need calculation, it is assumed that households spend no more than one third of their disposable income on housing costs, reflecting research by the Resolution Foundation[194].

Table 5.4: Estimated Income Required to Access Starter Homes in Welwyn Hatfield

	Starter Homes
Entry-level new build home (LQ 2015)	£229,950
Starter Homes discount (20%)	£183,960
Annual cost[195]	£14,637
Household income required	**£43,910**

Source: Turley, 2017; Land Registry, 2015

5.28 The updated analysis suggests that an annual household income of circa £44,000 will be required to afford the cost of Starter Homes in Welwyn Hatfield. It is of note that the income data procured to inform the 2014 SHMA – and referenced in the 2015 SHMA Partial Update – suggested that 61% of households in Welwyn Hatfield in 2013 had an annual income of less than £40,000. Although this income data is now a few years old, it suggests that a considerable proportion of households would be unable to afford the annual cost of Starter Homes.

5.29 The analysis in the 2015 SHMA Partial Update indicated that the income required to access the private rental market in Welwyn Hatfield was lower[196], such that those households unable to afford the cost of privately renting – and assumed to require affordable housing within the calculations presented – are similarly unlikely to be able to afford the cost of a Starter Home. On this basis, Starter Homes are more likely to play a role in providing an alternative option for those currently renting in the private sector, with a considerable number of households requiring housing which is comparatively more affordable than the implied costs associated with 'starter homes'. This justifies the provision of a range of affordable tenures over the plan period which are accessible to those households on lower incomes who are in need.

Older Persons Housing Need

5.30 Appendix 2 of the 2015 SHMA Partial Update provided an updated position on the potential need for additional specialist housing in Welwyn Hatfield over the plan period, including residential care housing (Use Class C2). This has been updated again to reflect the 2014-based SNPP. The projected changing population profile under the latest demographic projection continues to suggest a sizeable growth in the number of older people (65+) in the borough. This is summarised in the following table.

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194 Resolution Foundation (2014) Housing pinched: understanding which households spend the most on housing costs
195 5% deposit assumed, with repayment over a 25 year period at a fixed rate of 3% (consistent with approach in 2015 Partial Update)
196 Figure 6.13 of the 2015 SHMA Partial Update

Table 5.5: SNPP 2014 – Change in Older People 2013 – 2032

	2013	2032	Change
65 – 74	8,778	12,856	4,078
75 – 84	6,457	8,550	2,093
85 and over	2,804	5,317	2,513
Total 65+	**18,039**	**26,723**	**8,684**
Total 75+	9,261	13,867	4,606

Source: ONS

5.31 At Figure 2.1 of Appendix 2, the 2015 SHMA Partial Update identified that the 2012-based SNPP would grow the population of residents aged 75 and over by around 4,530 persons. The 2014-based SNPP as shown in Table 5.5 suggest a slightly higher level of growth in this age cohort.

5.32 As in the 2015 SHMA Partial Update, the Strategic Housing for Older People Analysis (SHOP@) tool can be used to identify the prevalence of those aged 75+ to require different forms of specialist housing provision:

- Demand for **125 sheltered housing units per 1,000 residents** aged 75+;
- Demand for **20 enhanced sheltered housing units per 1,000 residents** aged 75+; and
- Demand for **25 extra care units with 24/7 support per 1,000 residents** aged 75+.

5.33 The Edge Analytics modelling presented above suggests that the population of Welwyn Hatfield residents aged 75 and over will increase by 4,606 over the plan period, although a component of this growth is assumed to be accommodated within communal establishments. The number of residents aged 75 and over living as private households (i.e. excluding those in communal accommodation) is projected to grow by 4,267 over the plan period.

5.34 The household projections incorporate this projected change in the older private household population, and this modelled need for specialist housing associated with the projections is therefore **included** within the objectively assessed need for dwellings concluded in section 4. The additional demand for different types of specialist accommodation generated by this population growth is presented in the following table.

Table 5.6: Projected Need for Specialist Housing 2013 – 2032

	Total additional demand 2013 – 2032	Average per annum
Sheltered housing	533	28
Enhanced sheltered housing	85	4
Extra care units with 24/7 support	107	6
Total	**725**	**38**

Source: ONS; DCLG; Housing LIN

5.35 The modelling suggests that the growth in the older private household population of Welwyn Hatfield over the plan period will generate an annual demand for circa 38 specialist housing units, which as explained above forms a component of the overall OAN for housing in the borough. This closely aligns with the conclusion established in the 2015 SHMA Partial Update[197].

5.36 As noted above, the 2014-based SNHP also assumes a growth in the number of people living in communal establishments, which is entirely attributable to growth in the number of older people aged 75 and over. These persons are not assumed to live within dwellings, and are therefore **excluded from and additional to** the overall OAN presented for the borough. As such, they should be considered and presented separately, and the following table shows that 18 additional bedspaces will therefore be required annually in addition to the overall OAN established within this report.

Table 5.7: Projected Change in Communal Population 2013 – 2032

	Total change in communal population 2013 – 2032	Average per annum
SNHP 2014	339	18

Source: ONS; DCLG

5.37 In considering how this need for specialist and institutional accommodation is met, it is important to recognise that there is a high level of uncertainty in assuming the number of residents requiring (or preferring) accommodation in residential institutions (Use Class C2) or extra care housing (Use Class C3/Sui Generis). Over time, in response to supply and demand within the market – and the complexities of funding – the precise delivery may vary slightly.

5.38 The analysis presented here has not applied any further adjustment to consider the potential for C3 housing to accommodate those suggested as being in need of C2 accommodation. It is recognised that this could result from a strategy based approach in this regard by the Council or through the provision of appropriate housing of this nature. Where it was evidenced that an element of the need for extra care housing identified

[197] Figure 2.2 of Appendix 2 to the 2015 SHMA Partial Update

above (C2) was sought to be being met through C3 accommodation, this would result in a higher OAN given that the latter would be included within the assessment of need.

Student Housing Need

5.39 Appendix 3 of the 2015 SHMA Partial Update considered the need for student accommodation in Welwyn Hatfield over the plan period, reflecting the sizeable student population of the borough identified through the analysis in section 8 of the 2014 SHMA.

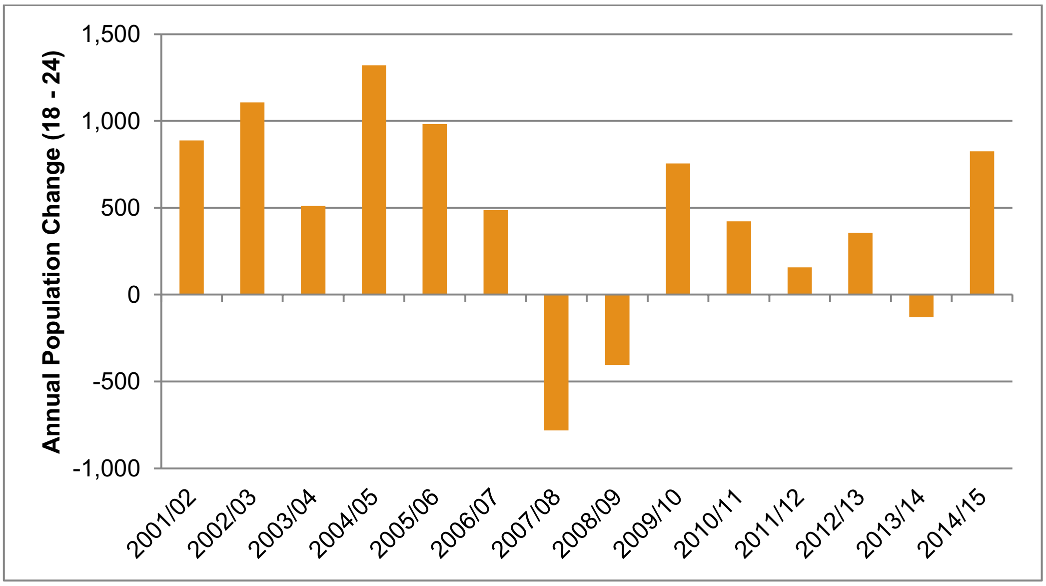
5.40 This analysis is revisited and expanded below, considering both the overall change in the student population likely over the plan period and the assumed accommodation of students in housing and halls of residence.

Projected Change in the Student Population

5.41 Appendix 3 of the 2015 SHMA Partial Update identified that the recent growth in the student population of Welwyn Hatfield had been captured in historic demographic trends, and therefore influences and is captured within trend-based demographic scenarios produced both by the ONS and Edge Analytics.

5.42 Although representing only a component of the student population of Welwyn Hatfield, it is of note that the number of younger residents in the borough (18 – 24) saw particularly strong growth over the early period of the last decade (2001 – 2006), with more recent years – such as the five year period (2009 – 2014) upon which the 2014-based SNPP largely derives its trends – characterised by lower average annual levels of growth (including one year of decline) in the younger population.

Figure 5.3: Annual Change in Younger Population (18 – 24) 2001 – 2015

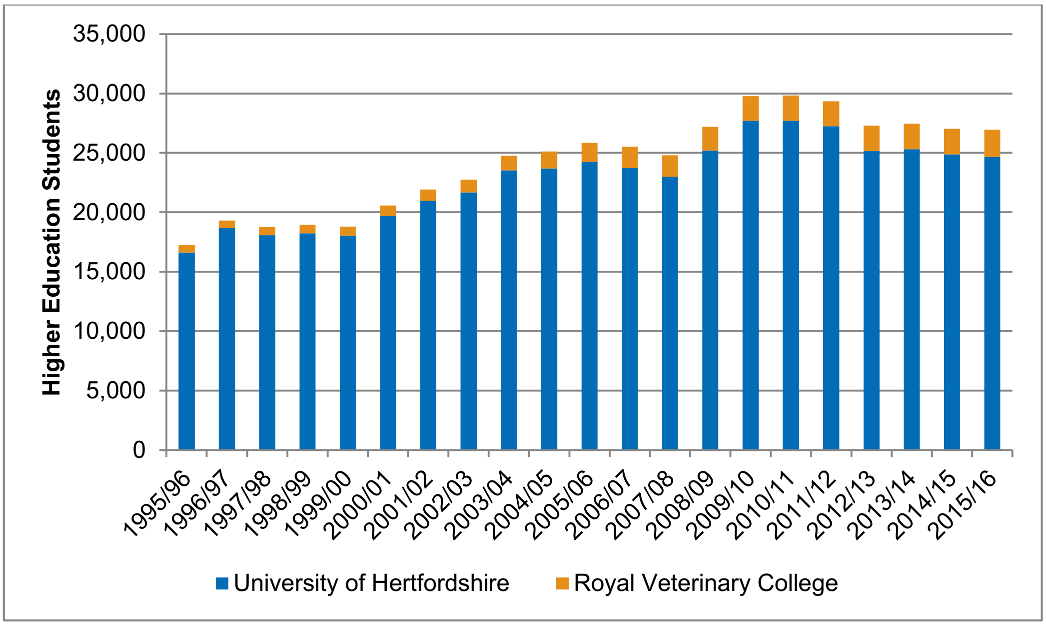


Source: ONS

5.43 This is considered to closely reflect changes in the number of students at the Royal Veterinary College and particularly the University of Hertfordshire, which increased notably from 2001 but stabilised – and indeed slightly fell at the University of

Hertfordshire – from 2009. This is based on statistics published by the Higher Education Statistics Agency (HESA), illustrated at Figure 8.19 of the 2014 SHMA and updated below. In interpreting this data, it remains important to note that this captures all students registered at each university, regardless of their campus location. The Royal Veterinary College's Hawkshead Campus, for example, is located in Welwyn Hatfield but accommodated only 44% of its students in the 2016/17 academic year (1,100 students).

Figure 5.4: Change in Student Numbers at the University of Hertfordshire and Royal Veterinary College

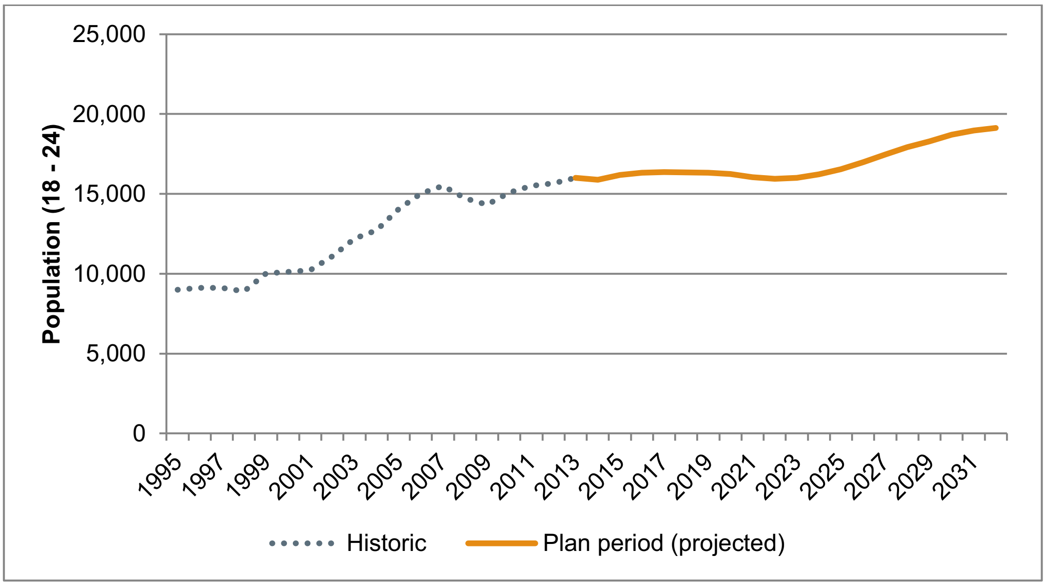


Source: HESA

5.44 Within this context, longer term trend-based projections – which draw upon historic trends including years prior to 2009 – are more likely to capture and assume a continuation of the migration trends which substantially grew the student population of Welwyn Hatfield in the past. In basing trends on a shorter term period since 2009, the 2014-based SNPP could be viewed as less likely to assume a continuation of the demographic effects of such longer-term trends.

5.45 When analysing the 2014-based SNPP in further detail, it is evident that the number of younger people (18 – 24) in the borough is projected to remain at a relatively stable level during the first decade of the plan period, which contrasts with the strong level of growth seen prior to 2009 but aligns more closely with the trend seen over more recent years. Growth in the younger population is, however, projected later in the plan period, such that the number of younger people in the borough is projected to grow by around 19% (3,120 persons) over the full plan period (2013 – 2032). Some level of assumed growth in the student population over the longer term is likely to underpin this projection given the historic profile of Welwyn Hatfield, although this cannot be explicitly identified or verified.

Figure 5.5: Historic and Projected Younger Population (18 – 24)



Source: ONS

5.46 The extent to which this further growth appropriately captures both short-term and long-term planned growth in the student population can be determined by reviewing higher education providers' future growth plans. The University of Hertfordshire is the largest higher education provider in the borough – with 24,650 students[198] in 2015/16 – but a key principle of its 2020 Estates Vision is to maintain its student population at a '*broadly stable*' level[199]. Its recent investment in new campus living – explored further below – has therefore expressly sought to deliver qualitative improvements to student experience, rather than provide capacity for significant further growth in student numbers. Indeed, as shown at Figure 5.4, the number of students registered at the University has moderately declined over the past five years, and the challenges associated with student recruitment have been identified as a risk which the University is actively looking to mitigate through marketing and effective communications[200]. There is therefore currently no indication that the University is pursuing a strategy of significantly growing its student population over the short-term, although it can be equally asserted that the University does not aspire to reduce its student population from current levels despite an increasingly competitive market for student recruitment. This aligns with the picture presented in the 2014 SNPP, at least for the first ten years of the plan period. The Council should continue to engage with the University to ensure that any change in this published position which implies either a return to growth or a planned decline in student numbers is taken into account.

5.47 The smaller overall number of students registered at the Royal Veterinary College and studying at the Hawkshead Campus could be expected to have a more modest effect on overall demographic trends, although engagement to inform this update has indicated that the College is planning to invest in its facilities and expand its intake at the campus

198 University of Hertfordshire (2016) Strategic Report and Financial Statements 2015/16
199 University of Hertfordshire (2011) 2020 Estates Vision
200 University of Hertfordshire (2016) Strategic Report and Financial Statements 2015/16

by circa 200 students by the 2018/19 academic year. This modest growth from the current position (1,100 students in 2016/17) again does not appear disproportionate to the relatively stable younger population projected by the 2014-based SNPP.

5.48 On this basis, the relatively stable younger population projected by the 2014-based SNPP over the short-term appears reflective of both universities' short-term ambitions. Equally, any assumed growth in the student population is on the basis of the analysis of the projected growth in persons aged 18 – 24 more likely to be later in the plan period, falling beyond the 2020 vision established by the University of Hertfordshire, for example. It is evident that the 2014-based SNPP only projects a growth in the younger population later in the plan period, with the relatively stable younger population over the first decade considered to align relatively closely with the short-term growth aspirations of the borough's universities.

Accommodating the Student Population

5.49 In planning to meet the needs of students, it should be recognised – as noted in Appendix 3 of the 2015 SHMA Partial Update – that household projections base the number of students living in communal establishments, such as halls of residence, on the findings of the 2011 Census, explicitly assuming that this remains fixed throughout the projection period. This assumes that 2,548 people aged 18 to 24 live in communal establishments in Welwyn Hatfield, which are likely to primarily consist of students living in halls of residence. A subset of the 291 older (25+) residents living in 'other' communal establishments – which excludes medical and care establishments – are also likely to be mature students occupying bedspaces in halls of residence, although it is not possible to break this group down further.

5.50 The continued development of new purpose built student accommodation since 2011 – summarised below – indicates that the 2014 SNHP will underestimate the number of students living in halls of residence and subsequently overestimate the number of private dwellings required to accommodate any assumed growth in the student population. The completion of 1,876 net additional bedspaces since 2011 can be reasonably assumed to have increased the number of students living in halls of residence since this point and therefore classified as living in communal establishments.

Table 5.8: Net Additional Student Bedspaces in Welwyn Hatfield 2011 – 2016

	Bedspaces
Gross completions 2011 – 2016	1,815
Gross units under construction[201]	812
Gross approved but not commenced	308
Losses since 2011	1,059
Units to be lost but not commenced	0
Net additional bedspaces	**1,876**

Source: Welwyn Hatfield Borough Council, 2017

[201] Completion anticipated in September 2016

5.51 Any net increase in the number of bedspaces in halls of residence since 2011 – such as that observed by development and approvals to date in Table 5.8 – would therefore have been likely to have met a need which is otherwise assumed to be accommodated within private dwellings, and is included within the OAN presented in this update.

5.52 Within this context, the analysis in this section noted that the 2014-based SNPP projects a growth of circa 3,100 younger residents (18 – 24) over the plan period. While this is unlikely to be solely attributable to students, the analysis of the size and type of housing needed to accommodate projected household growth in the borough identified a projected increase in 'other households'. This analysis suggests that some of the projected growth in 'other households' – including unrelated sharing adults and private student housing, such as houses in multiple occupation (HMO) – is attributable to younger people in this age group, with around 180 additional 'other households' headed by a resident in this age cohort (18 – 24).

5.53 This represents a comparatively small proportion (1%) of the households projected to form over the plan period by the 2014-based household projections, with an adjustment to household formation rates. On the basis of the additional communal student accommodation provided since 2011, this could also represent a modest overestimate of the projected need for this household type. However, it would imply a modest need generated from a growth in the number of students living in HMOs over the plan period. This need is largely assumed to arise later in the plan period, as illustrated in the following table, with no growth in such households – and indeed limited growth in the younger population – over the early years of the plan period.

Table 5.9: Projected Growth in Younger 'Other Households' 2013 – 2032

	Change in residents aged 18 – 24	Change in younger 'other households'
2013 – 2018	329	-56
2018 – 2023	-344	-102
2023 – 2028	1,923	174
2028 – 2032	1,212	164
2013 – 2032	**3,120**	**180**

Source: DCLG, 2016; ONS, 2016

5.54 This analysis suggests that the official 2014-based projections assume a relatively stable younger population over the first decade of the plan period to 2023, with growth largely assumed to occur over subsequent years. The resultant formation of younger households of all types over the short-term could therefore result from changing behaviours amongst the existing population, rather than a need to accommodate the additional demand generated by a growing younger population. Any assumed change in behaviour may, however, be influenced by local policy interventions, given that this represents only a projection of the type of households which may form over the plan period.

Implications

5.55 The analysis in this section has reviewed the projected change in the younger population (18 – 24) and 'other households' headed by a resident in this age group within the official 2014-based projections for Welwyn Hatfield. Given that students are not explicitly isolated within official demographic datasets, these groups represent only a proxy of the student population, and the analysis should therefore be used only for illustrative purposes. Nevertheless, this does provide an indication of the underlying change in the student population assumed within this dataset, and its potential implications for the future need for housing in the borough. A substantial assumed growth in the student population would be expected to manifest in growth in the proxy indicators identified herein.

5.56 The analysis suggests that only a limited growth in the student population is likely to be being assumed in the official projections, with the younger population – considered most representative of student ages – remaining broadly stable over the first half of the plan period before increasing during later years. There is no indication that the official projections are assuming a significant growth in the student population of the scale observed historically up to 2009 (Figure 5.4), and there is equally no indication that such substantial growth in student numbers is being pursued by the University of Hertfordshire or the Royal Veterinary College. The projections therefore appear to closely align with the short-term growth aspirations of the universities, while allowing for the possibility of modest growth in the student population later in the plan period.

5.57 In considering the implications for housing, the projections capture the need for housing which may be generated by a largely stable student population, particularly over the short-term and are therefore representative of identified future needs from this component of the market. This is a quantitative modelling output, with a detailed assessment of the qualitative need for different types of student accommodation – and its affordability, for example – outside of the scope of this assessment and requiring further consideration in the context of specific development proposals.

5.58 As with all residents, the projections make assumptions on how the student population are accommodated, assuming that the number of younger people living in communal establishments – such as halls of residence – remains fixed at the 2011 level over the plan period but allowing for some long-term growth in the number of younger people (18 – 24) living in shared adult households, which may include HMOs. Any change in this assumed position requires further consideration within this context. A growth in the number of students living in halls of residence, for example – relative to the position in 2011 – would offset the implied need to accommodate students in dwellings in the private housing market, releasing housing into the market or potentially slightly reducing the overall need for additional dwellings implied by the projections. The provision of purpose-built student accommodation could also offset the modest assumed growth in the number of shared adult households (HMOs), albeit it is important to recognise that this forms only a small component of the overall need for additional housing in Welwyn Hatfield.

5.59 On this basis, the conclusions of the 2015 SHMA Partial Update[202] remain appropriate, with a need for the Council to consider proposals to deliver net additions to the supply of

[202] Paragraph 7.59 of the 2015 SHMA Partial Update

student bedspaces in Welwyn Hatfield on their merits given its contribution towards meeting the objectively assessed need for housing in the borough.

Gypsy and Traveller and Travelling Showpeople Accommodation Needs

5.60 The Gypsy and Traveller population in Welwyn Hatfield forms part of the borough's overall population. A number of Gypsy and Traveller families live in the borough's housing stock but the Council has carried out separate studies to assess the accommodation needs of Gypsies, Travellers and Travelling Showpeople. The 2014 SHMA referenced the findings of the Council's then-latest assessment of the accommodation needs of Gypsies, Travellers and Travelling Showpeople[203], published in 2012. This has since been updated through the publication of a new assessment[204] in 2016, which suggests that there is an estimated need for 61 pitches over the remainder of the plan period (2016 – 2032). Over half of these pitches (37) are needed over the next five years, primarily to address the backlog and meet the needs of those on the Hertfordshire County Council waiting list. The Draft Local Plan recognises that the need for pitch provision will be reviewed over the plan period.

[203] Welwyn Hatfield Borough Council (2012) Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment

[204] Welwyn Hatfield Borough Council (2016) Gypsy and Traveller and Travelling Showpeople Accommodation Needs Assessment

6. Conclusion

6.1 This section draws together the evidence and analysis set out in the preceding sections of this report. This includes the calculation of an updated OAN for Welwyn Hatfield reflecting the most up-to-date data available and the available guidance as of April 2017.

6.2 It has consistently been recognised within the evolving SHMA evidence prepared for Welwyn Hatfield that the administrative area does not represent a self-contained HMA as defined through the PPG. As per the earlier iterations of the SHMA this section also documents the latest concluded OAN position in those authorities with which Welwyn Hatfield is identified as sharing wider HMA relationships. The purpose of this exercise is not to pass judgement on the OANs across the wider area, but to present the OAN for Welwyn Hatfield in the context of its defined and wider HMA to assist the Council in maintaining its Duty to Co-operate discussions with other authorities.

The OAN in Welwyn Hatfield

6.3 As set out within section 2 of this report, the 2015 SHMA Partial Update followed a stepped methodology in accordance with the PPG concluding that there is an OAN for 664 – 707 dwellings per annum in Welwyn Hatfield[205]. This adjusted the then 'starting point' of the 2012-based projections to allow for an improvement in younger household formation, reflect the demographic implications of London and grow the labour force to support forecast job growth, with the evidenced high need for affordable housing indicating that needs were towards the upper end of this range. The 2016 SHMA Addendum concluded that this range remained appropriate in supporting the level of job growth considered likely by the Economy Study Update, continuing to suggest that the upper end of the range (707dpa) would be more reflective of the full need for market and affordable housing in Welwyn Hatfield[206].

6.4 The release of new datasets and the ongoing interpretation of guidance for objectively assessing housing needs – summarised in section 3 of this report – collectively justify a review of the concluded OAN for Welwyn Hatfield. Section 4 identifies and analyses the latest available evidence relevant to each stage of the methodology for establishing the OAN, as advocated by the PPG. This remains the latest available official guidance on calculating housing needs, pending the planned consultation on an updated standard methodology which is intended to apply from April 2018[207]. In the absence of any guidance on a preferred alternative methodology at the current point in time – and to maintain the Council's progress[208] towards submitting and adopting its Local Plan, in line with the Government's expectation that all areas are covered by an up-to-date plan[209] – this is considered a reasonable, consistent and appropriate basis through which this updated position can be established.

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205 Figure 7.1 of the 2015 SHMA Partial Update
206 Paragraph 3.10 of the 2016 SHMA Addendum
207 DCLG (2017) Fixing our Broken Housing Market
208 Welwyn Hatfield Borough Council (2016) Welwyn Hatfield Local Plan – Local Development Scheme
209 DCLG (2017) Fixing our Broken Housing Market

6.5 This update is therefore structured around the methodological steps set out within the PPG, seeking to identify:

- An appropriate **demographic projection of housing need**, adjusting the 'starting point' of the latest 2014-based official projections where necessary to reflect demographic factors which are not captured in past trends[210];

- The extent to which **likely job growth** can be supported through labour force availability[211];

- The level of adjustment necessary to respond to **market signals** which indicate an imbalance between the demand for and supply of dwellings[212]; and

- The implications of the identified scale of **affordable housing need** in Welwyn Hatfield and its likely delivery over the plan period[213].

Demographic Projection of Housing Need

6.6 The release of the official 2014-based household projections provides a new 'starting point' for the assessment of housing needs in Welwyn Hatfield. This suggests that household growth of 650 per annum results in a need for **670 dwellings per annum** (dpa) in the borough over the plan period (2013 – 2032) when allowing for vacancy rates. This is a higher level of need than suggested by the earlier 2012-based projections referenced in the 2015 SHMA Partial Update (574dpa).

6.7 The analysis in this report has drawn upon Edge Analytics' analysis at Appendix 1, which has evaluated the 2014-based projections in further detail within the context of historic trends and alternative demographic trend-based projections, developed through POPGROUP. This suggests that the new 'starting point' is underpinned by a level of projected population growth which appears reasonable in the context of historic trends, particularly over the short-term.

6.8 While the analysis presented in this report suggests that a continuation of the trends implied by differing historic periods may grow the population to a greater extent than projected by the 2014-based SNPP, there is significant uncertainty attached to historic demographic evidence in Welwyn Hatfield as has been consistently explored and identified throughout the evidence produced to date. This is due both to the sizeable negative UPC adjustment applied by the ONS following the 2011 Census and potential ongoing issues in the estimating of population in the authority since the Census. Although it is considered that the evidence is inconclusive in justifying any distinct adjustment to account for these specific issues related to historic demographic data in Welwyn Hatfield, it is noted that the ONS exclude the possibility of UPC within the official projection (2014 SNPP). By implication, no adjustment to the official 'starting point' of the 2014-based SNHP is made to account for the possibility of UPC.

6.9 Edge Analytics' development of sensitivities to test these factors provides a relatively narrow range of population growth outcomes, with the 2014-based SNPP sitting broadly

[210] PPG Reference ID 2a-017-20140306
[211] PPG Reference ID 2a-018-20140306
[212] PPG Reference ID 2a-019-20140306; PPG Reference ID 2a-020-20140306
[213] PPG Reference ID 2a-029-20140306

in the middle of this range. The upper and lower ends of the range considered reflect the full impact of taking into consideration uncertainties relating to UPC, which given the scale of the adjustment in Welwyn Hatfield are considered to run the risk of not being adequately justified or representative. Equally, Edge Analytics has identified a concern with the most recent 2015 MYE which presents an unusually high level of population growth, the disproportionate impact of which is considered less robust when integrated within associated modelled scenarios. It is considered on this basis that the official projections, in this instance the 2014-based SNPP, continue to represent an appropriate and reasonable baseline of population growth for Welwyn Hatfield.

6.10 Consideration has been given to the potential ongoing influence that London will have on housing need pressures relating to demographic factors in Welwyn Hatfield. At the current point in time there is a degree of uncertainty related to the ongoing work of the GLA to review the London Plan and update its evidence base. In the analysis prepared for the Council Edge Analytics has reviewed the data available and indicated that on the basis of the available projections it is reasonable to suggest that there will be additional population pressures in Welwyn Hatfield above those projected by the 2014-based SNPP/ SNHP, although the extent to which this will occur is dependent upon the agreed position on London's housing requirement. This position is currently unknown. However, recognising the higher overall projected population growth for Welwyn Hatfield in the latest official projection compared to the previous dataset, any uplift is likely to be more modest. A specific quantified uplift has not been recommended by Edge Analytics or applied within this update, although in considering the cumulative impact of subsequent adjustments this potential demographic pressure is taken into consideration alongside other factors. It is recommended that the Council partake and engage with the development of the evidence underpinning the London Plan where required to consider the implications of London's assessed housing needs and its capacity to meet needs.

6.11 An adjustment to the level of housing growth needed to support the population growth projected by the 2014-based SNPP is, however, considered necessary, given that the household projections suggest that household formation amongst younger people in Welwyn Hatfield will continue to follow a falling trend, reflecting the sustained worsening in housing affordability and more recently housing undersupply in the context of recent projections of need. This trend is assumed to continue unless additional supply is made within the housing stock to support a short-term return to higher levels of household formation for younger age groups where this is not already projected. This demographic adjustment is therefore considered appropriate and important to allow for a recovery in the formation of additional younger households in the near future. The application of such an adjustment has previously been considered appropriate in the preceding housing need evidence[214] and would result in a need for 721 dwellings per annum over the plan period.

6.12 On this basis, it is considered that the 2014-based SNPP with an adjustment to headship rates represents an appropriate demographic projection of housing need in Welwyn Hatfield. This suggests a need for **721 dwellings per annum** in the borough over the plan period, and uplifts the 'starting point' by 51 dwellings per annum or 8%.

[214] Paragraph 7.26 of the 2015 SHMA Partial Update

Supporting Likely Job Growth

6.13 The importance of taking employment trends into account when assessing housing need is clearly articulated within the PPG, given the need to ensure that likely job growth can be sustainably supported by an economically active labour force.

6.14 At the time the modelling was carried out for this SHMA update, the Council's Economy Study 2015 contained the latest evidenced position on the level of job growth likely to occur in Welwyn Hatfield over the plan period, with this derived from two separate forecasts available at the time (EEFM and Experian). It is understood that a recent review of the latest employment forecasts has been undertaken to consider the implications for the Council's economic evidence base. This is introduced in section 3 of this report and suggests that the annual creation of 890 jobs – or circa 16,900 jobs in total over the plan period, representing the Hybrid scenario previously concluded for the borough – continues to appear reasonable in light of more recently released forecasts. This is therefore considered to remain an appropriate forecast of likely employment growth in Welwyn Hatfield for the purposes of establishing the need for housing in the borough.

6.15 Based on reasonable and prudent assumptions on labour force behaviour, modelling produced by Edge Analytics suggests that the population growth projected by the 2014-based SNPP would substantially grow the borough's labour force and support a total of some 18,600 additional jobs[215] over the plan period (980 jobs per annum). This more than accommodates the likely scale of job growth presented in the Council's evidence base and set out above. This increase in labour-force is driven both by the projected growth in the working age population and modest changes to the behaviour of the existing population, primarily in relation to a long-term reduction in unemployment and increased economic participation based on national forecasts produced by the OBR. Even allowing for more limited changes in economic activity – reflecting only changes to state pension age, and aligning with assumptions previously applied in the 2015 SHMA Partial Update and 2016 SHMA Addendum – would generate a growth in the labour force under the 2014-based SNPP which is sufficient to support likely job creation as evidenced in the latest Economy Study Update.

6.16 This suggests that providing 721 dwellings per annum and meeting the demographic need for housing in Welwyn Hatfield will as a minimum support the level of job growth considered likely in the borough, with some inherent flexibility and capacity for change in the behaviour of the labour force over the plan period. On this basis, **no uplift to the demographic projection** is considered to be required to support the Hybrid job growth scenario in Welwyn Hatfield. Equally, however, it not considered that the ability of the projected population to support a higher level of job growth should justify any downward adjustment, given the demographic evidence of housing need and the explicit guidance within the PPG that an economic adjustment to housing provision is appropriate only where the supply of working age population is '*less than…projected job growth*'[216]. This position could enable Welwyn Hatfield to potentially rely less on in-commuting to support employment growth sustainably, for example, although no allowance has been made for such a change within the modelling presented in this report.

[215] Total jobs which are *not* converted to full-time equivalent (FTE)
[216] PPG Reference ID 2A-018-20140306

Responding to Market Signals

6.17 Section 4 of this report provides an updated overview of market signals in Welwyn Hatfield, in order to reflect the latest available evidence on the local balance between housing supply and demand. Appropriate comparisons are made with neighbouring and comparable areas, enabling the significance of market trends to be established and informing a position on the scale of adjustment necessary to respond to any identified worsening in market signals.

6.18 This suggests a relatively varied picture for Welwyn Hatfield, depending upon the indicator observed and the areas compared against. Like many authorities in the wider HMA, entry-level house prices are relatively high in the national context, although comparative change in lower quartile house prices has been more moderate which suggests that other areas – both within the wider HMA and other similar authorities elsewhere – have seen a greater worsening in the cost of entry-level housing. A similar trend is apparent for private rents.

6.19 The borough ranks in a relatively average position when considering affordability, both in absolute trends and recent change when compared against the other comparator areas. Entry-level house prices in the majority of neighbouring authorities are less affordable relative to earnings, and have seen a greater worsening in this position over recent years. Welwyn Hatfield is, however, less affordable than the national average and authorities with similar economic and demographic characteristics, likely reflecting its location and wider market context. The borough notably ranks poorly when considering change in the number of concealed families and overcrowded households, which could demonstrate an unmet need for housing. These two market signals in particular would be expected to be addressed through an allowance for improved levels of household formation, as applied in the adjusted demographic projection.

6.20 With the PPG providing no clarification on the scale of adjustment necessary when responding to worsening market signals, section 4 established the views of Inspectors examining the Eastleigh and Canterbury Local Plans where worsening market signals were seen to justify an uplift of 10% and 20% respectively to the demographic projection alongside other recent Inspectors' decisions. The comparison of market signals in Welwyn Hatfield, Eastleigh and Canterbury in section 4 again indicates a relatively mixed picture, with some signals worsening to a greater extent in Welwyn Hatfield but others suggesting a more favourable comparison. On this basis, it can be considered that the worsening in market signals in Welwyn Hatfield is broadly comparable to that seen in these authorities, with a reasonable adjustment to the demographic projection therefore justified.

6.21 As referenced in section 1 of this report, whilst the Government has not endorsed the LPEG recommended methodology for calculating OAN this methodology explicitly requires a separate market signals adjustment which is applied to the demographic projection and is therefore separate to any adjustment made to household formation rates. Other Local Plan Inspectors have in recent months also sought clarification on the scale of a distinct market signals uplift. One such example is set out within the Inspector's interim conclusions on the Mid Sussex Local Plan. Here the Inspector concluded that *'a significant uplift should be made to the OAN in response to market signals, to the point where it could be expected to improve affordability, in accordance* *with government policy'*[217]. The Inspector concluded that the application of a 20% uplift to the official household projections was reasonable and would counter worsening affordability.[218]. This reflected the Inspector's view that there was no evidence that the suggested uplift associated solely with an adjustment to household formation rates of younger households, which represented an uplift of approximately 3% would *'improve affordability either generally, or for the 20-34 age group on which the uplift was targeted'*.

6.22 In the context of the 8% uplift from the assumed recovery of the household formation rates of younger households as part of the adjustment to the demographic projection, a further 10% uplift is recommended. In isolation, this aligns with the scale of uplift recommended by the Eastleigh Local Plan Inspector and the cumulative uplift of approximately 18% comes close to aligning with the uplift recommended in Canterbury and Mid Sussex. This is considered to represent an appropriate and '*reasonable*' minimum supply-led response to the moderate worsening of market signals in Welwyn Hatfield, relative to the comparator areas considered. Applying this additional uplift to the adjusted demographic projection therefore suggests a calculated need for **793 dwellings per annum** over the plan period. This uplift is proportionate to those viewed as appropriate by Inspectors, and – coupled with the demographic adjustment to improve household formation rates and address the demographic impact of worsening affordability over recent years – could be expected to support a long-term improvement in affordability in Welwyn Hatfield.. The response of the market, as set out in the PPG[220] will, however, need to be carefully monitored by the Council.

Affordable Housing Need

6.23 Although this update has not reviewed the calculation of affordable housing need in full, the discrete update applied – to reflect the increased number of newly forming households anticipated under the updated demographic projection – suggests that 818 affordable homes will be needed annually in Welwyn Hatfield over the next five years, falling to 602 affordable homes per annum thereafter.

6.24 As noted within both the 2014 SHMA and the 2015 SHMA Partial Update – and summarised in section 2 of this report – there is a complex relationship between affordable housing provision and market housing, which needs to be carefully considered in meeting the need for affordable housing. Existing households and those projected to form by the 2014-based projections form a significant component of this calculated need, and would therefore not add to the overall need for housing in the borough.

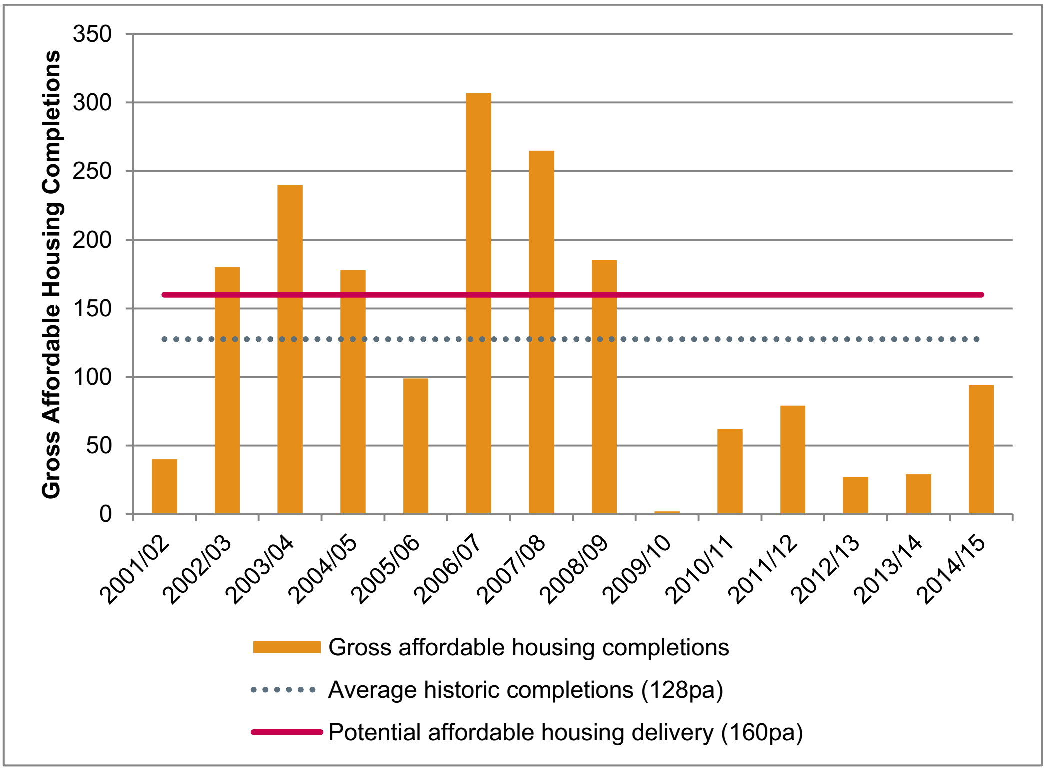
6.25 It is, however, clear that there is a substantial need for affordable housing in Welwyn Hatfield, which would require a level of housing provision far in excess of that needed to accommodate demographic growth in the population and respond to worsening market signals if this need were to be met in full. Meeting newly arising need throughout the

217 Interim conclusions of the Inspector examining the Mid Sussex District Plan, 20 February 2017, pg 5
218 *Ibid, pg 6*
220 PPG Reference ID: 2a-020-20140306

plan period would require some three quarters (76%) of all new housing delivered to be affordable[221], which is unlikely to be viable.

6.26 Allowing for an improving rate of younger household formation and providing an additional supply response to worsening market signals to uplift the calculated need above the household projection can be expected to contribute towards addressing the identified need for affordable housing in Welwyn Hatfield. Furthermore, the successful implementation of the Council's proposed affordable housing policies would result in 20% of all new housing delivered over the plan period being affordable, supporting the delivery of circa 160 affordable homes per annum over the plan period when applied to the 793dpa. This would significantly boost the recent level of affordable housing delivery in Welwyn Hatfield – as illustrated in the following chart, based on the Council's monitoring data[222] – and would equally uplift the long-term average rate of delivery, responding to this evidenced high need.

Figure 6.1: Gross Affordable Housing Completions 2001 – 2015



Source: Welwyn Hatfield Borough Council, 2016

6.27 The PPG does not specify how any adjustment should be made to the OAN in relation to affordable housing. As set out above, it is considered that the scale of affordable housing need in the borough continues to justify an uplift from the demographic projection to address affordability pressures. This provides further justification for the application of uplifts associated with headship rates and market signals to the household projections, but does not itself support a further quantifiable adjustment to the OAN.

[221] Annual new need for 602 affordable homes represents 76% of the total need for 793 dwellings per annum
[222] Welwyn Hatfield Borough Council (2016) Annual Monitoring Report 2014/15

6.28 Through the process of plan-making – and recognising the significant need for affordable housing – it will be important for the Council to consider the benefits associated with higher levels of planned provision in supporting a greater level of affordable housing.

Objective Assessment of Need

6.29 Drawing together the analysis above, the evidence presented in this update suggests that the demographic 'starting point' for Welwyn Hatfield of 670 dwellings per annum (2013 – 2032) is underpinned by a level of population growth which can be viewed as reasonable in the context of historic demographic evidence and trends. An adjustment is, however, considered necessary to allow for a return to higher levels of household formation amongst younger people, which has deteriorated over recent years and is not assumed to recover within the official projection. This would result in a need for 721 dwellings per annum, uplifting the 'starting point' by 8% (equivalent to 51 dpa). Provision of this scale would meet the need generated by population growth and would enable a recovery of household formation rates of younger households affected by the worsening affordability of housing in the borough.

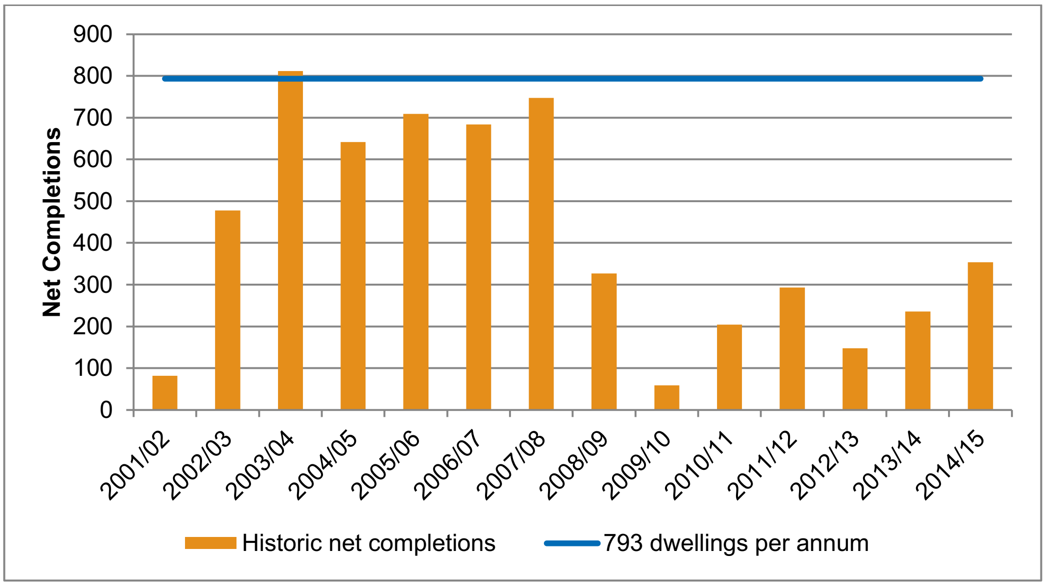
6.30 This demographic projection would also ensure a significant growth in the labour force over the plan period, and could be expected to support the level of job growth considered likely by the 2015 Economy Study Update as a minimum, with some inherent flexibility and capacity for prudent changes to labour force behaviour. On this basis, no uplift to the demographic projection is considered to be required to support likely job growth in Welwyn Hatfield, with the provision of 721 dwellings per annum sufficient to grow the labour force to accommodate the Hybrid scenario of likely job growth set out in the Economy Study Update.

6.31 A further adjustment is, however, concluded as being required to provide a reasonable supply response to the moderate worsening of market signals in Welwyn Hatfield, reflecting the views of Inspectors in areas which have seen a comparable worsening of market signals over recent years. Whilst an adjustment has been made within the assessment of the demographic need to assume a recovery in younger household formation rates – responding to evidence of worsening housing affordability – this is not considered to represent an adjustment of a scale which could be expected to make a justifiable contribution towards improving affordability in Welwyn Hatfield. A further uplift of 10% is therefore considered a minimum appropriate and reasonable response. The application of this adjustment to the demographic projection – which assumes a recovery of younger household formations rates – suggests a calculated need for 793 dwellings per annum over the plan period.

6.32 Such a level of provision would significantly boost the supply of both market and affordable housing in Welwyn Hatfield, almost doubling the longer-term average annual rate of development (413dpa, 2001 – 2015) and representing a level of provision more than three times that seen over the past five years (247dpa, 2010 – 2015). This clearly aligns with the Government's objectives to boost the supply of housing and '*get more homes built right now and for many years to come*'[223].

[223] DCLG (2017) Fixing our Broken Housing Market (p7)

Figure 6.2: Comparing OAN with Recent Housing Delivery



Source: Welwyn Hatfield Borough Council, 2016

6.33 In arriving at a conclusion on the OAN for housing, it is considered that it is appropriate to round up the calculated OAN to **800 dwellings per annum**.

6.34 This level of need is considered to be fully representative of the need for housing in Welwyn Hatfield. By accommodating a proportionate growth in the population (24%) which surpasses that projected nationally (14%), such a level of provision could be expected to meet demographic needs in the borough taking into account the historic complexities in the demographic profile of the authority and the likely drivers of population change. All of the variant levels of demographic trend-based population and household growth modelled by Edge Analytics (Table 12, Appendix 1) would be accommodated by this level of housing provision.

6.35 Provision of this scale would allow for a recovery in the household formation rates of younger residents, support likely job creation through growth in the labour force and provide for a reasonable response to worsening market conditions in the borough through increased supply. Although no distinct demographic adjustment is applied to consider the effects of London, it is of note that this level of provision would exceed that required to accommodate the growth suggested by the SNPP London scenario previously developed for Welwyn Hatfield (630dpa), with the market signals adjustment – in uplifting supply beyond a demographic projection of need – equally providing some flexibility in responding to the future market and demographic pressures of London.

6.36 On this basis, the updated analysis presented within this report suggests that there is an objectively assessed need (OAN) for at least **800 dwellings per annum** in Welwyn Hatfield over the plan period from 2013 to 2032. The latest evidence therefore indicates that there is a need for additional housing in the borough, beyond that suggested by the upper end of the previously concluded OAN range (707dpa).

6.37 The adjustments applied in arriving at this position are summarised in the following table.

Table 6.1: Adjustments to the 'Starting Point' in Arriving at the OAN

	Adjustment (dwellings per annum)	**Dwellings per annum** 2013 – 2032	% uplift from 'starting point'
The 'starting point' – 2014-based SNHP		**670**	
Adjusted demographic projection	+51	**721**	8%
Supporting likely job growth	+0	**721**	8%
Market signals adjustment (+10%)	+72	**793**	18%
Objectively assessed need (OAN) *rounded*	**+130**	**800**	**19%**

Source: Turley; Edge Analytics

Housing Need Context in the Wider HMA

6.38 While the updated OAN presented above is established for the administrative area of Welwyn Hatfield, the evidence produced to date – summarised in section 2 – has continued to recognise that the borough does not represent a self-contained housing market area (HMA). It is therefore important to consider the need for housing in Welwyn Hatfield within the context of a wider HMA, where housing needs have been separately assessed.

6.39 As in the 2015 SHMA Partial Update, the development of evidence for other authorities in the wider HMA – which have consistently sought to 'best fit' assessments to reflect local authority boundaries – means that it is not appropriate or necessary for this report to separately determine an OAN for other authorities in the wider HMA beyond the administrative area of Welwyn Hatfield, either wholly or in part such as the proportionate exercise for the locally defined HMA replicated at Table 2.2 of this report.

6.40 The 2015 SHMA Partial Update provided a summary of the latest OAN position for each of the local authority areas in the wider defined HMA, providing the Council with the means to '*build upon the existing evidence base of partner local authorities in…[the] housing market area*'[225] to understand the need for housing across this strategic geography.

6.41 A further review of the evidence produced in other authorities in the wider HMA therefore provides valuable context in establishing an updated position on the overall need for housing in the wider HMA, based on the following:

[225] PPG Reference ID 2a-007-20150320

- The latest evidence of housing needs in **Broxbourne**[226] was published in May 2016, assessing the housing needs of the borough but recognising that this does not represent a self-contained housing market area;

- Housing needs in **East Hertfordshire** have been assessed as part of the West Essex and East Hertfordshire housing market area, covering the local authority areas of East Hertfordshire, Epping Forest, Harlow and Uttlesford. The latest evidence base document was released in February 2017 to consider the impact of proposed changes to projected household formation rates, providing a conclusion on the '*likely*' OAN which forms an '*appropriate…level of growth as the emerging Local Plans are developed*'[227]. It is understood that the Council intends to undertake further work to update the OAN prior to its Examination;

- Housing needs in **Hertsmere** were assessed in January 2016 as part of the South West Hertfordshire housing market area, which extends to also cover the local authority areas of Dacorum, Three Rivers and Watford[228]. St Albans is also included within the housing market area defined in this study, but was not one of the commissioning authorities. It is of note that this concluded a higher OAN for housing in St Albans (705dpa, 2013 – 2036) than suggested by the Council's evidence base, introduced below;

- The position in **St Albans** remains based on the demographic modelling produced to inform the 2013 SHMA[229], although the implications of subsequently released population and household projections – most recently the 2014-based projections[230] – have been considered through subsequent reports without clearly suggesting that this conclusion requires revision. The 2013 SHMA presented a range of population and household growth outcomes and identified a '*recommended scenario*' based on a 5 year migration trend (586 dwellings per annum), although the Council has since attributed greater weight to a 10 year migration trend-based scenario (436dpa) through its emerging Strategic Local Plan[231]. This was submitted for Examination, but a pre-Examination hearing on the Duty to Co-operate concluded that St Albans had failed the Duty to Co-operate and this decision is currently subject to legal challenge by the Council. As St Albans can no longer proceed to the hearing, no view was reached on the soundness of the objectively assessed need for housing in the district[232]. For consistency, the table below is based on the scenario recommended in the SHMA, but additionally recognises and references the Council's selected scenario (436dpa) and the conclusions of the South West Hertfordshire SHMA (705dpa) to reflect this position;

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226 JG Consulting (May 2016) Review of Objectively Assessed Housing Need in Borough of Broxbourne

227 ORS (August 2016) Updating the Overall Housing Need based on the 2014-based projections for West Essex and East Herts

228 GL Hearn (January 2016) South West Hertfordshire Strategic Housing Market Assessment

229 Housing Vision (December 2013) Independent Assessment of Housing Needs and Strategic Housing Market Assessment

230 Housing Vision (September 2016) Independent Assessment of Housing Needs and SHMA Update: the implications of 2014-based Subnational Population and Household Projections

231 St Albans City and District Council (2016) Strategic Local Plan 2011 – 2031, publication draft

232 Planning Inspectorate (28 November 2016) Letter from David Hogger St Albans City and District Council regarding St Albans Strategic Local Plan – Duty to Co-operate (Issue 1) (para 44)

- **Stevenage and North Hertfordshire** have been collectively defined as a single housing market area[233], with the latest assessment of housing needs published in August 2016[234]. Although the overall OAN is disaggregated between the local authorities, some adjustments are applied without presenting this disaggregation, and the following table therefore presents the concluded position on needs across this housing market area geography;

- It is understood that comparable evidence on the OAN for housing in **Barnet** has not been produced, reflecting the differing approach towards strategic planning in London and the overarching need for conformity with the London Plan. For illustrative purposes, the table below compares official projections with the adjusted demographic projection developed by the GLA in establishing its housing needs, and confirms the minimum level of housing provision required annually over the decade covered by the latest London Plan (2015 – 2025). It is important to note that the housing requirements adopted for each borough through the London Plan are not directly derived from a demographic projection, and incorporate a degree of redistribution within London to strategically address its housing needs. Any implied shortfall should therefore be viewed within this context; and

- While housing provision in **Enfield** also conforms with the London Plan, the Council has commissioned a SHMA to provide local evidence on the OAN for housing in the borough[236]. This was published in 2015, and incorporated demographic modelling by Edge Analytics.

6.42 For each authority in the wider HMA, Table 6.2 overleaf identifies the 'starting point' of the latest 2014-based and earlier 2012-based household projections, and emboldens the projection available at the time that each report was prepared. The adjustments applied in arriving at a concluded position on OAN are also summarised with reference to each stage of the methodology advocated by the PPG. Turley sought to confirm with each authority that the information presented reflects the latest OAN position, with updates and amendments made as necessary.

6.43 This forms an important context for the Council in maintaining its ongoing discussions through the Duty to Co-operate to ensure that needs are adequately accommodated within the borough and across the wider HMA.

[233] ORS (June 2015) Stevenage and North Hertfordshire Strategic Housing Market Assessment Update
[234] ORS (August 2016) Updating the overall housing need based on 2014-based projections for Stevenage and north Herts
[236] DCA (2015) Enfield Strategic Housing Market Assessment

Table 6.2: Published Evidence on Housing Need in Wider HMA

	Publication date and assessment period	The 'starting point'		Adjusted demographic projection	Uplift associated with market signals	Uplift associated with likely job growth	Considering affordable housing need	Final concluded OAN and main components
		2012-based SNHP	2014-based SNHP					
Broxbourne	May 2016 **2014 – 2031**	**380hhpa**	401hhpa	**399dpa** 2012-based projections adjusted to take account of 2014 MYE	**419dpa (+5%)** Adjustment to household formation rates (25 – 34) to return to 2001 rates by 2025	**419dpa** No separate adjustment as it is concluded that job growth can be supported by the demographic projection.	**419dpa** No distinct adjustment applied, with any uplift considered to be a policy-on decision	**419dpa** Rebasing 2012 SNHP 'starting point' and allowing for recovery in younger household formation

	Publication date and assessment period	The ‘starting point’		Adjusted demographic projection	Uplift associated with market signals	Uplift associated with likely job growth	Considering affordable housing need	Final concluded OAN and main components
		2012-based SNHP	2014-based SNHP					
East Hertfordshire, part of the *West Essex and East Hertfordshire housing market area*	February 2017 **2011 – 2033**	779hhpa	**784hhpa**	**668dpa** Adjusted for long-term migration trends over 10 year period (2005 – 2015), with headship rates adjusted to reflect anticipated methodological changes proposed by the ONS	**768 – 782dpa** Application of **20%** uplift in response to market signals previously justified. Latest evidence responds through technical adjustment to younger headship rates (15 – 17%)	**768 – 782dpa** No separate adjustment as it is concluded that job growth can be supported by the demographic population projection	**768 – 782dpa** No distinct adjustment applied	**768 – 782dpa** Adjusted long-term migration trend scenario with adjustments to younger household formation rates considered ‘*likely*’ to be representative of OAN

	Publication date and assessment period	The 'starting point'		Adjusted demographic projection	Uplift associated with market signals	Uplift associated with likely job growth	Considering affordable housing need	Final concluded OAN and main components
		2012-based SNHP	2014-based SNHP					
Hertsmere, assessed as part of the *South West Hertfordshire housing market area*	January 2016 **2013 – 2036**	**578hhpa**	509hhpa	**593dpa** 2012-based projections adjusted to take account of 2013 MYE	**599dpa (+1%)** Adjustment to household formation rates (25 – 34) to return to 2001 rates by 2025	**599dpa** No separate adjustment as it is concluded that job growth supported by demographic projection	**599dpa** No distinct adjustment applied beyond upward adjustments already applied	**599dpa** Rebasing 2012 SNHP and allowing for recovery in younger household formation

	Publication date and assessment period	The ‘starting point’		Adjusted demographic projection	Uplift associated with market signals	Uplift associated with likely job growth	Considering affordable housing need	Final concluded OAN and main components
		2012-based SNHP	2014-based SNHP					
St Albans	September 2013 **2011 – 2031**	637hhpa	619hhpa	Scenario based on 10 year migration trends (2002 – 2012) selected by the Council (**436dpa**). SHMA recommended scenario based on 5 year migration trends (2007 – 2012) (**586dpa**)	No distinct adjustment applied	No distinct adjustment applied	No distinct adjustment applied	Both the 10 year trend-based scenario selected by Council (**436dpa**) and the **586dpa** derived from 5 year migration trends made no further adjustments and preceded the release of 2012-based SNHP. SW Herts SHMA suggests an OAN of **705dpa** (2013 – 2036)

	Publication date and assessment period	The 'starting point'		Adjusted demographic projection	Uplift associated with market signals	Uplift associated with likely job growth	Considering affordable housing need	Final concluded OAN and main components
		2012-based SNHP	2014-based SNHP					
Stevenage and North Hertfordshire *housing market area*	August 2016 **2011 – 2031**	1,064hhpa	**1,064hhpa**	**983dpa** Adjusted for long-term migration trends over 10 year period (2005 – 2015) with allowance for additional concealed families and homeless households	**1,064dpa** Application of **10%** uplift in response to market signals, less the previous adjustment for additional concealed families and homeless households	**1,064dpa** No separate adjustment as it is concluded that job growth can be supported by the demographic projection	**1,064dpa** No distinct adjustment applied beyond allowing for concealed families and homeless households in the market signals adjustment to the demographic projection	**1,064dpa** Adjusted long-term migration scenario plus 10% market signals uplift. (380dpa in Stevenage; 690dpa in North Hertfordshire)
Barnet, established through the *London Plan*	**2015 – 2025** London Plan	2,987hhpa	2,979hhpa	**2,249hhpa** 2013 round GLA Central projection	*Not applicable*			**(2,349dpa)**
Enfield	2015 **2017 – 2032**	**2,358hhpa**	2,329hhpa	**2,048dpa** Midpoint of range of demographic trend-based scenarios	**2,048dpa** No distinct adjustment applied	**2,048dpa** No distinct adjustment applied	**2,048dpa** No distinct adjustment applied	**2,048dpa** Midpoint based on demographic projections

Need for Different Sizes and Types of Housing

6.44 Once an overall housing figure has been identified, the PPG makes clear that the need for different sizes and types of housing should be considered. This has been considered in section 4 of this report.

6.45 Projected change in the household profile of Welwyn Hatfield will generate a need for **different sizes of housing** over the plan period when assumed for illustrative purposes that households' tendencies to occupy different sizes of housing reflect existing trends. This shows that approximately two thirds (64%) of households are likely to require at least three bedrooms, with around 22% likely to require two bedrooms. This indicative mix should only be used for guidance in its translation into policy and for the purpose of monitoring purposes of future development. This relates to all households across all tenures, although a separate calculation of the need for different sizes of affordable housing – established using a different methodology – is presented at Table 4.13.

Table 6.3: Implied Size of Housing Required (All Tenures) 2013 – 2032

	1 bed	2 beds	3 beds	4+ beds
Proportion of households requiring…	13%	22%	41%	23%

Source: Turley; DCLG; Census 2011

6.46 **Starter Homes** are likely to play a role in providing an alternative option for those currently renting in the private sector in Welwyn Hatfield, although there is expected to remain a large number of households unable to afford the annual cost of Starter Homes. A range of affordable housing tenures – including social rent – are therefore likely to be required over the plan period.

6.47 Growth in the **older population** could generate a demand for approximately 725 specialist housing units (Use Class C3) over the plan period, forming a component of the overall OAN for housing in Welwyn Hatfield. The modelling indicates that there is a separate and additional need for 339 bedspaces in communal establishments (Use Class C2), which is excluded from the overall OAN presented but is solely attributable to growth in the older population aged 75 and over.

6.48 Although the **student population** cannot be isolated within official projections, the analysis in this update indicates that the younger population (18 – 24) is assumed to remain broadly stable over the first decade of the plan period within the 2014-based SNPP, modestly increasing only during later years. There is no indication that the official projections are assuming a growth in the student population of the scale observed in the first half of the last decade in particular, and there is equally no indication that the universities are pursuing a growth in student numbers with recent evidence suggesting that their numbers have stabilised more recently. The 2014-based SNPP therefore appears an appropriate reflection of planned short-term change in the student population, with the household projections therefore capturing the need for housing which may be generated by a largely stable student population. In considering how the student population is accommodated, the household projections make no allowance for growth in the number of younger people living in halls of residence since 2011, although the completion of new bedspaces since this point can be reasonably assumed to have increased the number of students living in halls of residence. This – and any further increase in the future in supply of this nature – would therefore meet a need which is otherwise assumed to be accommodated within dwellings, and is included within the concluded OAN. Equally, the provision of student bedspaces could also offset the assumed growth in the number of shared adult households in HMOs, releasing housing into the market or further reducing the implied need for additional dwellings. It is, however, important to recognise that this group forms only a small component of the overall need for additional housing in Welwyn Hatfield.

6.49 The Council's latest assessment of the accommodation needs of **Gypsies, Travellers and Travelling Showpeople** suggests that there is a need for 61 pitches over the remainder of the plan period (2016 – 2032), with over half (37) of these pitches needed over the next five years to address the backlog and meet the needs of those waiting for a pitch.

Appendix 1: Edge Analytics March 2017 Report

Welwyn Hatfield

Demographic Update

March 2017

edge analytics

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Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

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1 Introduction

Context

1.1 Turley, in collaboration with Edge Analytics, were appointed in 2013 to prepare a full Strategic Housing Market Assessment (SHMA) for Welwyn Hatfield Borough Council, in compliance with the National Planning Policy Framework (NPPF) and available guidance.

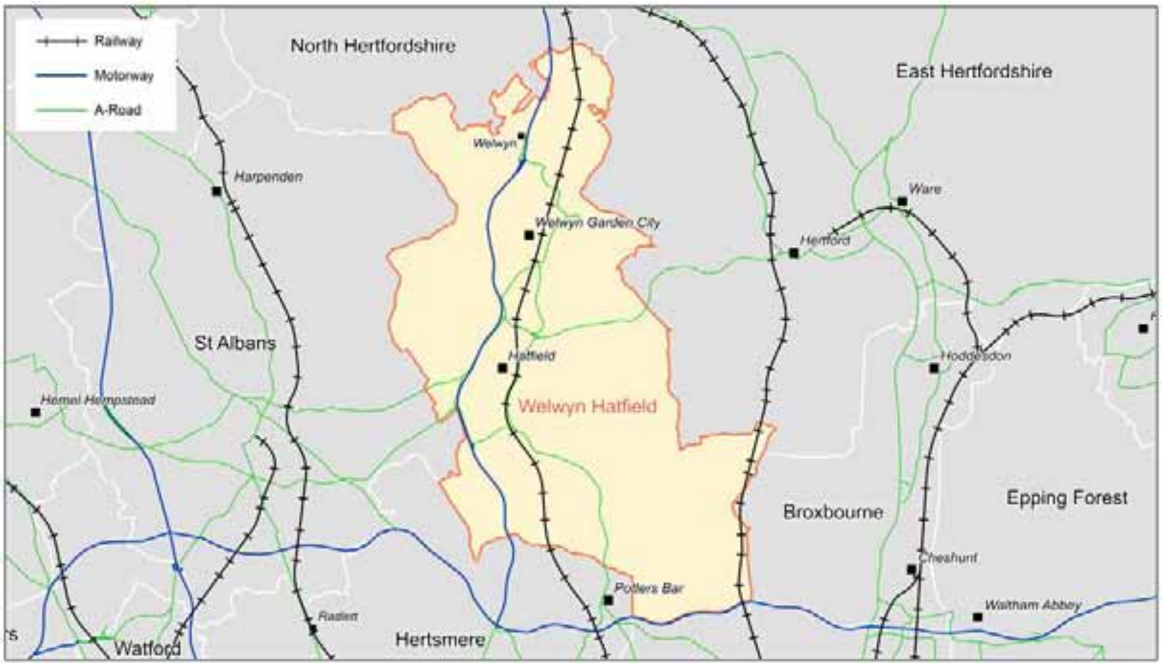


Figure 1: Welwyn Hatfield geographical context

1.2 The programme for the preparation of the original SHMA was extended to integrate the release of the 2012-based sub-national population projections (SNPP) and to take account of the 2014 Economy Study. The final version of the SHMA was published in September 2014, taking full account of the national Planning Practice Guidance (PPG).

1.3 Turley prepared a partial update to the SHMA that was published in October 2015, with demographic evidence provided by Edge Analytics. This partial update took account of the release of the 2012-based sub-national household projections as well as updated modelling from the Essex Planning Officers Association (EPOA). The partial update also sought to address comments received by the Council on the SHMA during the consultation on the Local Plan in spring 2015. In updating the SHMA, a new updated range of objectively assessed needs (OAN) was concluded, alongside an updated calculation of affordable housing need.

1.4 The publication of an Economy Study Update in late 2015 resulted in the preparation of an Addendum report, again with demographic inputs provided by Edge Analytics. This Addendum considered the implications of the Economy Study on the OAN, detailed in the SHMA Partial Update. A short briefing paper was also prepared on size and type of housing

1.5 On the basis of the evidence produced to date, the following documents comprise the current Welwyn Hatfield SHMA:

- Welwyn Hatfield Strategic Housing Market Assessment (SHMA) September (2014)
- Welwyn Hatfield SHMA Partial Update (2015)
- SHMA Partial Update Addendum: Responding to the Economy Study Update (2016)
- SHMA Briefing Note: Size and Type of Housing (2016).

Requirements

1.6 Welwyn Hatfield Borough Council requires an update to the existing SHMA, to assess and consider the implications of updates to key data-sets on the existing OAN. The Council has identified that updated modelling of the population and household projections is required to inform this update, alongside a short review of the recent historic demographic data for the Borough.

1.7 The Council has identified three key stages of analysis:

Stage 1: Review of Welwyn Hatfield's mid-year population estimates (MYEs);

Stage 2: Development of new demographic scenarios using the latest demographic evidence;

Stage 3: Development of dwelling-led scenario linked to the Draft Local Plan housing target[1].

[1] Note that the Stage 3 outcomes are presented in a separate report.

Approach

1.9 To meet the Stage 1 requirements for a review of Welwyn Hatfield MYEs, Edge Analytics has considered the following datasets:

- Office for National Statistics (ONS) MYEs to 2015 and associated components of change
- ONS Quality Assurance Pack for the 2015 mid-year estimates
- ONS Statistical Population Dataset (SPD v2.0)
- Administrative data sources for international migration: GP Regs, NINo and HESA
- Housing growth statistics, post 2011.

1.10 A review of the Welwyn Hatfield MYEs is provided here in **Section 2**. In **Section 3**, the latest official population and household projections from ONS and the Department for Communities and Local Government (DCLG) are presented.

1.11 In the previous demographic scenario evidence prepared by Edge Analytics, the **SNPP-2012-London** scenario considered the growth impact for Welwyn Hatfield of the internal migration assumptions suggested by the Greater London Authority (GLA) population projections. For this scenario update, this previous **SNPP-2012-London** scenario is compared to the latest 2015 GLA projections in **Section 4**.

1.12 To meet the Stage 2 requirements, Edge Analytics has used POPGROUP technology to develop a new suite of scenario evidence for the 2013–2032 plan period. In line with the PPG, the 'starting point' of this analysis is provided by the latest 2014-based population and household projections from the ONS and the Department for Communities and Local Government (DCLG) respectively. For comparison with this demographic 'benchmark' scenario, a range of alternative trend scenarios has also been developed, in which varying migration histories have been used to formulate future migration assumption. These alternative trend scenarios both include and exclude the Unattributable Population Change (UPC) component from the historical MYEs.

1.13 In all scenarios, household and dwelling growth outcomes have been evaluated using assumptions from the latest 2014-based DCLG household projection model and the 2011 Census. Additional analysis considers the implications of an adjustment to the 2014-based headship rates for younger age-groups, following similar principles to that used within the 2015 SHMA Update.

1.14 The range of alternative demographic scenarios and the outcomes of the headship rate sensitivity analysis are presented in **Section 5**.

1.15 In **Section 6**, the labour force and employment growth implications of the demographic scenarios are considered, using key assumptions relating to economic activity, unemployment and commuting. These outcomes are compared to the 'Hybrid' employment forecast for Welwyn Hatfield, provided by the Council. This section also includes a 'jobs-led' scenario, in which the level of population growth required to support the jobs growth seen under the Hybrid employment forecast is evaluated.

1.16 **Section 7** presents a summary of the analysis, with the Appendices providing detail on the POPGROUP forecasting methodology.

2 Area Profile

Mid-Year Population Estimates

2.1 In 2015, the resident population of Welwyn Hatfield was estimated at approximately 119,000, a 22% increase since 2001 and a 7.5% increase since the last census in 2011 (Figure 2).

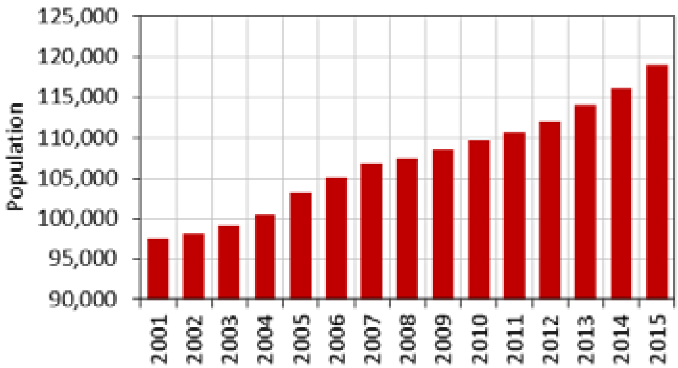


Figure 2: Welwyn Hatfield MYEs 2001–2015 (source: ONS)

2.2 On an annual basis, the percentage change in Welwyn Hatfield's population is estimated to have varied from 0.6–0.7% in 2001/02 and 2007/08, to a maximum of 2.7% in 2004/05 (Figure 3). Since the 2011 Census, Welwyn Hatfield's rate of population growth has increased, achieving an estimated 2.6% growth in the last twelve month period for which data is available (2014/15). Over a short-term (6-year) period, population growth averaged 1.63% per year, whereas over the longer-term (14-year) period, population growth was slightly lower, averaging 1.57% per year.

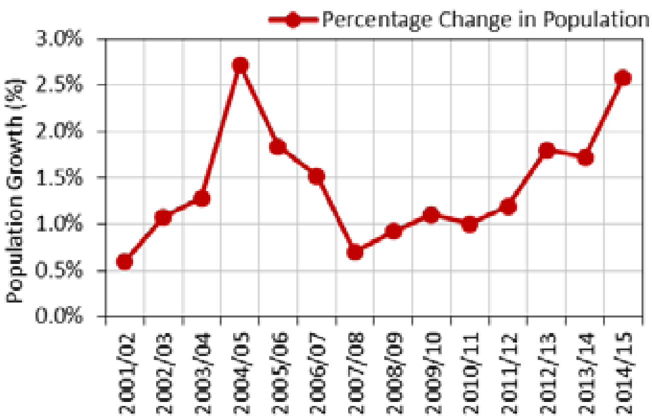


Figure 3: Welwyn Hatfield population growth rate 2001–2015 (source: ONS)

2.3 Between successive Censuses, population estimation is necessary. Mid-year population estimates (MYEs) are derived by applying the 'components of change' (i.e. births, deaths, internal and international migration) to the previous year's MYE. Following the 2011 Census, the 2002–2010 MYEs were 'rebased' to align them with the 2011 MYE and to ensure the correct transition of the age profile of the population over the 2001–2011 decade. For Welwyn Hatfield, the 2011 Census population total proved to be *lower* than that suggested by the trajectory of growth from the previous MYEs.

2.4 The rebasing of the MYEs involved the recalibration of the components of change for the 2001/02–2010/11 period. Once methodological changes and errors in the components were accounted for, the remaining difference between the expected 2011 MYE and the 2011 Census-based MYE was found to be 103,700 for England. This difference is referred to as 'unattributable population change' (UPC). ONS has not attributed UPC to any one component of change, but suggests that it may be due to international migration estimates, the Census estimates in 2001 and 2011 or internal migration estimates.

2.5 In the case of Welwyn Hatfield, the UPC component resulted in a downward population adjustment of -839 per year, averaged over the inter-census (2001–2011) period. This is presented alongside the components of population change since 2001 in Figure 4.

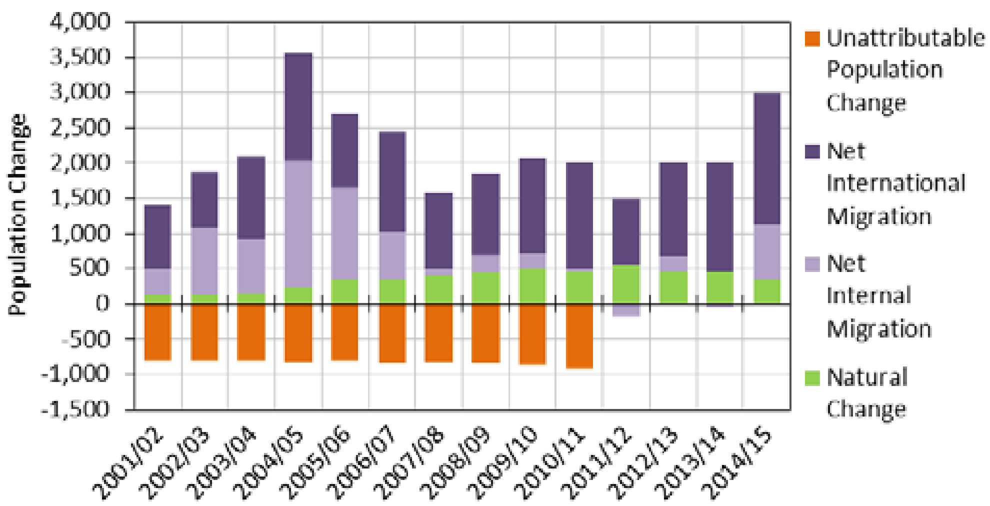


Figure 4: Welwyn Hatfield components of population change 2001/02–2014/15 (Source: ONS)

2.6 Between Censuses, births and deaths are accurately recorded in vital statistics registers and provide a robust measure of 'natural change' (the difference between births and deaths) in a geographical area. Internal migration (i.e. migration flows to and from other areas in the UK) is adequately measured using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and Higher Education Statistics Agency (HESA).

2.7 On the assumption that the 2001 Census provided a robust population count, it is therefore most likely that the UPC component is associated with the mis-estimation of international migration, i.e. the balance between immigration and emigration flows to and from Welwyn Hatfield. Based on this assumption, and with the inclusion of statistics from the post-2011 MYEs from ONS, a fourteen-year profile of the 'components of change' is presented for Welwyn Hatfield (Figure 5).

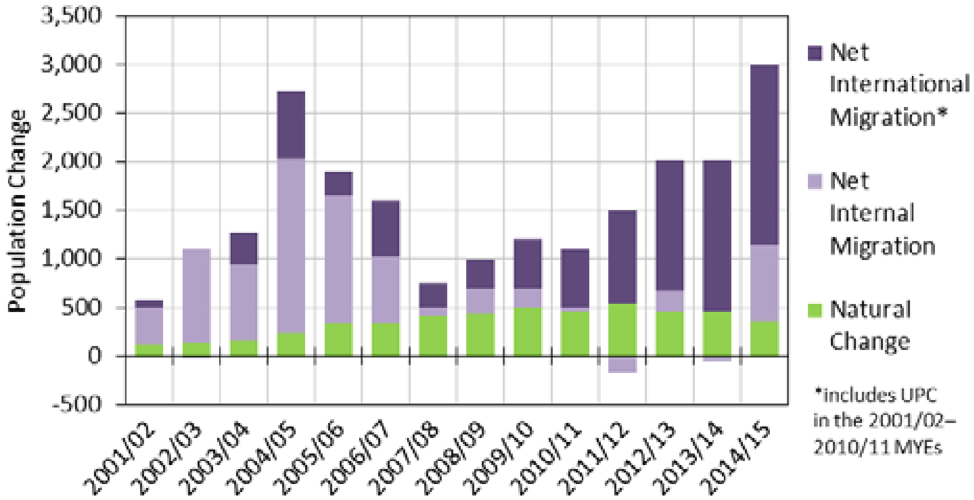


Figure 5: Welwyn Hatfield components of population change 2001/02–2014/15 (Source: ONS)

2.8 Natural change has made a positive contribution to Welwyn Hatfield's growth throughout the 2001–2015 period, as the number of births exceeded the number of deaths in all years. Net internal migration has also had a positive impact upon growth in all years (apart from in 2011/12) with highest growth evident in the years following the 2001 Census and in the most recent year, 2014/15.

2.9 Net international migration has also had a positive impact upon population growth in all years since 2003/04. What is most significant is the very high net growth through international migration evident since 2011, which, unlike the pre-2011 totals, does not include any UPC adjustment. It would appear that the relatively high international migration assumptions made by ONS pre-2011 (before any UPC adjustment is accounted for) are now being continued in the latest (post-2011) MYEs.

2.10 The disaggregation of Welwyn Hatfield's net international migration statistics to immigration and emigration totals reveals some important trends. Since 2011/12, the estimated level of immigration has increased year-on-year, achieving the highest totals since 2006/07 (Figure 6). However, whilst the trend in emigration has generally followed patterns of immigration since 2001, there has been a corresponding decline in emigration since 2011/12. This divergence in Welwyn Hatfield's immigration and emigration estimates has resulted in a sharp rise in net international migration, achieving a peak of +1,856 in 2014/15.

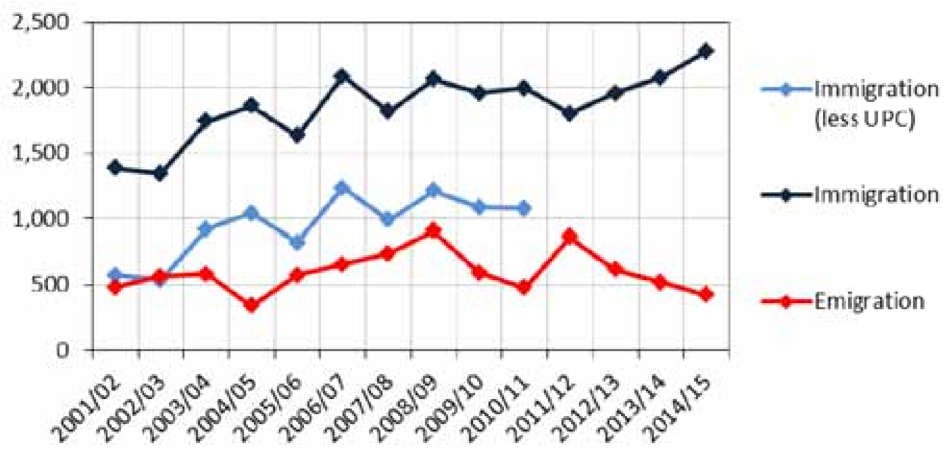


Figure 6: Welwyn Hatfield international migration 2001/02–2014/15 (Source: ONS).

2.11 The rise in immigration to Welwyn Hatfield is reflected in the profile of National Insurance Number (NINo) statistics to 2015 (Figure 7). From a 2007 peak, NINo registrations fell to a low point in 2012 but have risen sharply thereafter. Whilst the registration of migrants from New Commonwealth countries has reduced over this period, the number of registrations from EU13 countries has grown significantly.

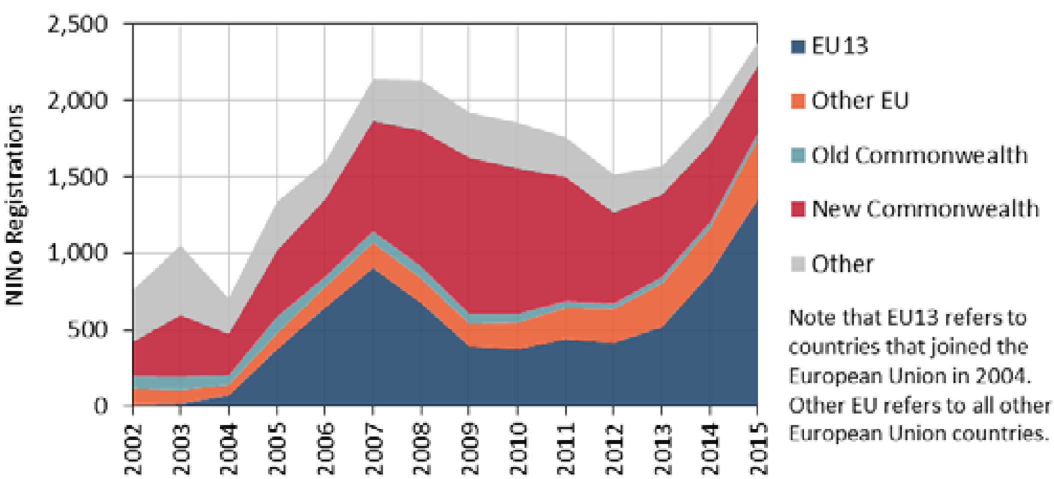


Figure 7: Welwyn Hatfield NINo registrations by country-of-origin (Source: DWP)

2.12 Historically, migrants from India have been the dominant component of annual NINo registration in Welwyn Hatfield, although numbers have reduced since 2012 to a 13% share to 2015 (Table 1). Migrant workers from Poland and Romania now comprise 35% of total NINo registrations to Welwyn Hatfield, with the latter rising sharply following the lifting of restrictions on Bulgarian and Romanian migration to the UK from January 1st 2014. The registration of workers from both Hungary and Nigeria has also increased sharply since 2012.

Table 1: Welwyn Hatfield NINo registrations by Top-20 countries of origin (source: DWP)

Top 20 countries of origin		Sum 2002–2015	Average per year 2002–2011	Average per year 2012–2015	Share 2012–2015
	All Areas	**18,843**	**1,275**	**1,523**	**100%**
1	India	3,983	321	194	13%
2	Poland	3,743	289	286	19%
3	China	1,845	150	87	6%
4	Nigeria	1,568	95	155	10%
5	Romania	1,129	22	243	16%
6	Pakistan	832	58	64	4%
7	Hungary	610	25	103	7%
8	Malaysia	577	38	49	3%
9	Zimbabwe	532	47	15	1%
10	Ireland	483	30	46	3%
11	Sri Lanka	472	40	17	1%
12	Slovakia	396	41	17	1%
13	South Africa	381	36	6	0%
14	Lithuania	366	23	46	3%
15	France	348	23	29	2%
16	Philippines	332	30	7	0%
17	Spain	320	12	53	3%
18	Italy	315	11	52	3%
19	Portugal	306	14	43	3%
20	Bangladesh	305	25	14	1%

2.13 NINo registrations provide an indication of those registering to work in the UK, regardless of length of stay. ONS population statistics only estimate migration totals for international moves of more than twelve months duration. NINo registrations do not include a record of any accompanying dependants and, more importantly, do not include any information on subsequent *emigration* from the UK.

2.14 ONS uses NINo statistics in combination with GP registration statistics and HESA international student data, to estimate immigration at a local level. Welwyn Hatfield's allocation of immigration totals will be influenced by its high NINo totals and relatively large number of international students studying at the University of Hertfordshire (Figure 8). To reiterate, ONS population statistics only estimate migration totals for international moves of more than twelve months duration, so any students that undertake courses for less than twelve months duration should, theoretically, not appear in immigration and emigration statistics.

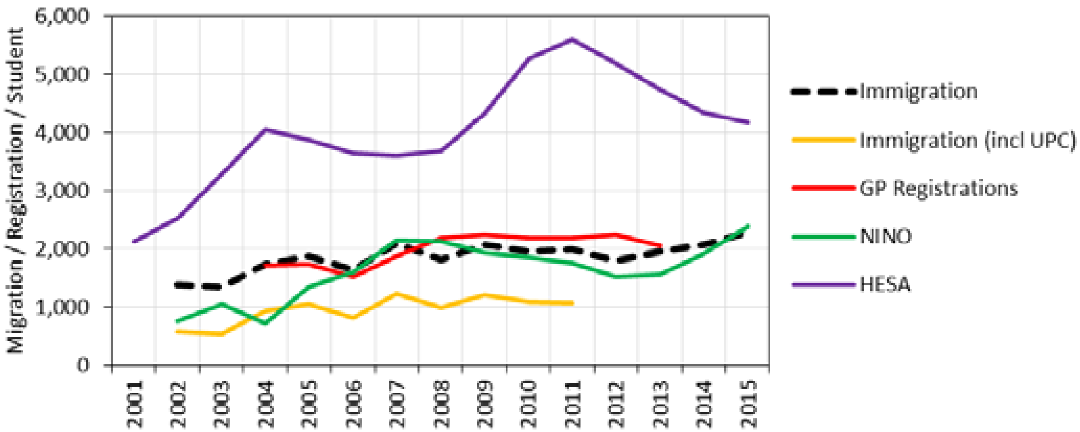


Figure 8: Welwyn Hatfield international migration statistics

2.15 HESA data suggests that there were approximately 4,165 international students studying both undergraduate and postgraduate courses at the University of Hertfordshire in 2015, a total that has reduced since a peak in 2011. Whilst these international student numbers are relatively high compared to NINo and GP registration statistics (see Figure 8), the large majority of students will return to their country of origin at the end of study; prompt departure from the UK is a requirement that has been more stringently enforced by the UK government as part of its tougher restrictions on non-EU migration since 2012.

2.16 Whilst immigration estimates would appear to reflect a surge in EU migration post-2012, the decline in emigration is a potential cause for concern in the interpretation of annual population change.

2.17 As part of its post-2011 Census quality assurance of its MYE and as part of its development of an 'administrative' alternative to the Census[2], ONS has provided a range of evidence on how mid-year populations compare to populations derived from administrative data sources. Whilst the administrative data are a research output and remain some way from having 'National Statistics'

[2] Research outputs estimating the size of the population in England and Wales: 2016 release. ONS https://www.ons.gov.uk/census/censustransformationprogramme/administrativedatacensusproject/administrativedatacensusresearchoutputs/sizeofthepopulation/researchoutputsestimatingthesizeofthepopulationinenglandandwales2016release

status, the new Statistical Population Dataset (SPD) does provide a very useful perspective on potential issues with the robustness of the MYEs. The latest SPD has used record-matching from a combination of NHS Patient Register, School Census, DWP/HMRC statistics and HESA student data, to derive an alternative population estimate for each local authority, by age and sex.

2.18 A direct comparison of the 2015 MYE with the 2015 SPD for Welwyn Hatfield provides an illustration of potential under and over-count issues associated with the two sources (Figure 9). The dominant feature is the relatively high population of young adults (ages 20–32) in the MYE. These are key migrant and student age-groups and may be a reflection of the difficulties associated with the robust estimation of emigration from local authorities such as Welwyn Hatfield.

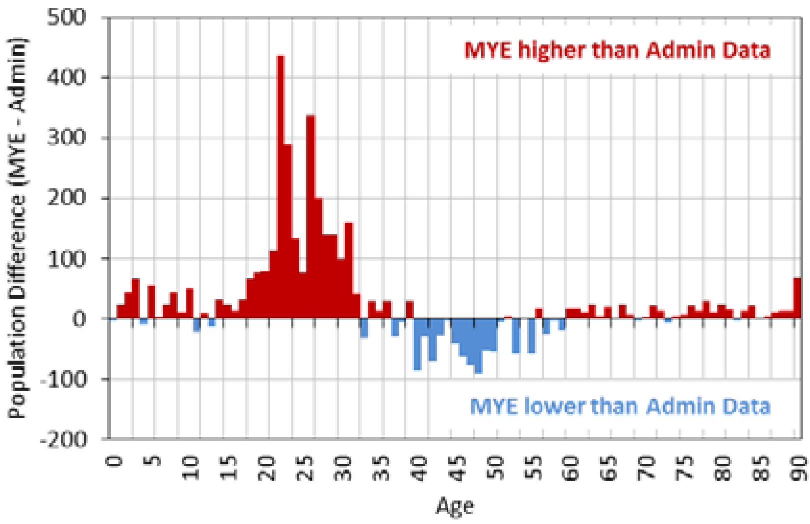


Figure 9: Welwyn Hatfield MYE and SPD comparison, 2015

2.19 The 2015 SPD for Welwyn Hatfield estimates a population of 116,480, compared to 119,000 in the ONS MYE (2,500, a 2% difference). It may be that international migration, as a component of Welwyn Hatfield's population change, is being over-estimated in a similar way to that applied prior to the 2011 Census. Higher growth in the MYE will invariably manifest itself as higher growth in the 2014-based ONS trend projection.

2.20 A comparison of Welwyn Hatfield's estimated population growth with a history of annual housing completions reveals some disparity in their respective trends since 2012 (Figure 10). Higher rates of population growth pre-recession 2004–2007 align relatively well with housing completion rates in excess of 600 per year between 2003/04 and 2007/08.

2.21 Post-recession completion rates reduced to below 300 per year by 2013 but have risen thereafter, achieving 400 in 2015/16. Since 2011, the estimated rate of population growth has not aligned with the housing completions to the same degree as in previous years. This would suggest a rise in Welwyn Hatfield's average occupancy, but it might also reflect the potential mis-estimation of population growth since 2011.

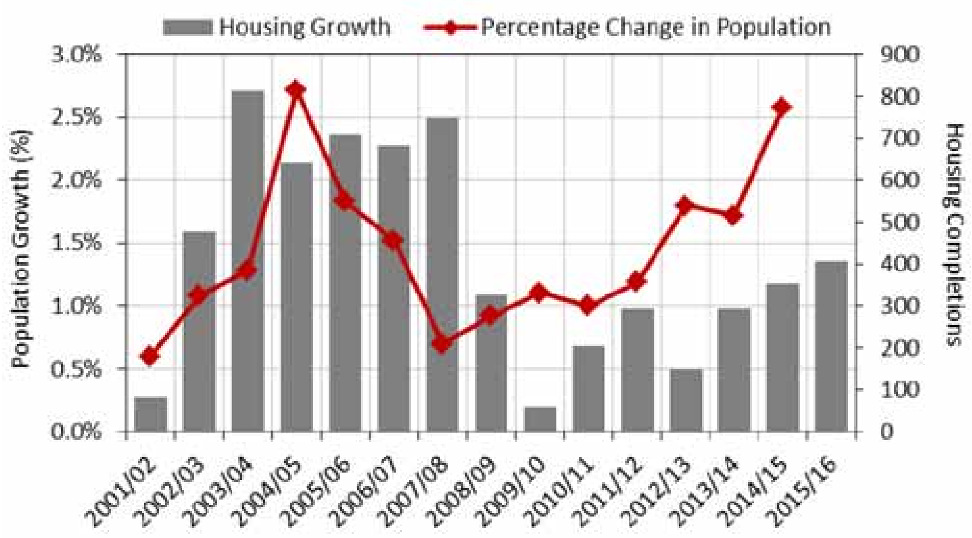


Figure 10: Welwyn Hatfield population change and housing completions

3 Official Projections

3.1 In this section, the latest population and household projections from the ONS and the DCLG are considered. Together with Section 2, this section presents the context for the development of a range of alternative growth scenarios for Welwyn Hatfield (Phases 2 and 3 of the project).

Official Statistics

3.2 In the absence of a population register, the UK continues to rely on the ten-yearly Census for a definitive count of population within its constituent local authority areas. Between Censuses, MYEs are calculated, using data on births, deaths, internal and international migration to quantify annual growth (Figure 11).

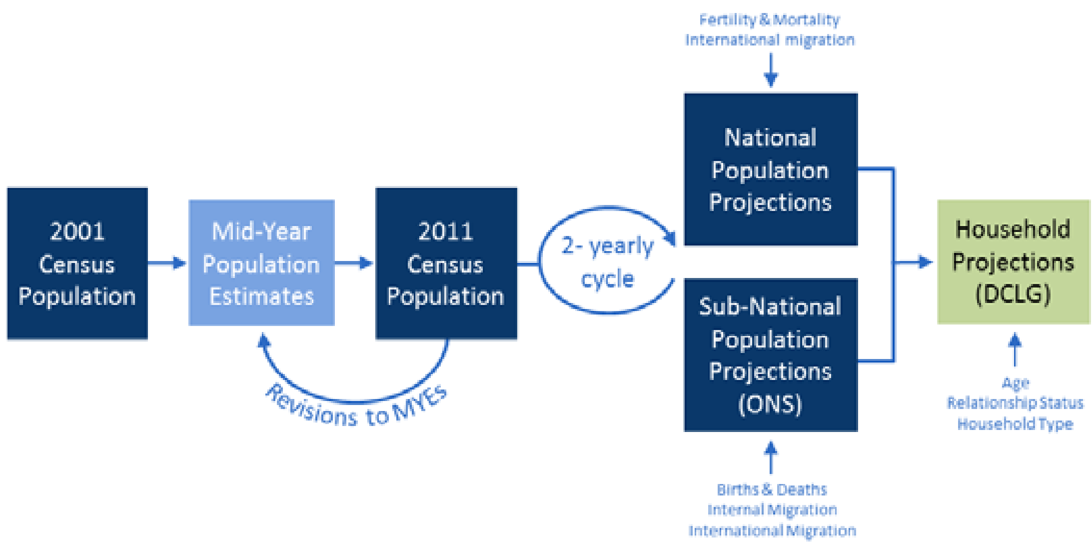


Figure 11: Official Statistics: population and households

3.3 Every two years, ONS publishes its national population projections, setting key assumptions on the long-term effects of fertility, mortality and international migration to estimate population growth outcomes for England, Wales, Scotland and Northern Ireland. The 2014-based *national* projection was released in October 2015[3].

3.4 The national projection informs the sub-national population projections (SNPPs) for English local authorities, also published on a bi-yearly cycle. The latest, 2014-based SNPPs use a combination of national and local assumptions on births, deaths and migration to formulate a 25-year projection for each local authority area.

3.5 The SNPPs provide the key demographic input to the DCLG household projections. The latest 2014-based household projection model provides a 25-year projection of household growth in each of the English local authorities.

3.6 The PPG states that the DCLG household projections should provide the *"starting point estimate of overall housing need"* (PPG paragraph 2a-015). The remainder of this section considers the 2014-based SNPP and the 2014-based DCLG household projection for Welwyn Hatfield, providing the context for complementary scenario analysis in Section 4.

ONS Sub-national Population Projection

3.7 In the development and analysis of population forecasts, it is important to benchmark any growth alternatives against the latest 'official' population projection. The most recent official subnational population projection is the ONS 2014-based SNPP, released in July 2016. These projections use demographic assumptions derived from a pre-2014, 5–6 year historical period in combination with national assumptions on fertility, mortality and international migration[4].

3.8 Figure 12 presents the ONS population projections series for Welwyn Hatfield. Under the latest, 2014-based SNPP, the population of Welwyn Hatfield is expected to increase by 32,004 over the 25-year projection period (2014–2039), an increase of 27.6%. This level of growth is slightly <u>higher</u> than that estimated by the 2012-based projection (26.1% over its 25-year horizon, 2012–2037).

3.9 With the exception of the 2004-based projection, the earlier growth projections for Welwyn Hatfield suggest higher rates of population increase: 36.7%, 35.1% and 33.2% respectively in the

[3] http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2014-based-projections/index.html

[4] http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections

2010-based, 2008-based and 2006-based projections. Each of these outcomes will have been driven primarily by inappropriate measures of international migration that have now been superseded by new and improved evidence.

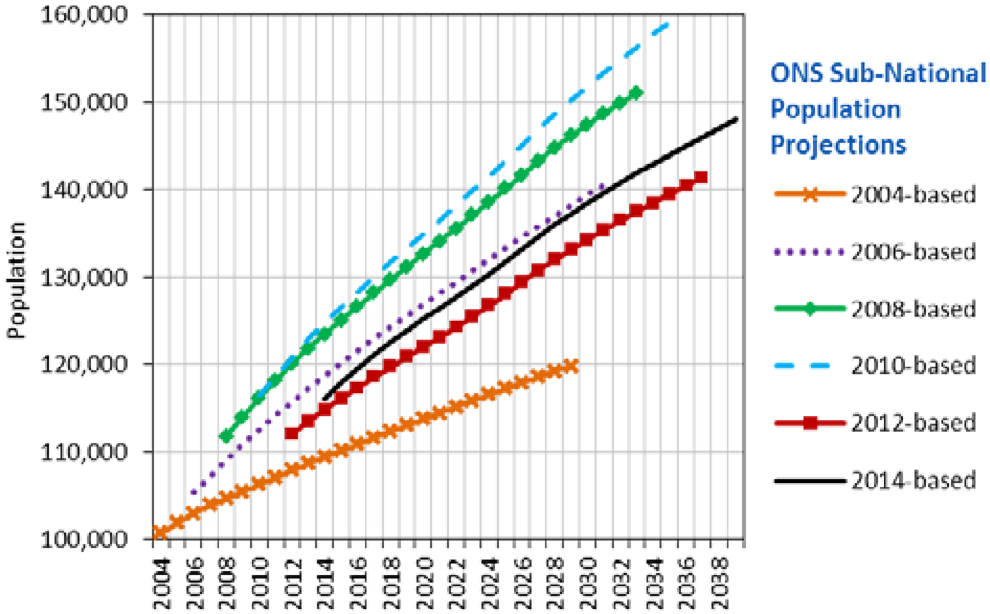


Figure 12: Official population projections for Welwyn Hatfield (Source: ONS)

3.10 The rate of population growth implied by the 2014-based SNPP for Welwyn Hatfield is *higher* than that estimated for the county of Hertfordshire (23.9%), for the East of England (20.3%) and for England in total (16.5%) (Table 2).

Table 2: SNPP-2014 growth comparisons (Source: ONS)

Area	Population			
	2014	2039	Change	% Change
Welwyn Hatfield	116,024	148,028	32,004	27.6%
Hertfordshire	1,154,766	1,431,219	276,453	23.9%
East of England	6,018,383	7,237,577	1,219,194	20.3%
England	54,316,618	63,281,523	8,964,905	16.5%

3.11 The components of population change that underpin the 2014-based projection for Welwyn Hatfield are presented in Figure 13, with the historical components of change for 2001/02 to 2013/14 included for comparison. International migration is projected to be the dominant driver of population growth over the 2014–2039 projection period, with future net international migration at a similar level to that estimated over the historical period (with the UPC component excluded). Net internal migration is projected to be negative, in contrast to the historical data. Natural change is projected to continue to contribute to population growth throughout the projection period, although it reduces slightly over time as the population ages.

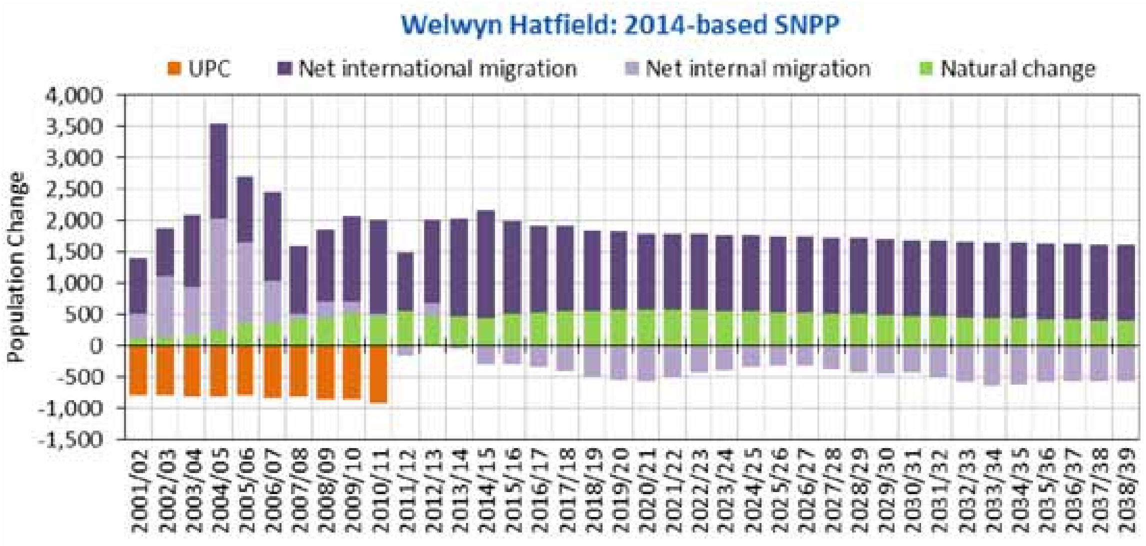


Figure 13: Historical and 2014-based SNPP components of change (Source: ONS)

3.12 To illustrate how the 2014-based ONS assumptions on demographic change in Welwyn Hatfield compare to the historical evidence, the annual average natural change, net internal and international migration and the annual population change for the 2014-based projection are compared to the 6-year and 13-year estimated historical averages in Table 3.

Table 3: Welwyn Hatfield 2014-based SNPP components comparison (Source: ONS)

Component of Change	Historical		Projected
	6-year average (2008/09–2013/14)	13-year average (2001/02–2013/14)	2014-based SNPP average (2014/15–2038/39)
Natural Change	**478**	**355**	**489**
Net Internal Migration	**81**	**496**	**-470**
Net International Migration (exc UPC)	*1,312*	*1,215*	
*Unattributable Population Change**	*-880*	*-839*	**1,262**
Net International Migration (inc UPC)**	**872**	**570**	

Annual Population Change	**1,430**	**1,421**	**1,280**
Annual Population Change (%)	**1.33%**	**1.46%**	**1.10%**

*UPC applies only to the years 2001/02 to 2010/11. Therefore the average UPC has been calculated for these years included in the respective 6-year and 13-year historical periods.

**Calculated by including the annual UPC component up to 2010/11 in net international migration

3.13 The annual rate of population change under the 2014-based SNPP (1.10% per year) is *lower* than the annual rate of change estimated over both the 6-year and 13-year historical periods (1.33% and 1.46% respectively). This lower rate of growth is largely a result of a reversal in the net internal migration trend; internal migration is projected to average -470 per year 2014/15–2036/37, in contrast to the positive levels of growth estimated over both the long-term and short-term historical time periods (496 and 81 per year respectively). The positive influence of natural change upon population growth is reflected in an SNPP average annual assumption that is higher than both the short-term 6-year average and longer-term 13-year average. The projected effect of international migration in the 2014-based SNPP is estimated at a level that exceeds the thirteen-year average of 1,215 but that is lower than the 6-year average of 1,312, with an annual net inflow of 1,262 per year. With the inclusion of the UPC adjustment within the historical international migration statistics, the levels of international migration projected under the 2014-based SNPP are considerably higher.

3.14 With regard to the changing net effect of internal migration in the historical data and over the 25-year projection period, the differences are due to both the changing balance of internal in-migration and out-migration, plus the continuing effect of high net international migration to Welwyn Hatfield. Internal migration is projected using rates, calibrated by ONS using the internal historical migration data. To estimate future levels of internal in-migration, these rates are applied to an external population (i.e. the UK population), whereas the out-migration rates are applied to Welwyn Hatfield's resident population[5]. If population growth occurs in these external areas, then the inflow to Welwyn Hatfield from these areas also increases. In the case of internal out-migration, the number of people leaving Welwyn Hatfield changes relative to the changing size of its resident population. Again, if the population grows in Welwyn Hatfield, then the internal migration outflow from it will also increase.

3.15 If Welwyn Hatfield's projected rate of population growth is in-line with that of the external areas, then the balance between the in-migration and out-migration flows to/from Welwyn Hatfield are likely to remain in proportion to historical evidence. However, if the rate of growth in Welwyn exceeds that of the wider, external population then a different balance will result: out-migration will increase relative to in-migration.

[5] Note that this methodology is consistent with that used in the POPGROUP scenario development presented in this report.

3.16 It is the impact of international migration that is driving population growth in Welwyn Hatfield. However, at the same time, the higher levels of international migration increase the level of internal out-migration from Welwyn Hatfield. This results in a net *outflow* through internal migration over the projection period, at odds with the trends suggested by the historical data.

Comparison with the 2012-based SNPP

3.17 The profile of the components of change under the 2014-based SNPP is similar to that projected by ONS in its earlier 2012-based SNPP, which was presented as the official benchmark scenario in the previous (2015) Welwyn Hatfield analysis. Over its 25-year projection period (2012–2037), population growth was expected to increase by 29,297, an increase of 26.1%. This level of growth is slightly *lower* than that projected under the latest 2014-based SNPP (+27.6%). The projected components of change under the previous 2012-based SNPP are summarised in Figure 14 and Table 4.

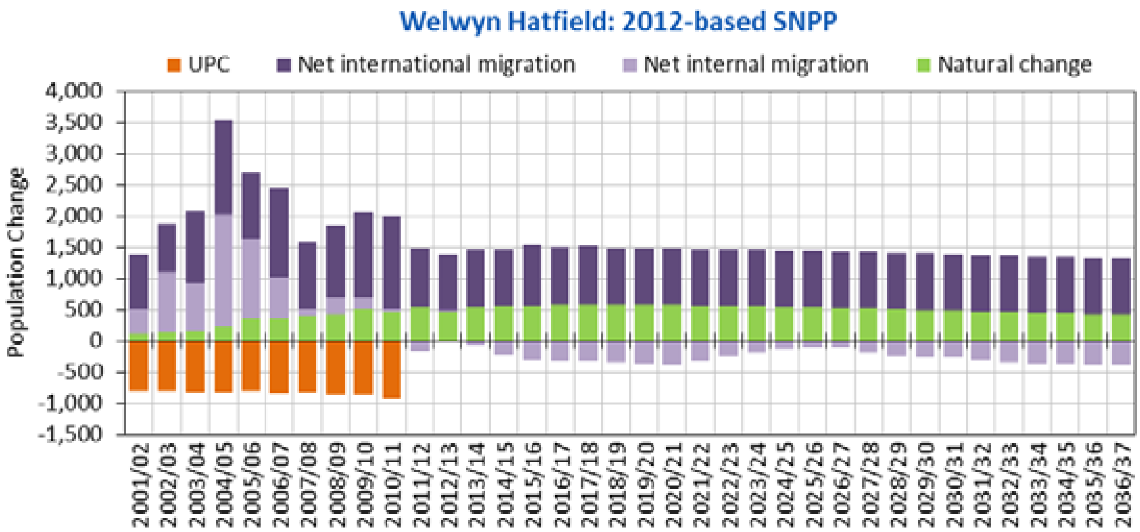


Figure 14: Historical and 2012-based SNPP components of change (Source: ONS)

Table 4: Welwyn Hatfield 2012-based SNPP components comparison (Source: ONS)

Component of Change	Historical		Projected
	6-year average (2006/07–2011/12)	11-year average (2001/02–2011/12)	2012-based SNPP average (2012/13–2036/37)
Natural Change	**450**	**336**	**520**
Net Internal Migration	**182**	**572**	**-260**
Net International Migration (exc UPC)	*1,246*	*1,172*	**911**
*Unattributable Population Change**	*-863*	*-839*	
Net International Migration (inc UPC)**	**526**	**410**	
Annual Population Change	**1,158**	**1,318**	**1,172**
Annual Population Change (%)	**1.10%**	**1.35%**	**1.05%**

*UPC applies only to the years 2001/02 to 2010/11. Therefore the average UPC has been calculated for these years included in the respective 6-year and 11-year historical periods.

**Calculated by including the annual UPC component up to 2010/11 in net international migration

3.18 Like the 2014-based SNPP, there are differences between the projected components of change and the historical data up to the projection base year (2012). Net internal migration is projected to be negative, in contrast to the historical data. Net international migration is projected at a *lower* level than that estimated historically, at 911 per year, compared to 1,246 over the 6-year period and 1,172 over the 11-year period.

3.19 Table 5 compares the projected components of change under the two latest official ONS population projections. Under the 2012-based SNPP, natural change is projected at a slightly higher level (520 per year) than under the latest 2014-based SNPP (489 per year).

Table 5: Welwyn Hatfield SNPP components comparison (Source: ONS)

Component of Change	2012-based SNPP average (2012/13–2036/37)	2014-based SNPP average (2014/15–2038/39)
Natural Change	520	489
Net Internal Migration	-260	-470
Net International Migration	911	1,262
Total Population Change	29,297	32,004
Total Population Change (%)	26.1%	27.6%
Annual Population Change	1,172	1,280
Annual Population Change (%)	1.05%	1.10%

3.20 Net international migration and net internal migration are projected to be positive and negative respectively under both projections, although the net international migration *inflow* and the net internal migration *outflow* are both greater under the 2014-based SNPP. It is the impact of net international migration in both of these projections that is responsible for the differences in the net internal migration outcomes; with higher net international migration inflows to Welwyn Hatfield, the net internal migration outflow increases.

3.21 The 2014-based SNPP average annual rate of population change is slightly higher than the 2012-based average (at 1.10% and 1.05% per year respectively), however both rates are *lower* than those seen historically over any of the historical time periods that informed the SNPPs (see Table 3 and Table 4). In both the 2012-based and 2014-based projections, population growth rates decline from their relatively high start-points, with the lowest rates observed at the end of the forecast period (Figure 15).

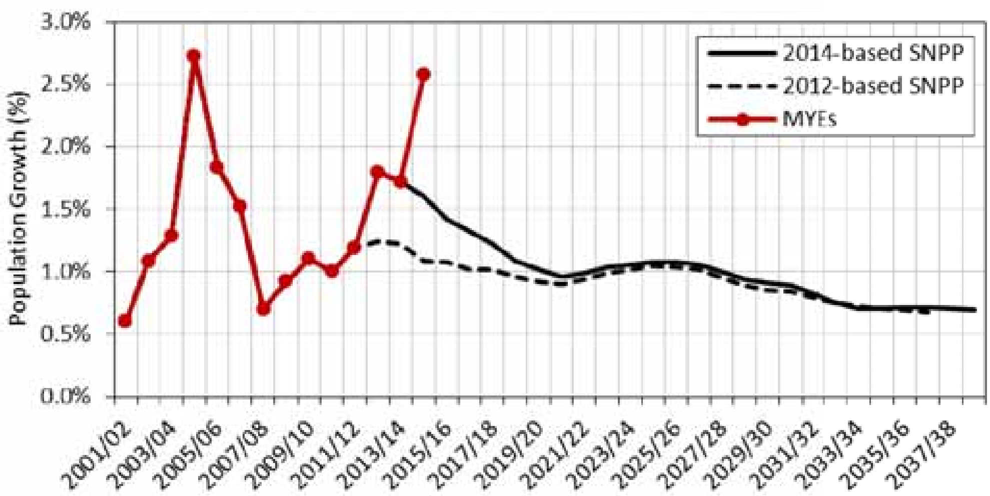


Figure 15: Welwyn Hatfield population growth rate comparison (source: ONS)

DCLG Household Projections

3.22 In the evaluation of housing need, the PPG states that the DCLG household projections *"should provide the starting point estimate of overall housing need"* (PPG paragraph 2a-015). The 2014-based household projection model, which is underpinned by the 2014-based SNPP, was released by the DCLG in July 2016, superseding the 2012-based household projection model.

3.23 The methodological basis of the new 2014-based model is consistent with that employed in the previous 2008-based and 2012-based household projections. A 'two-stage' methodology has been used by DCLG. 'Stage One' produces the national and local projections for the total number of households by age-group and relationship status group over the projection period. 'Stage Two' provides the detailed household type breakdown by age.

3.24 The 2014-based household headship rates (also referred to as household representative rates) have changed little from the 2012-based model, with only small adjustments made to account for new evidence arising from the latest Labour Force Survey (LFS) extracts. As a result, the 2014-based household projections differ from the 2012-based versions primarily on the basis of a different underpinning population projection

3.25 The 2014-based DCLG household projection model for Welwyn Hatfield, underpinned by the 2014-based SNPP, estimates that the number of households will increase by 15,817 over the 2014–2039 projection period, equivalent to an additional 633 households per year, compared to 561 per year under the 2012-based model (Figure 16).

3.26 A significantly larger population growth expectation in the 2008-based household projection, coupled with household formation rates that suggest a more rapid reduction in average household size, resulted in an average annual household growth estimate of 730 per year under the 2008-based model alternative.

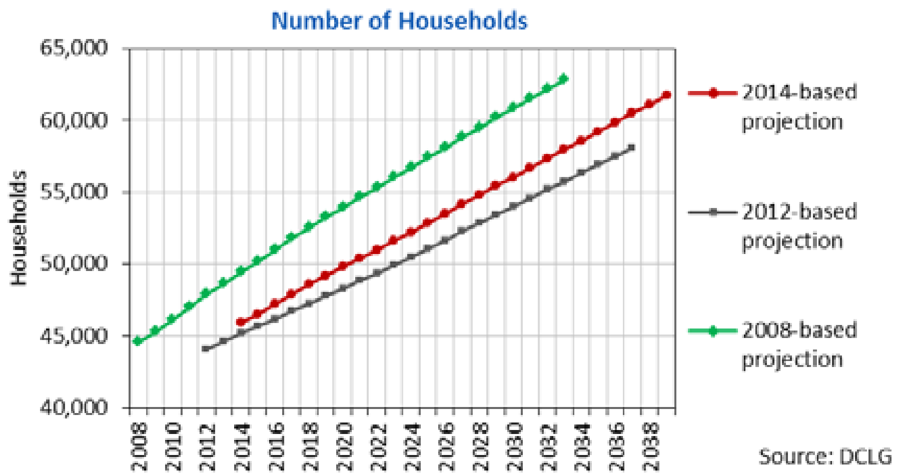


Figure 16: Household growth 2014 based DCLG household projections for Welwyn Hatfield

Starting Point Estimate

3.27 The DCLG household projection, underpinned by the latest ONS population projection, provides the 'starting point' in the assessment of housing need (PPG paragraph 2a-015). For the 2014–2032 projection period (i.e. the Welwyn Hatfield plan period *excluding* the 2013 historical year), the 2014-based household projection model suggests an increase of 11,455 households, approximately 636 per year. Over the same time period, the 2014-based SNPP projects a 21% growth in the population, equivalent to an additional 1,379 people (Table 6).

Table 6: Welwyn Hatfield 'starting point' estimates 2014–2032 (source: ONS and DCLG)

	Variable	2014	2032	Change	% Change	Average per year
2014-based SNPP	**Population**	116,024	140,851	24,827	21%	1,379
2014-based DCLG Model	**Households**	45,905	57,360	11,455	25%	636
	Household Population	112,209	136,719	24,510	22%	1,362
	Average Household Size	2.44	2.38	-0.06	-2%	0.00

3.28 Over the 2013–2032 plan period (i.e. *including* the 2013 MYE), the 2014-based SNPP suggests population growth of 23.5%, equivalent to an additional 26,790 people. With the application of the 2014-based household growth assumptions, the number of households in Welwyn Hatfield is estimated to increase by 27.4% (+650 households per year). Under the earlier 2012-based SNPP, population growth was forecast to be lower over this time period, at 20.3% 2013–2032, equivalent to an additional 23,000 people.

3.29 As outlined in the PPG, it is appropriate to consider *"alternative assumptions in relation to the underlying demographic projections and household formation rates"* of the local area (PPG Paragraph 2a-017). In Section 5, therefore, a range of alternative trend scenarios is presented, for comparison with the SNPP benchmark.

4 GLA Scenarios

Context

4.1 The previous (July 2015) Welwyn Hatfield demographic report included a scenario which evaluated the impact of the GLA's 2013 'Central' scenario upon the internal migration assumptions implied by the 2012-based SNPP. This scenario was referred to as the **SNPP-2012-London** scenario. This analysis was facilitated by the provision of additional migration flow statistics from/to Greater London to/from macro regions of the UK. These statistics were combined with historical patterns of inter-district migration from GP registration data, to estimate migration assumptions for the **SNPP-2012-London** scenario.

4.2 The GLA has now produced a new set of projections (2015 round), with two alternative outcomes: the first has been calibrated from a short-term perspective on internal migration, the second from a long-term perspective. In developing these new scenarios, the GLA has indicated that the **Long Term** scenario should be used to inform long-term housing plan development. The GLA has, however, indicated that the more detailed migration flow statistics will not be made available for these new scenarios. Therefore, a comparable 'SNPP-2014-London' scenario has not been produced for this analysis.

4.3 In this section, a summary of the new GLA scenarios is provided, together with an indication of the impact that the GLA Long-Term (2015) projection might have on the **SNPP-2012-London** scenario for Welwyn Hatfield.

GLA Scenarios

4.4 Figure 17 illustrates the scale and trajectory of growth associated with the GLA's **Short-Term (2015)** and **Long-Term (2015)** scenarios for its 33 London Boroughs. These two scenarios are compared to the **GLA Central (2013)** scenario used in the previous analysis and to the **SNPP-2012** and **SNPP-2014** outcomes for the London Boroughs.

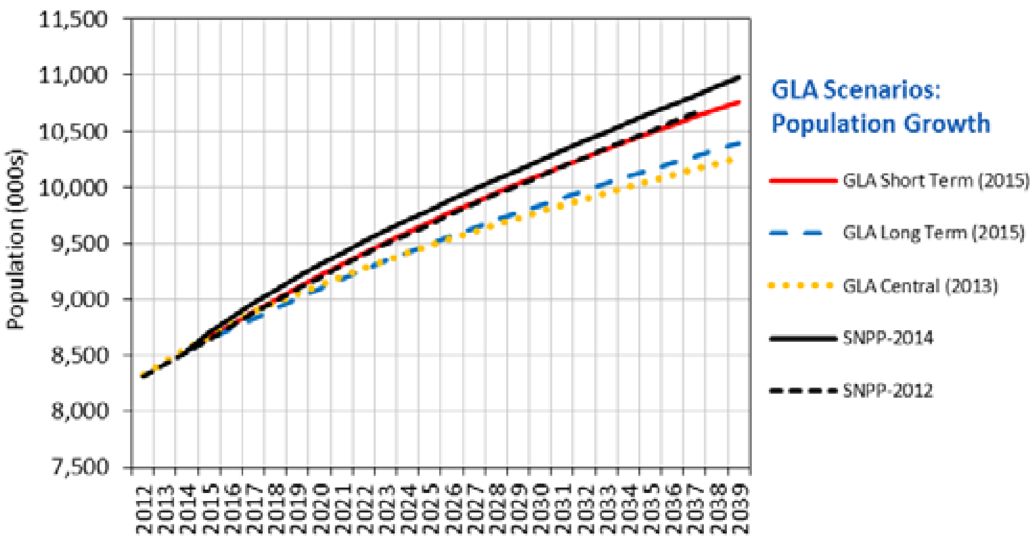


Figure 17: GLA scenario population growth comparison

4.5 The **GLA Central (2013)** scenario estimated lower growth than the more recent **Long-Term (2015)** scenario. However, there are important differences between the 'components-of-change' implied by each. Natural change assumptions are relatively consistent but the **GLA Long-Term (2015)** scenario assumes a higher net outflow from internal migration, combined with a significantly higher net inflow from international migration (Table 7).

Table 7: GLA scenario components of change

GLA Scenario	2014–2037 Components: Total			
	Natural Change	Internal Migration	International Migration	All
GLA Central (2013)	1,910,126	-1,970,355	1,665,391	1,605,161
GLA Long Term (2015)	1,941,870	-2,127,879	1,923,738	1,739,031
ratio	1.02	1.08	1.16	1.08

GLA Scenario	2014–2037 Components: Average			
	Natural Change	Internal Migration	International Migration	All
GLA Central (2013)	83,049	-85,668	72,408	69,790
GLA Long Term (2015)	84,429	-92,516	83,641	75,610
ratio	1.02	1.08	1.16	1.08

4.6 It is the difference in the internal migration assumptions that are of most significance to the Welwyn Hatfield analysis. Figure 18 illustrates how the GLA internal migration assumptions compare, with a consistently higher net outflow from London associated with the **GLA Long-Term (2015)** scenario.

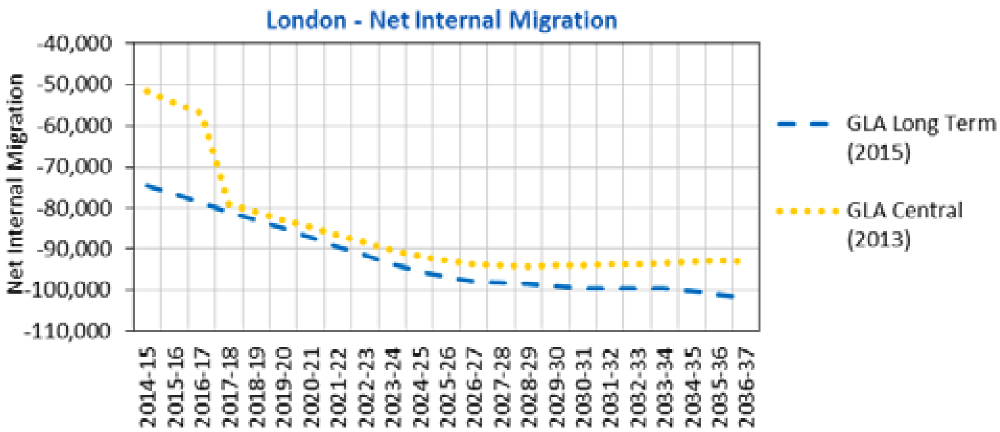


Figure 18: GLA scenario net internal migration assumptions

4.7 The net migration profiles displayed in Figure 18 are a product of two much larger inflow and outflow profiles (Table 8). In total, the **GLA Long-Term (2015)** scenario results in an estimated 295k (6%) higher inflow to its London Boroughs, equivalent to 12.8k per year, when compared to the previous **GLA Central (2013)** scenario. In total, the **GLA Long-Term (2015)** scenario results in a 452k (7%) higher outflow from its London Boroughs, equivalent to 19.7k per year, when compared to the previous **GLA Central (2013)** scenario.

Table 8: GLA scenario internal migration comparison

GLA Scenario	2014–2037 Components: Total		
	In-migration	Out-migration	Net Internal Migration
GLA Central (2013)	4,677,990	6,648,346	-1,970,355
GLA Long Term (2015)	4,973,256	7,100,401	-2,127,145
difference	295,265	452,055	-156,790
ratio	1.06	1.07	1.08

GLA Scenario	2014–2037 Components: Average		
	In-migration	Out-migration	Net Internal Migration
GLA Central (2013)	203,391	289,059	-85,668
GLA Long Term (2015)	216,229	308,713	-92,485
difference	12,838	19,655	-6,817
ratio	1.06	1.07	1.08

Note: In its latest release of data for the Long-Term scenario, the GLA did not distinguish between migration flows within and outside London. Edge Analytics has applied its own estimation to disaggregate these migration flows.

Linking London's Net Migration to Welwyn Hatfield

4.8 In the previous Welwyn Hatfield analysis, an inter-district time-series of migration statistics were used to estimate the migration uplift to the **SNPP-2012** scenario associated with the **Central (2013)** scenario, producing the **SNPP-2012-London** scenario. This scenario resulted in *higher* population growth than the **SNPP-2012** scenario, a result of a reduction in the total net internal migration outflow from Welwyn Hatfield.

4.9 Using an updated 2001–2015 time-series (Figure 19), the share of the total London inflows and outflows to/from the rest of the UK that are associated with Welwyn Hatfield are displayed in Table 9. On average, 0.30% of the total internal migration inflow to London came from Welwyn Hatfield. An average of 0.45% of the net internal migration outflow from London was to Welwyn Hatfield.

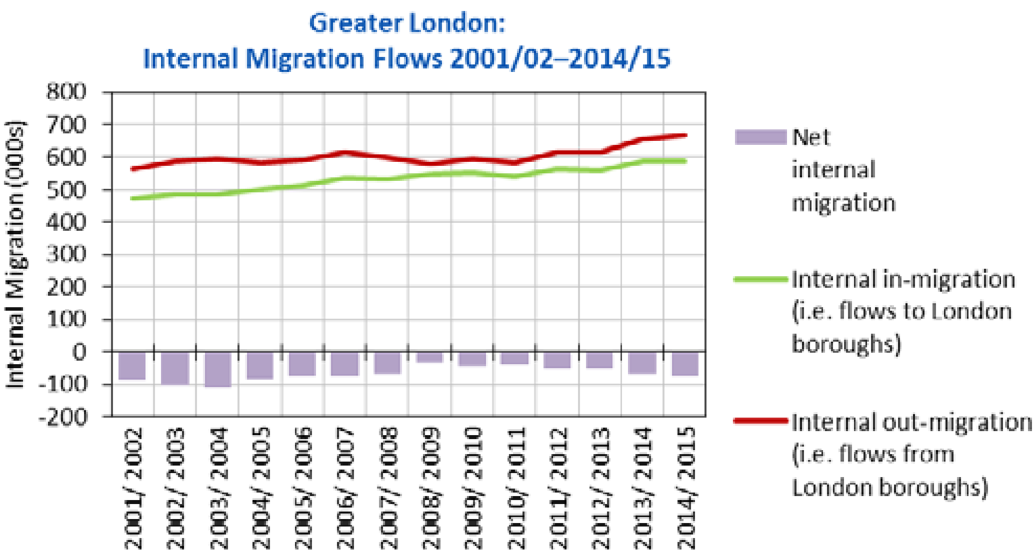


Figure 19: Greater London internal migration flows 2001/02–2014/15 (source: ONS)

Table 9: Welwyn Hatfield and London internal migration flows 2001/02–2014/15

Share of London Inflow (av. 2001/02–2014/15)			
Origin	**Inflow to London**	**Total Inflow to London**	**Proportion**
Welwyn Hatfield	1,608	544,089	0.30%

Share of London Outflow (av. 2001/02–2014/15)			
Destination	**Outflow from London**	**Total Outflow from London**	**Proportion**
Welwyn Hatfield	2,753	612,585	0.45%

4.10 Based on the comparison of the in- and out-migration assumptions of the latest GLA scenarios (see Table 8), in combination with the historical shares of London's inflow and outflows associated with Welwyn Hatfield (Table 9), the impact of the **GLA Long-Term (2015)** projection on the **SNPP-2012-London** scenario has been estimated (Table 10)[6].

Table 10: **SNPP-2012-London** uplift for Welwyn Hatfield

	Inflow to London	Outflow from London
GLA Long-Term (2015) uplift compared to GLA Central (2013) (Annual average 2014–2037)	12,838	19,655
Welwyn Hatfield share of total London historical net migration (Annual average 2001/02–2014/15)	0.30%	0.45%
Welwyn Hatfield share of GLA uplift (Annual average 2014–2037)	38	88
Welwyn Hatfield uplift to the SNPP-2012-London scenario (Annual average 2014–2037)	+50 people per year	

4.11 If the internal migration assumptions of the **SNPP-2012-London** scenario were to be updated to account for the latest **GLA Long-Term (2015)** scenario, an additional 38 people per year would move from Welwyn Hatfield to London, and an additional 88 people from London to Welwyn Hatfield. The net effect of this is an additional 50 people per year moving from London to Welwyn Hatfield. This *reduces* the total average annual net internal migration *outflow* from Welwyn Hatfield, which under the **SNPP-2012-London** scenario averaged -184 per year (i.e. a net outflow) (Figure 20).

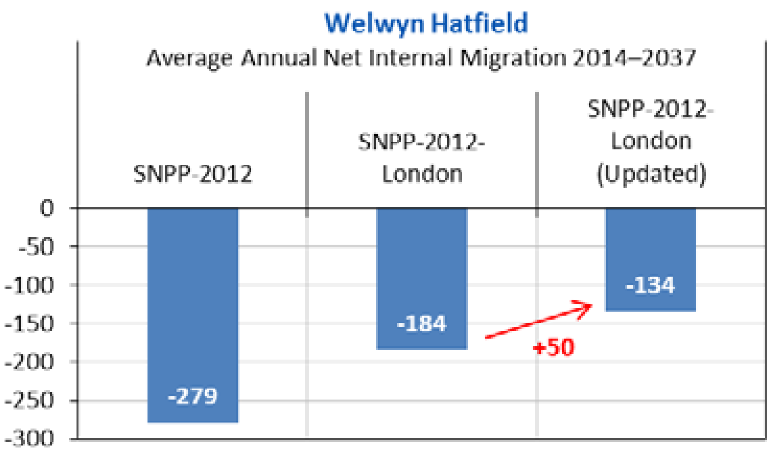


Figure 20: SNPP-2012-London: net internal migration uplift

[6] Note that it has not been possible to develop a comparable SNPP-2014-London scenario as the GLA has yet to release the detailed migration statistics from its latest forecasts.

5 Demographic Scenarios

Introduction

5.1 In Section 3, the latest 2014-based ONS and DCLG population and household projections for Welwyn Hatfield are presented. Whilst these form the official 'starting point' in the analysis of future population and household growth, the PPG states that it is appropriate to consider *"alternative assumptions in relation to the underlying demographic projections and household formation rates"* of the local area (PPG Paragraph 2a-017).

5.2 Therefore, a range of 'alternative trend' scenarios have been developed by Edge Analytics using POPGROUP v.4 technology, for comparison with the official 2014-based 'benchmark'. In line with the PPG, the latest 2014-based household growth assumptions have been applied in each scenario, as well as alternative household growth assumptions in a headship rate sensitivity. In this sensitivity analysis, the headship rates of the younger age groups have been adjusted to account for a 'recovery' in household formation rates.

5.3 These demographic scenarios are defined in this Section, with a summary of the scenario outcomes presented thereafter. Additional detail on the scenario data inputs and assumptions can be found in Appendix B.

5.4 The PPG states that the likely change in the number of jobs in an area should be considered, as should the size and structure of the labour force (PPG paragraph 2a-018). Section 6 therefore compares the labour force and job growth implications of the demographic scenarios with economic forecasts from the 'Hybrid' employment forecast (provided by Turley). Consideration is given to the key assumptions on Welwyn Hatfield's future economic activity rates, level of unemployment and balance of commuting between resident workers and local jobs.

Demographic Scenario Definition

5.5 There is no single definitive view on the likely level of growth expected in Welwyn Hatfield. Ultimately, a mix of economic, demographic and national/local policy issues will determine the speed and scale of change.

5.6 In line with the PPG, the 2014-based population projection from ONS is presented as the official 'benchmark' scenario, with household growth estimated using headship rate and communal population assumptions from the 2014-based DCLG household projection model. Dwelling (housing) growth outcomes have been evaluated through the application of a dwelling vacancy rate of 3%[7]. This **SNPP-2014** scenario provides the 'starting point estimate' for Welwyn Hatfield's housing growth analysis.

5.7 For comparison with this official benchmark, a range of 'alternative trend' scenarios has been developed, in which variant migration assumptions have been applied. In each scenario, household and dwelling growth assumptions consistent with the **SNPP-2014** benchmark scenario have been applied (i.e. 2014-based DCLG headship rate and communal population assumptions, 3% dwelling vacancy rate). Fertility and mortality assumptions have been drawn from the 2014-based SNPP.

5.8 The PPG recommends that, as part of the assessment of housing need, the most recent demographic statistics from ONS and alternative demographic projections should be considered (PPG Paragraph 2a-017). This is appropriate in the case of Welwyn Hatfield given: (a) the economic conditions that followed the financial crisis of 2007 and its aftermath; (b) the differences between the projected 2014-based SNPP data and the historical evidence on population change in Welwyn Hatfield; and (c) the uncertainty surrounding the source of the historical inter-Census UPC adjustment (see paragraphs 2.4–2.9). Six alternative trend scenarios have therefore been developed for Welwyn Hatfield, for comparison with the **SNPP-2014** benchmark scenario.

5.9 The 2014-based SNPP from ONS is a trend-based projection with a base year of 2014. For comparison with this, the first alternative trend scenario is a variation on the **SNPP-2014**. The **SNPP-2014 (MYE)** scenario includes the 2015 MYE, with the SNPP growth assumptions applied

[7] At the request of the council, a 3% vacancy rate has been applied for consistency with the SHMA and subsequent updates

thereafter.

5.10 ONS states that the 2014-based SNPP uses demographic assumptions based on up to six years historical evidence preceding 2014 (i.e. 2009 to 2014)[8]. Examination of the component data underpinning the 2014-based SNPP (in Section 3) indicates that the projected levels of migration are different to the levels seen over the 6 years prior to 2014 (see Table 3 on page 16). Furthermore, the high levels of international migration recorded in the historical MYEs appear to have been carried forward in the 2014-based SNPP, which may not be appropriate given the substantial UPC adjustment in the inter-Census historical data. The most likely source of the historical UPC adjustment is international migration (specifically estimates of emigration). With the *inclusion* of the UPC adjustment, the inter-Census (2001–2011) international migration estimates for Welwyn Hatfield are reduced.

5.11 Examination of the latest post-Census MYEs (2011–2015) suggests that the relatively high international migration estimates produced by ONS pre-2011 (before any UPC adjustment is accounted for) continue and are carried forward in the latest 2014-based SNPP.

Alternative Trend Scenarios

5.12 To examine some of the issues identified, the following 'alternative trend' (PG[9]) scenarios have been developed for Welwyn Hatfield. These scenarios use different historical periods from which to derive future migration assumptions, and either include or exclude the UPC adjustment from the historical data.

6-year (Short-Term) Migration Trend

5.13 The following two scenarios are based on a 6-year migration history, in line with the approach taken by ONS in the development of its population projections (but with the inclusion of the latest 2015 MYE):

- **PG-Short-Term (UPC)**: Internal and international migration assumptions are based on the latest six years of historical evidence (2009/10–2014/15). The UPC component is

[8] https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/methodologyusedtoproducethesubnationalpopulationprojectionsforengland

[9] Note that PG stands for POPGROUP, the demographic forecasting model in which these scenarios have been generated.

included within the historical international migration estimates up to 2011 (i.e. an adjustment for UPC is made).

- **PG-Short-Term-X**: Internal and international migration assumptions are based on the latest six years of historical evidence (2009/10–2014/15). The UPC component is *excluded* from the historical time-series of MYE data (i.e. no adjustment for UPC).

10-year Migration Trend

5.14 The following two scenarios are based on a longer-term 10-year migration history:

- **PG-10yr (UPC)**: Internal and international migration assumptions are based on the latest 10 years of historical evidence (2005/06–2014/15). The UPC component is *included* within the historical international migration estimates up to 2011 (i.e. an adjustment for UPC is made).
- **PG-10yr-X**: Internal and international migration assumptions are based on the latest 10 years of historical evidence (2005/06–2014/15). The UPC component is *excluded* from the historical time-series of MYE data (i.e. no adjustment for UPC).

14-year (Long-Term) Migration Trend

5.15 The following two scenarios use the full 14-year historical period from which to draw their migration assumptions:

- **PG-Long-Term (UPC)**: Internal and international migration assumptions are based on the latest 14-years of historical evidence (2001/02–2014/15). The UPC component is *included* within the historical international migration estimates up to 2011 (i.e. an adjustment for UPC is made).
- **PG-Long-Term-X**: Internal and international migration assumptions are based on the latest 14-years of historical evidence (2001/02–2014/15). The UPC component is *excluded* from the historical time-series of MYE data (i.e. no adjustment for UPC).

Adjusted Migration Trend

5.16 In the six alternative trend scenarios listed above, the latest post-Census (2011–2015) MYEs have been used in the derivation of the migration assumptions for both internal and international migration. As identified in Section 2, the level of international migration estimated in these post-Census MYEs is similar to that estimated by ONS between the 2001 and 2011 Censuses. The inclusion of the UPC adjustment (which is most likely associated with international migration in the case of Welwyn Hatfield) acts to *reduce* the inter-Census MYEs, but it only applies up to 2011. An additional scenario has therefore been developed in which the international migration assumptions have been derived from the pre-2011, UPC-adjusted MYE data:

- **PG-Long-Term-Adjusted (UPC)**: Internal migration assumptions are based on the latest 14 years of historical evidence (2001/02–2014/15), consistent with the PG-Long-Term scenarios. International migration assumptions are based on the 2001/02–2010/11 time-period (i.e. a shorter historical period than under the PG-Long-Term scenarios). The UPC adjustment is *included* within historical international migration estimates (i.e. an adjustment for UPC is made).

Scenario Results

5.17 Scenario results are presented in Figure 21 and Table 11 for the 2013–2032 *plan* period. Each of the demographic scenarios has been run with the inclusion of the 2001–2015 MYEs, with the exclusion of the benchmark **SNPP-2014** scenario, which has a base-year of 2014.

5.18 Population growth ranges from 18.7% under the **PG-Long-Term-Adjusted (UPC)** scenario, to 26.5% under the **PG-10yr-X** scenario. This equates to an annual average dwelling requirement of between 562 and 734 dwellings per year (2013–2032). Under the benchmark **SNPP-2014** scenario, population growth of 23.5% is projected over the 19-year plan period, equivalent to an additional 26,790 people and 12,345 households. With the application of the 3% dwelling vacancy rate, an estimated 670 dwellings per year would be required under this scenario.

5.19 With the inclusion of the 2015 MYE, and with the application of the ONS 2014-based fertility, mortality and migration assumptions, the **SNPP-2014-MYE** scenario results in slightly higher growth than the **SNPP-2014,** at 24.0% 2013–2032.

5.20 Of the alternative trend scenarios, population growth is projected to be highest under the 'X' scenario variants, i.e. those that *exclude* the UPC adjustment from the historical migration data. For Welwyn Hatfield, the UPC adjustment is negative, reducing the level of population growth recorded between the 2001 and 2011 Censuses. Therefore, those scenarios that are based on the MYEs *including* the UPC adjustment result in lower rates of migration and consequently lower levels of population growth. For example, under the **PG-10yr (UPC)** scenario (which *includes* the

UPC adjustment), net migration is projected to average 754 per year 2013–2032. With the UPC adjustment *excluded* (as in the **PG-10yr-X** scenario), net migration is projected to be 28% higher (965 per year), as the high levels of international migration recorded in the historical MYEs are carried forwards in the projection.

5.21 Given the potential mis-estimation of historical international migration (specifically emigration) that has occurred in Welwyn Hatfield, the 'UPC' scenario variants would appear to provide a more appropriate range of growth outcomes. However, each of these scenarios draws on the post-2011 Census time period when formulating the future migration assumptions, with the exception of the **PG-Long-Term-Adjusted (UPC)** scenario. As identified in Section 2, the high levels of international migration estimated in the historical MYEs continue in the post-Census MYEs. By excluding these years (2011/12–2014/2015) from the calibration of international migration assumptions and by including the inter-Census UPC adjustment in the **PG-Long-Term-Adjusted (UPC)** scenario, net migration is reduced to 545 per year 2013–2032.

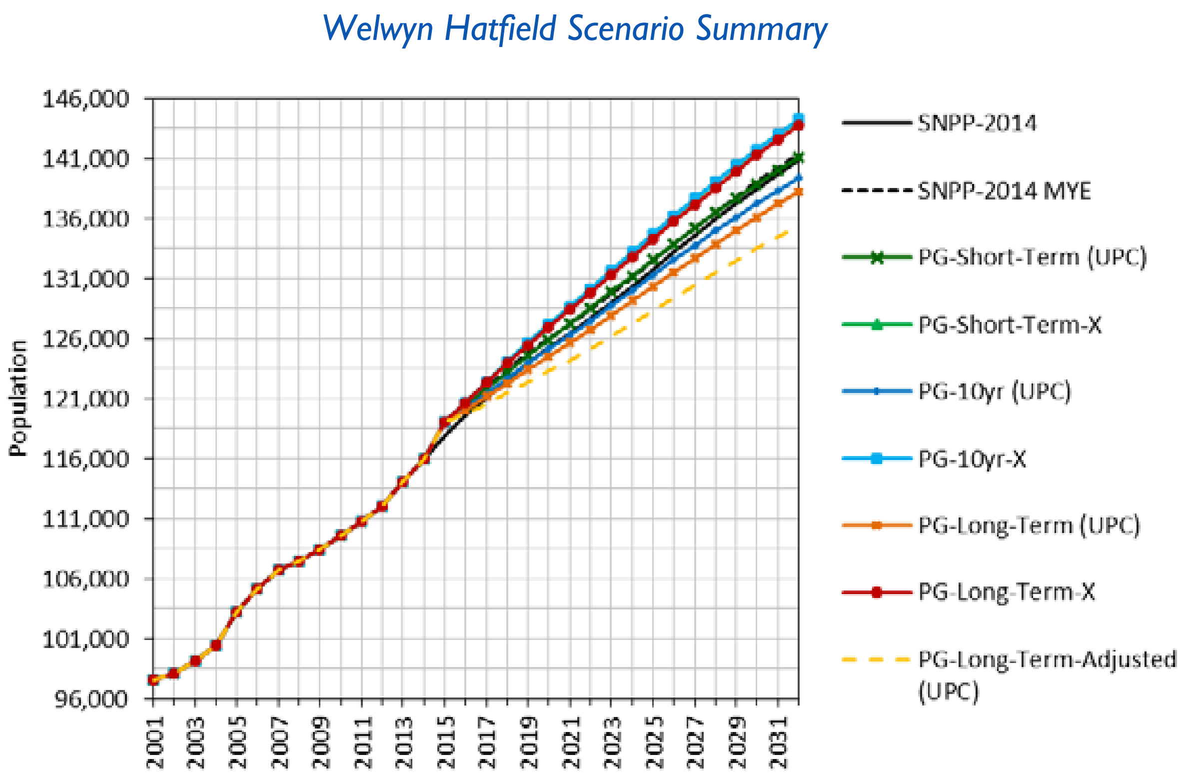


Figure 21: Welwyn Hatfield demographic scenario outcomes: population growth 2001–2032

Table 11: Welwyn Hatfield demographic scenario outcomes 2013–2032

Scenario	Change 2013–2032				Average per year	
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings
PG-10yr-X	30,204	26.5%	13,527	30.0%	965	734
PG-Short-Term-X	30,125	26.4%	13,556	30.1%	990	736
PG-Long-Term-X	29,670	26.0%	13,040	29.0%	916	708
SNPP-2014 MYE	27,347	24.0%	12,569	27.9%	908	682
PG-Short-Term (UPC)	27,071	23.7%	12,433	27.6%	855	675
SNPP-2014	**26,790**	**23.5%**	**12,345**	**27.4%**	**895**	**670**
PG-10yr (UPC)	25,331	22.2%	11,770	26.1%	754	639
PG-Long-Term (UPC)	24,158	21.2%	11,185	24.8%	674	607
PG-Long-Term-Adjusted (UPC)	21,331	18.7%	10,366	23.0%	545	562

Note that household growth has been evaluated using the 2014-based DCLG headship rates. Dwelling growth has been calculated through the application of a 3% vacancy rate to the household growth outcomes. With the exclusion of the SNPP-2014 (which has a base year of 2014), all scenarios include the ONS MYEs up to 2015.

5.22 The average annual rates of population growth under each of the scenarios are *lower* than the historical rates of population change estimated from the MYEs for Welwyn Hatfield. Over the 6-year short-term historical period (2009/10–2014/15), population growth averaged 1.63% per year, whereas over the longer-term 14-year period (2001/02–2014/15), population growth averaged 1.57% per year. Under the PG scenarios, population growth ranges from 0.98% to 1.39% per year, with the benchmark **SNPP-2014** scenario resulting in an average growth of 1.24% per year.

Headship Rate Sensitivity

5.23 Each of the demographic scenarios presented above has been run using the 2014-based DCLG headship rate assumptions, in line with the PPG. However, the PPG also recommends that *"alternative assumptions in relation to … household formation rates"* are considered (PPG Paragraph 2a-017). Therefore, in this section, each of the scenarios has been run with an alternative set of 2014-based headship rates.

5.24 The 2014-based DCLG headship rates are defined by household type and age-group[10]. The aggregate age-group headship rates for Welwyn Hatfield are compared to the England total in Figure 22.

5.25 Apart for age-groups 25–34, 55–59 and 60–64, the aggregate headship rates for Welwyn Hatfield are lower than the England totals. Over time, the headship rates of the 35–64 age groups increase, compared to the 65+ age groups which show a decrease over time. The headship rates for the younger (15–24 and 25–34) age groups also decrease over time.

5.26 It is the younger age groups that have been more adversely affected by housing undersupply and affordability issues, which in some areas may have led to 'supressed' rates of household formation. Therefore, a modified set of headship rates has been generated for Welwyn Hatfield, in which the headship rates for the 15–24 and 25–34 age groups return to their 2001 values by 2024, following their original trend thereafter (**HH-14 Return**). This sensitivity evaluates how a return to previous household growth rates could manifest itself in higher household growth outcomes. The **HH-14 Return** headship rate profiles are presented as yellow lines in Figure 22.

[10] In the previous (2015) Welwyn Hatfield analysis, the 2012-based Stage One headship rates were used to assess household growth. For this analysis, the 2014-based Stage Two headship rates have been applied. The two stages of the DCLG model produces headship rate assumptions by different categorisations; Stage One produces household numbers by sex, 5-year age-group and relationship status. Stage Two provides the detailed household type projection by broader age-groups (10-year apart from ages 55–59 and 60–64). A key requirement of the PPG is the breakdown of household growth by type (PPG Paragraph 2a-021). Therefore, the Stage Two 2014-based rates have been used for this update. Note that at the time the previous scenarios were produced, the Stage Two 2012-based rates had not been made available by DCLG.

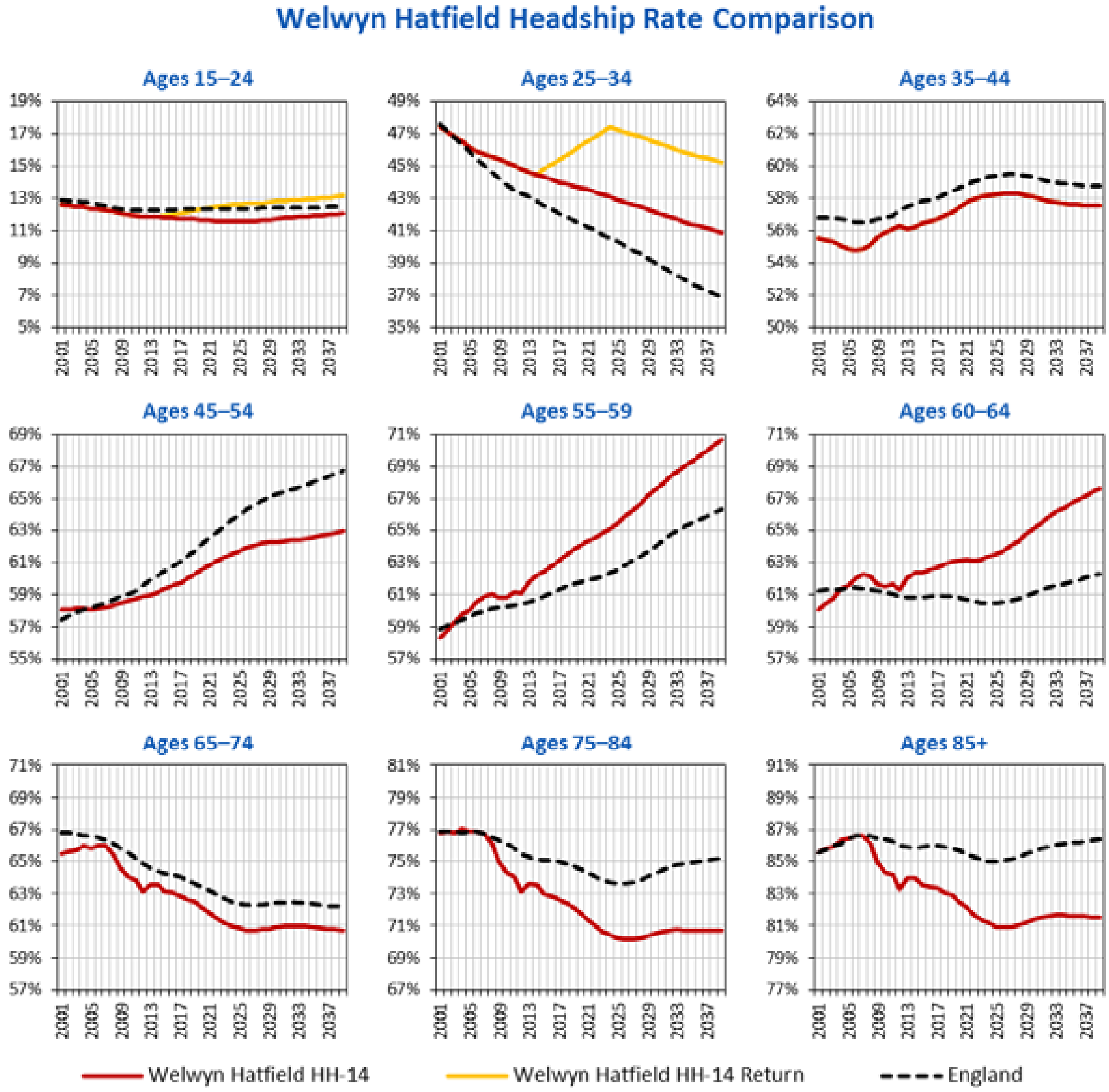


Figure 22: Welwyn Hatfield 2014-based headship rates by age-group

5.27 With the application of the HH-14 Return headship rates, the average annual dwelling requirements for each of the demographic scenarios increase by between 50 and 54 per year (Table 12). Under the benchmark **SNPP-2014** scenario, the dwelling requirement increases from 670 using the **HH-14** rates, to 721 using the **HH-14 Return** rates. Under the **PG-Long-Term-Adjusted (UPC)** scenario, the dwelling growth outcome increases from 562 to 611 per year.

Table 12: Welwyn Hatfield headship rate sensitivity: dwelling growth outcomes

Scenario	Average Annual Dwelling Requirement 2013–2032	
	HH-14	HH-14 Return
PG-Short-Term-X	736	789
PG-10yr-X	734	788
PG-Long-Term-X	708	762
SNPP-2014 MYE	682	733
PG-Short-Term (UPC)	675	726
SNPP-2014	**670**	**721**
PG-10yr (UPC)	639	689
PG-Long-Term (UPC)	607	658
PG-Long-Term-Adjusted (UPC)	562	611

6 Labour Force & Jobs Growth

Introduction

6.1 In the assessment of housing need, the PPG states that *"plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area"* (PPG paragraph 2a-018).

6.2 In POPGROUP, it is possible to derive the size and structure of the labour force and the level of employment growth that an implied level of population growth could support through the application of: (1) economic activity rates; (2) unemployment rates; (3) a commuting ratio. It is also possible to derive the level of population growth required to support a defined jobs-growth trajectory. This is achieved through a 'jobs-led' configuration of the POPGROUP model, using the defined commuting, unemployment and economic activity rate assumptions.

6.3 In this Section, the labour force and jobs growth implications of the demographic scenarios are presented, together with a jobs-led scenario linked to the 'Hybrid' employment forecast for Welwyn Hatfield.

Economic Assumptions

6.4 The following economic assumptions have been applied to each of the demographic scenarios to derive the labour force and employment growth implications of the variant population growth trajectories. These assumptions have also been applied to the jobs-led scenario to determine the level of population growth required to support the level of jobs growth under the Hybrid forecast.

6.5 Further detail on these can be found in Appendix B.

Economic Activity Rates

6.6 In POPGROUP, the Economic Activity Rates determine the proportion of the working-age population (aged 16–75+) that are economically active (i.e. the labour force). The labour force includes those who are in work (i.e. 'workers') and those who are unemployed. Between the 2001 and 2011 Censuses, economic activity rates in Welwyn Hatfield increased in all but the youngest age groups, and most notably in the older age groups. The increase in the economic activity rates has been more pronounced for females than for males (Figure 23).

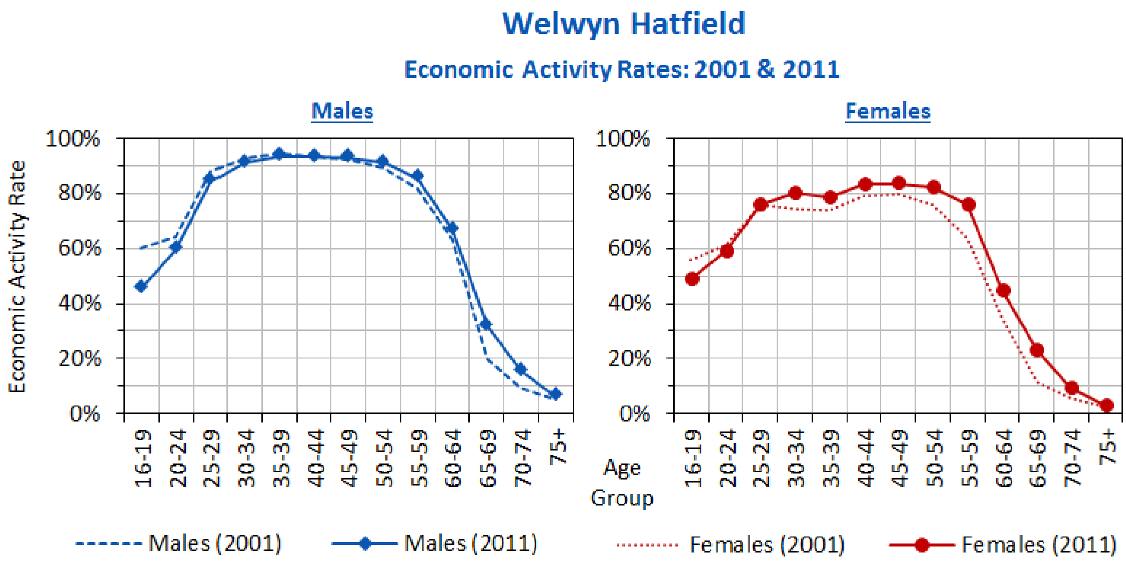


Figure 23: Welwyn Hatfield 2001 and 2011 Census economic activity rates

6.7 Whilst economic activity rates have increased historically, forecasting changes to future economic activity rates is challenging. In reality, it is highly unlikely that future rates of economic activity will remain static. The ageing of the population profile of Welwyn Hatfield (and indeed most local authorities) means that the older age-groups increasingly make up a larger proportion of the population. Furthermore, with increased life expectancies and changes to the State Pension Age (SPA), people are remaining in the labour force for longer, resulting in increased economic participation rates in the older age groups.

6.8 The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2015 Fiscal Sustainability Report[11]. Included within its analysis is a forecast of changing economic activity rates for males and females in the 16–75+ year-old age groups, extending to a long-term 2066 forecast horizon.

[11] http://budgetresponsibility.org.uk/docs/dlm_uploads/49753_OBR-Fiscal-Report-Web-Accessible.pdf

6.9 In the scenario analysis presented here, the 2011 Census economic activity rates for Welwyn Hatfield for ages 16–75+ have been adjusted in line with the OBR forecasts. The resulting age-specific economic activity rates applied to the Welwyn Hatfield scenarios are illustrated in Figure 24 and in the Appendix to this document.

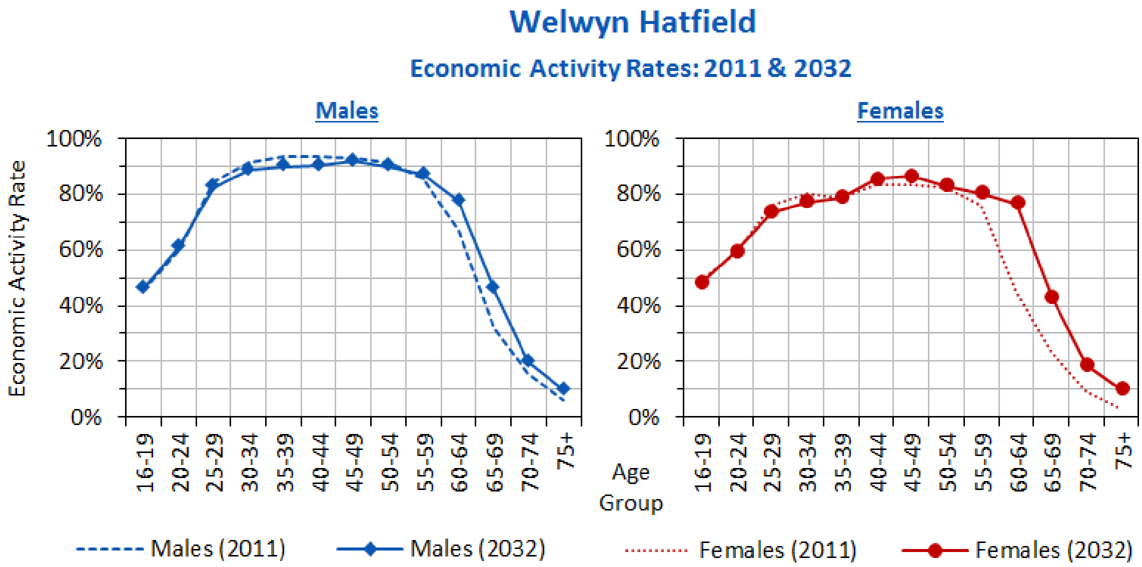


Figure 24: Welwyn Hatfield OBR Adjusted 2011 Census economic activity rates

Unemployment Rate

6.10 The Unemployment Rate determines the proportion of the labour force that is unemployed (and as a result, the proportion that is employed). The historical unemployment rate profile for Welwyn Hatfield has been sourced from the ONS model-based estimates of unemployment. In the scenario modelling presented here, the unemployment rate tracks historical data to 2015 (4.6%), is fixed to 2018 and then reduces to a 'pre-recession' (2004–2007) average of 4.0% by 2030. Between 2030 and 2032, the unemployment rate is fixed.

Commuting Ratio

6.11 The Commuting Ratio determines the balance between the resident number of 'workers' (i.e. the employed labour force) and the number of jobs in an area. A commuting ratio greater than 1.0 indicates a net out-commute (i.e. the number of resident workers in an area is greater than the number of jobs). A commuting ratio less than 1.0 indicates a small net in-commute (i.e. the number of jobs is greater than the number of workers).

6.12 A fixed commuting ratio of 0.77 has been applied in scenarios presented here. This ratio is derived from the 2011 Census Travel to Work data for Welwyn Hatfield (for ages 16–75+). At the 2011 Census, there were 53,358 resident workers in Welwyn Hatfield and 68,879 jobs, resulting in a net in-commute to the borough.

Demographic Scenarios & Labour Force Change

6.13 Each of the demographic scenarios for Welwyn Hatfield has been run using the key economic assumptions defined above. The results of this analysis are summarised below in Table 13. Under the benchmark **SNPP-2014** scenario, the labour force resident in Welwyn Hatfield is projected to increase by 22.6% between 2013 and 2032, equivalent to an increase of over 13,500 people. With the unemployment and commuting ratio assumptions applied, this level of labour force growth could support an additional 942 jobs per year in Welwyn Hatfield.

Table 13: Labour Force and employment-growth outcomes 2013–2032

Scenario	Labour Force (16–75+)				Average Annual Employment Growth
	2013	2032	Change	% Change	
PG-10yr-X	59,804	75,595	15,791	26.4%	1,090
PG-Short-Term-X	59,804	75,295	15,491	25.9%	1,070
PG-Long-Term-X	59,804	75,327	15,523	26.0%	1,072
SNPP-2014 MYE	59,804	73,639	13,835	23.1%	962
PG-Short-Term (UPC)	59,804	73,582	13,778	23.0%	958
SNPP-2014	**59,804**	**73,338**	**13,534**	**22.6%**	**942**
PG-10yr (UPC)	59,804	72,828	13,024	21.8%	909
PG-Long-Term (UPC)	59,804	72,296	12,492	20.9%	874
PG-Long-Term-Adjusted (UPC)	59,804	70,967	11,163	18.7%	788

6.14 Under the alternative **PG-Long-Term-Adjusted (UPC)** scenario, the lower level of population growth results in a smaller increase in the resident labour force, at 18.7% 2013–2032. At the top of the range of growth outcomes, the **PG-10yr-X** scenario supports a higher level of employment growth, at nearly 1,100 additional jobs per year.

Economic Forecast

6.15 In the consideration of future employment growth in an area, the PPG states that 'economic forecasts' should be considered (PPG paragraph 2a-018). For Welwyn Hatfield, Turley has provided employment growth figures associated with the 'Hybrid' employment forecast for the borough. Turley has applied an adjustment to allow for a fixed rate of double jobbing, based on the Annual Population Survey (APS), and have rebased the forecast to 2014 (using Business Register and Employment Survey (BRES) data). The jobs-growth trajectory from 2014/15 to 2031/32 is displayed in Figure 25.

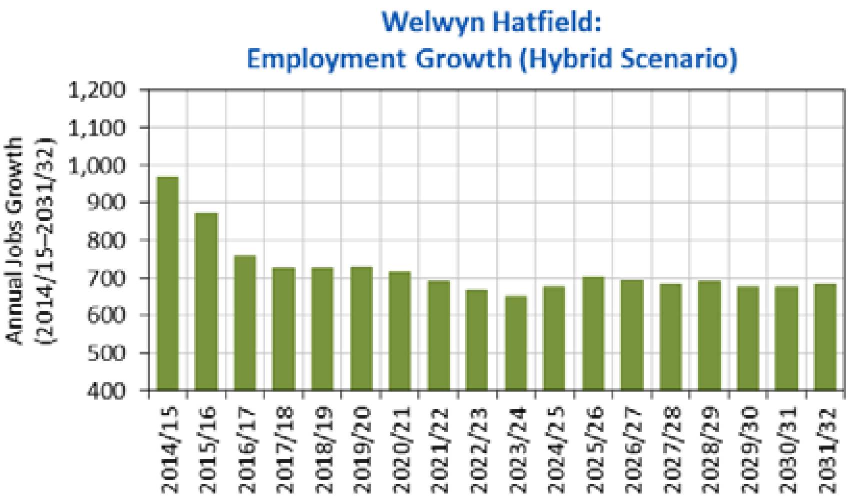


Figure 25: Jobs growth trajectory under the
Welwyn Hatfield 'Hybrid' employment forecast

6.16 Under the Hybrid employment forecast, the number of jobs in Welwyn Hatfield increases, on average, by 720 per year 2014–2032. To determine the level of population growth required to support this defined level of jobs growth, a 'jobs-led' scenario has been configured in POPGROUP, using the jobs-growth targets specified in Figure 25 and the economic assumptions outlined above. In a jobs-led scenario, migration is used to balance between jobs growth and the resident labour force.

Jobs-led Scenario Outcomes

6.17 The **Jobs-led Hybrid** scenario results in a *lower* level of population growth than the benchmark **SNPP-2014** scenario, at 19.4% 2013–2032, compared to 23.5.% under the **SNPP-2014** (Table 14). Population growth under the **Jobs-led Hybrid** scenario is more closely aligned with the **PG-Long-**

Term-Adjusted (UPC) scenario; these two scenarios also produce similar household and dwelling growth outcomes, and support a similar level of jobs growth. With the application of the 2014-based headship rates (HH-14), the Jobs-led Hybrid scenario produces an annual average dwelling requirement of 571 per year. This increases to 620 per year with the application of the **HH-14 Return** headship rates.

Table 14: Welwyn Hatfield **Jobs-led** scenario outcomes 2013–2032

Scenario	Change 2013–2032				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Employment
SNPP-2014	26,790	23.5%	12,345	27.4%	895	670	942
Jobs-led Hybrid	22,081	19.4%	10,530	23.4%	676	571	774
PG-Long-Term-Adjusted (UPC)	21,331	18.7%	10,366	23.0%	545	562	788

Note that in the Jobs-led Hybrid scenario, jobs-growth targets have been applied from 2014/15 onwards (i.e. the 2015 MYE is not included in this scenario). Labour force and jobs growth in the year 2013/14 is calculated in POPGROUP through the application of the economic assumptions to the population. From 2014/15 onwards, these economic assumptions are used to determine the level of population growth needed to support the defined jobs-growth trajectory.

6.18 The scenario analysis suggests that, with the economic activity, commuting and unemployment rate assumptions applied in the demographic scenarios, Welwyn Hatfield can support a higher level of employment growth than that implied by the Hybrid employment forecast.

7 Summary & Conclusions

Approach

7.1 Edge Analytics has used POPGROUP v.4 technology to develop a range of demographic scenarios for Welwyn Hatfield using the latest demographic statistics. In line with the PPG, the latest 2014-based population and household projections from ONS and DCLG are presented as the official 'starting point'. For comparison with this **SNPP-2014** benchmark, a range of alternative trend scenarios has been developed. These draw their migration assumptions from alternative historical time-periods, with and without the inclusion of the UPC component in the 2001–2011 MYEs.

7.2 Household growth in each scenario has been evaluated using the latest 2014-based DCLG headship rates. An alternative set of rates, which evaluate the household growth outcomes associated with a return to higher rates of household formation for the younger age groups, has also been applied. Dwelling growth outcomes have been evaluated through the application of a 3% dwelling vacancy rate.

7.3 The relationship between demographic and economic change has been considered, combining employment growth forecasts with key assumptions on economic activity, unemployment, commuting and migration.

Population Growth 2001–2015

7.4 The latest 2015 MYE for Welwyn Hatfield estimates a population of 119,000, a 22% increase since 2001 and a 7.5% increase since the last census in 2011. Over the 2001–2015 historical period, population growth rates have varied, averaging 1.63% per year over the last 6-years, and 1.57% over the full 14-year period.

7.5 Scrutiny of the 'components of change' underpinning the 2001–2015 MYEs suggests that, since the middle of the historical period, net international migration has been the dominant driver of population change in Welwyn Hatfield. At the beginning of the historical period, positive net internal migration dominated. The UPC adjustment, made by ONS to the historical MYEs following the 2011 Census has, however, introduced an element of uncertainty to the historical profile of population growth in Welwyn Hatfield. It is considered most likely that, in the case of Welwyn Hatfield, the UPC adjustment is associated with the mis-estimation of international migration. With the inclusion of the UPC adjustment (which applies to the inter-Census years 2001–2011), the historical international migration estimates are reduced.

7.6 Analysis of HESA data, NINo registrations and the ONS Statistical Population Dataset (SPD) for Welwyn Hatfield suggests that the mis-estimation of international migration (specifically immigration) may have continued in the post-2011 Census MYEs. This is emphasised by the different population growth rates over these time periods. Between 2001 and 2011, population growth averaged 1.35% per year. Post-Census (2011–2015), population growth averaged 1.87% per year, with the data for the twelve month period prior to the 2015 MYE suggesting a considerably higher level of growth, at 2.6%.

7.7 Higher rates of population growth pre-recession 2004–2007 align relatively well with housing completion rates in excess of 600 per year between 2003/04 and 2007/08. During the post-recession period, housing completions were lower, averaging 315 per year. Since 2011, the estimated rate of population growth has not aligned with the housing completions to the same degree as in previous years. This would suggest a rise in Welwyn Hatfield's average occupancy but it might also reflect the potential mis-estimation of population growth since 2011.

Growth Outcomes

7.8 The 'starting point' in the Welwyn Hatfield analysis is provided by the ONS 2014-based SNPP and 2014-based DCLG household projection model (the **SNPP-2014** scenario). These projections estimate population growth of 23.5% over the 2013–2032 plan period for Welwyn Hatfield (i.e. with the inclusion of the 2013 MYE), equivalent to an additional 12,345 households over the 19-year period (670 dwellings per year with the vacancy rate applied). Under the earlier 2012-based SNPP (which provided the benchmark scenario in the previous round of projections for Welwyn Hatfield), population growth was estimated to be *lower* over the same time period, at 20.3% 2013–2032.

7.9 Analysis presented here shows that the latest SNPPs for Welwyn Hatfield project a 'reversal' in the internal migration trend over their respective forecast periods. Historically, net internal migration to Welwyn Hatfield is estimated to have been positive, whereas in both the 2012-based and 2014-based SNPPs, net internal migration is projected to be *negative*. This net outflow is likely linked to the international migration assumptions applied by ONS in its projections. It would appear that the ONS, in its latest 2014-based SNPP, has assumed that the high levels of international migration estimated in the historical MYEs are continued throughout the projection period. Internal out-migration is calculated through the application of migration rates to Welwyn Hatfield's resident population. Therefore, with higher levels of international migration to Welwyn, the rate of growth in the resident population increases, leading to an increase in the internal migration out-flow.

7.10 Whilst it would appear that the levels of international migration in the latest 2014-based SNPP have potentially been over-estimated by ONS, its impact is being countered through the net outflow through internal migration. The resulting impact of this is that the rate of population growth under the **SNPP-2014** scenario (1.24% per year 2013–2032) is lower than that seen over the 2001–2013 time period (1.41% per year).

7.11 For comparison with the **SNPP-2014** benchmark scenario, a range of alternative trend scenarios has been developed. A summary of the population and dwelling growth outcomes associated with each scenario for Welwyn Hatfield is provided in Figure 26, illustrating results associated with the 2014-based (**HH-14**) and 2014-based 'Return' (**HH-14 Return**) household growth assumptions.

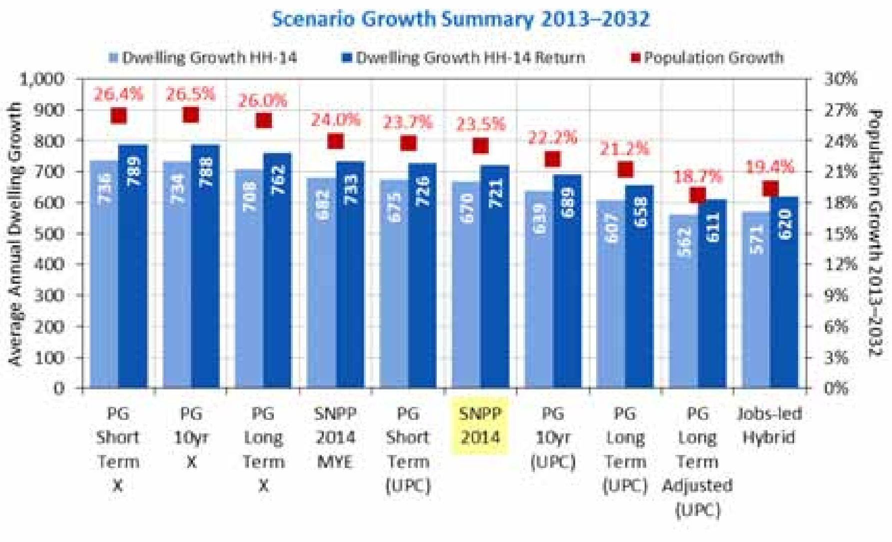


Figure 26: Welwyn Hatfield scenario growth summary

7.12 Population growth ranges from **18.7%** under the **PG-Long-Term-Adjusted (UPC)** scenario, to **26.5%** under the **PG-10yr-X** scenario, with the benchmark **SNPP-2014** in the middle of the range at **23.5%** 2013–2032. These growth rates, when annualised, are lower than the rates of growth seen over the 2001–2015 historical period (Figure 27).

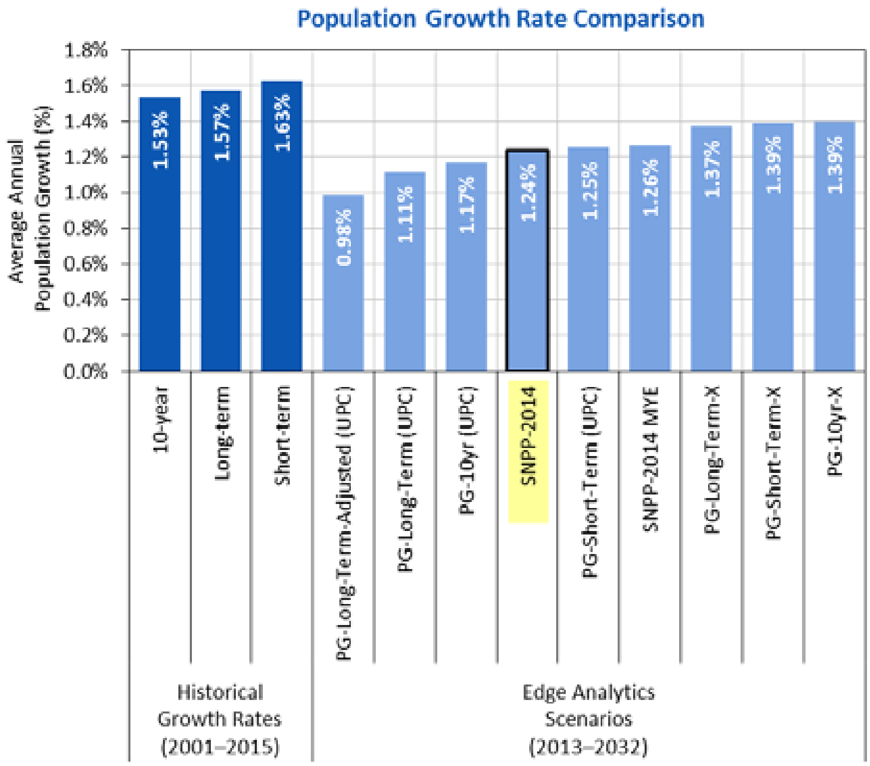


Figure 27: Welwyn Hatfield scenario population growth rates

7.13 Using the 2014-based headship rates, dwelling growth ranges from 562 to 736 per year, under the **PG-Long-Term-Adjusted (UPC)** and the **PG-Short-Term-X** scenarios respectively. With the adjusted set of HH-14 headship rates, in which the headship rates of the younger (15–34) age groups return to their 2001 values by 2024, dwelling growth is higher, ranging from **611** to **789** per year.

7.14 Those scenarios that *exclude* the UPC component from the historical data (i.e. the 'X' scenarios in which there is no adjustment for UPC) result in higher growth outcomes than those that *include* it, a result of the negative effect the UPC has on the inter-Census MYEs. Given the potential mis-estimation of international migration by ONS in the historical MYEs, those scenarios that *include* the UPC adjustment (i.e. the 'UPC' scenarios) are considered to be more appropriate for Welwyn Hatfield.

7.15 The analysis presented here suggests that ONS has continued the previously high levels of international migration in its post-2011 Census MYEs, with the latest 2015 MYE implying relatively high levels of population growth 2014/15. Therefore, the **PG-Long-Term-Adjusted (UPC)** scenario has been calibrated with the post-2011 international migration estimates *removed* from the historical time-series. This scenario produces the lowest population growth outcome of the range of scenarios.

7.16 Whilst the 2014-based SNPP, with its 2014 base-year, is not impacted by the 2015 MYE, it is still influenced by the high levels of international migration estimated post-Census. As stated above, however, the impact of this is countered through the net internal migration *outflow*, with the **SNPP-2014** sitting in the middle of the range of scenarios presented here.

Labour Force & Employment Outcomes

7.17 The labour force and employment analysis suggests that, with the defined economic activity rate, unemployment rate and commuting ratio assumptions, the level of employment growth indicated by the **Jobs-led Hybrid** scenario would result in population growth of 19.4% 2013–2032.

7.18 With these economic assumptions applied to the demographic scenarios, a higher level of labour force and employment growth results. This suggests that the population of Welwyn Hatfield can support a higher level of employment growth than that indicated by the Hybrid employment forecast.

GLA London Impact

7.19 Previous analyses for Welwyn Hatfield considered the potential demographic impact of higher out-migration from London estimated by the GLA in its own forecasts of population change. The original analysis (including an **SNPP-2012-London** scenario) estimated that the **GLA Central (2013)** scenario would imply a *higher* inflow to Welwyn Hatfield from London and a resulting smaller overall net outflow of internal migrants (-184 per year), when compared to the **SNPP-2012** (-279 per year).

7.20 The GLA has recently updated its forecasts with growth outcomes for London that imply a slightly higher net out-migration from the capital compared to its previous trend scenario. The analysis presented here estimates that the GLA's latest scenario (**GLA Long-Term 2015**) would result in a larger internal migration *inflow* to Welwyn Hatfield from London. This would result in a smaller overall net outflow when compared to the previous **SNPP-2012-London** scenario, at -134 per year.

7.21 Comparing the potential effects of the latest GLA scenario upon the **SNPP-2014** scenario is challenging; firstly due to the lack of detailed data available on the GLA's internal migration flows (preventing the development of a comparable SNPP-2014-London scenario); secondly because of the much higher net outflow of migrants that is now implied by the **SNPP-2014** (-461 per year). In crude terms, if the reduction in net outflow implied by the latest analysis of London effects upon the **SNPP-2012** was applied to Welwyn Hatfield's **SNPP-2014**, the annual net internal migration *outflow* would reduce by 145 per year to -316 per year. This would imply *higher* population growth than the **SNPP-2014**, assuming that existing international migration and natural change assumptions remain unchanged.

Appendix A

POPGROUP Methodology

Forecasting Methodology

A.1 Evidence is often challenged on the basis of the appropriateness of the methodology that has been employed to develop growth forecasts. The use of a recognised forecasting product which incorporates an industry-standard methodology (a cohort component model) removes this obstacle and enables a focus on assumptions and output, rather than methods.

A.2 Demographic forecasts have been developed using the POPGROUP suite of products. POPGROUP is a family of demographic models that enables forecasts to be derived for population, households and the labour force, for areas and social groups. The main POPGROUP model (Figure 28) is a cohort component model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

A.3 The Derived Forecast (DF) model (Figure 29) sits alongside the population model, providing a headship rate model for household projections and an economic activity rate model for labour-force projections.

A.4 For further information on POPGROUP, please refer to the Edge Analytics website (http://www.edgeanalytics.co.uk/).

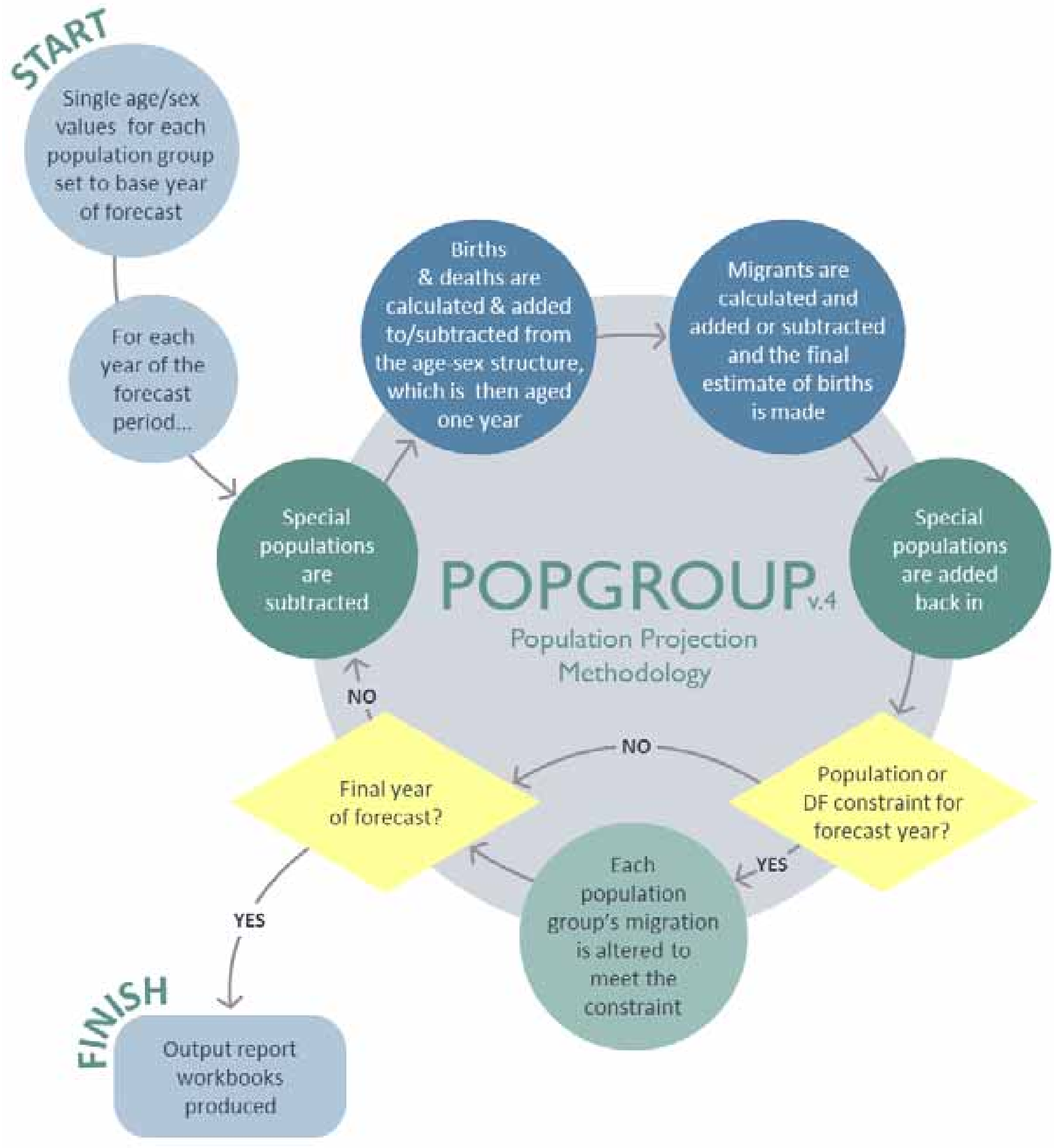
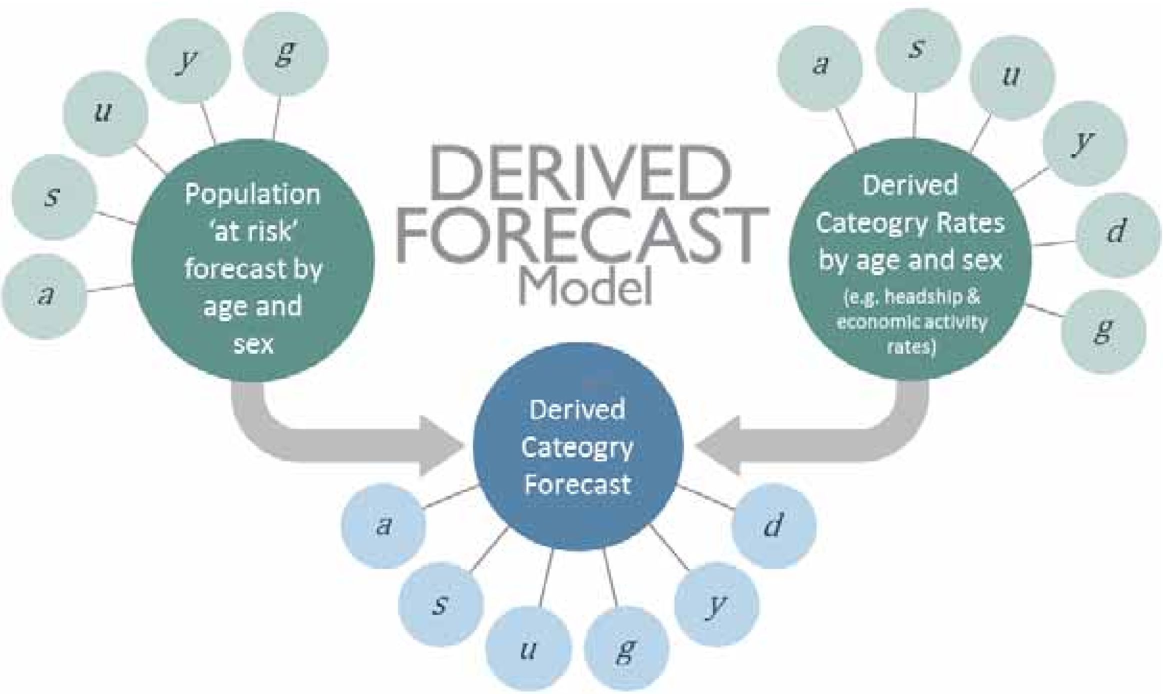


Figure 28: POPGROUP population projection methodology



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g}\ R_{a,s,u,y,d,g}}{100}$$

D	Derived Category Forecast	y	Year
P	Population 'at risk' Forecast	d	Derived category
R	Derived Category Rates	g	Group (usually an area, but can be an ethnic group or social group)
a	Age-group		
s	Sex		
u	Sub-population		

Figure 29: Derived Forecast (DF) methodology

Appendix B

Data Inputs & Assumptions

Introduction

B.1 Edge Analytics has developed a suite of demographic scenarios for Welwyn Hatfield using POPGROUP v.4 and the Derived Forecast model. The POPGROUP suite of demographic models draw data from a number of sources, building an historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts. Using historical data evidence for 2001–2015, in conjunction with information from ONS sub-national population projections (SNPPs) and DCLG household projections, a series of assumptions have been derived which drive the scenario forecasts.

B.2 The following scenarios have been produced:

- SNPP-2014
- SNPP-2014-MYE
- PG-10yr (UPC)
- PG-10yr-X
- PG-Short-Term (UPC)
- PG-Short-Term-X
- PG-Long-Term (UPC)
- PG-Long-Term-X
- PG-Long-Term-Adjusted (UPC)
- Jobs-led Hybrid.

B.3 In the following sections, a narrative on the data inputs and assumptions underpinning the scenarios is presented.

Population, Births & Deaths

Population

B.4 In each scenario, historical population statistics are provided by the mid-year population estimates (MYEs), with all data recorded by single-year of age and sex. These data include the revised MYEs for 2002–2010, which were released by the ONS in May 2013. The revised MYEs provide consistency in the measurement of the components of change (i.e. births, deaths, internal migration and international migration) between the 2001 and 2011 Censuses.

B.5 In the **SNPP-2014** scenario, the historical MYEs are used up to 2014. From 2014, future population counts are provided by single-year of age and sex to ensure consistency with the trajectory of the ONS 2014-based SNPP.

B.6 In the **SNPP-2014-MYE** scenario, the historical MYEs are used up to 2015. From 2015, the 2014-based SNPP fertility, mortality and migration growth assumptions are applied.

B.7 In the demographic scenarios, the historical MYEs are used up to 2015.

B.8 In the **Jobs-led-Hybrid** scenario, the MYEs are used up to 2014, with jobs-growth targets applied thereafter.

Births & Fertility

B.9 In each scenario, historical mid-year to mid-year counts of births by sex have been sourced from the ONS MYEs.

B.10 In the **SNPP-2014** scenario, historical births are used from 2001/02 to 2013/14. From 2014/15, future counts of births are specified, to ensure consistency with the 2014-based official projection.

B.11 In all other scenarios, historical births are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific rate (ASFR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific fertility rates are taken from the ONS 2014-based SNPP.

B.12 In combination with the 'population-at-risk' (i.e. all women between the ages of 15–49), the area-specific ASFR and future fertility rate assumptions provide the basis for the calculation of births in each year of the forecast period (i.e. from 2015 onwards).

Deaths & Mortality

B.13 In each scenario, historical mid-year to mid-year counts of deaths by 5-year age group and sex have been sourced from the ONS MYEs.

B.14 In the **SNPP-2014** scenario, historical deaths are used from 2001/02 to 2013/14. From 2014/15, future counts of deaths are specified, to ensure consistency with the 2014-based official projection.

B.15 In all other scenarios, historical deaths are used from 2001/02 to 2014/15. From 2015/16, an area-specific age-specific mortality rate (ASMR) schedule, derived from the ONS 2014-based SNPP, is included in the POPGROUP model assumptions. Long-term assumptions on changes in age-specific mortality rates are taken from the ONS 2014-based SNPP.

B.16 In combination with the 'population-at-risk' (i.e. the whole population), the area-specific ASMR and future mortality rate assumptions provide the basis for the calculation of deaths in each year of the forecast period (i.e. from 2015 onwards).

Migration

Internal Migration

B.17 In each scenario, historical mid-year to mid-year estimates of internal in- and out-migration by 5-year age group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs. These internal migration flows are estimated using data from the Patient Register (PR), the National Health Service Central Register (NHSCR) and the Higher Education Statistics Agency (HESA).

B.18 In the **SNPP-2014** scenario, historical counts of internal in and out-migrants are used from 2001/02 to 2013/14. From 2014/15, future counts of migrants are specified, to ensure consistency with the 2014-based official projection.

B.19 In the **PG** scenarios, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future internal migration flows are based on the area-specific historical migration data:

- In the **PG-10yr (UPC)** and **PG-10yr-X** scenarios, a *ten* year history is used (2005/06 to 2014/15).
- In the **PG-Short-Term (UPC)** and **PG-Short-Term-X** scenarios, a *six* year internal migration history is used (2009/10 to 2014/15).
- In the **PG-Long-Term (UPC)**, **PG-Long-Term-X** and **PG-Long-Term-Adjusted (UPC)** scenarios, a 14-year internal migration history is used (2001/02 to 2014/15).

B.20 In the **PG** scenarios, the relevant historical time period is used to derive the age-specific migration rate (ASMigR) schedules, which are then used to determine the future number of in- and out-migrants.

B.21 In the case of internal in-migration, the ASMigR schedules are applied to an external 'reference' population (i.e. the population 'at-risk' of migrating into the area). This is different to the other components (i.e. births, deaths, internal out-migration), where the schedule of rates is applied to the area-specific population (i.e. the population 'at-risk' of migrating out of the area). The reference population in the **PG** scenarios has been defined by considering the areas which have historically contributed the majority of migrants into the area. In the case of Welwyn Hatfield it comprises all districts which cumulatively contributed 70% of migrants into the Hertfordshire LEP over the 2008/09–2014/15 period.

B.22 In the **SNPP-2014-MYE** scenario, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, internal in-migration assumptions are drawn from the 2014-based SNPP. The reference population is defined using the UK 2014-based national population projection from ONS.

B.23 In the **Jobs-led Hybrid** scenario, historical counts of internal in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, this scenario then calculates its own internal migration assumptions to ensure an appropriate balance between the population and the targeted increase in the number of jobs that is defined in each year of the forecast period. A higher level of net internal migration will occur if there is insufficient population and resident labour force to meet the forecast number of jobs. In the **Jobs-led** scenario, the profile of internal migrants is defined by an ASMigR schedule, derived from the ONS 2014-based SNPP.

International Migration

B.24 Historical mid-year to mid-year counts of immigration and emigration by 5-year age group and sex have been sourced from the 'components of population change' files that underpin the ONS MYEs. Any 'adjustments' made to the MYEs to account for asylum cases are included in the international migration balance.

B.25 In all scenarios, future international migrant counts are specified.

B.26 In the **SNPP-2014** scenario, historical counts of migrants are used from 2001/02 to 2013/14. From 2014/15, the international in- and out-migration counts are drawn directly from the 2014-based official projection.

B.27 In the **PG** scenarios, historical counts of international in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, future international migration counts are based on the area-specific historical migration data. In the **10yr** scenarios, a ten year history is used (2005/06 to 2014/15). In the **PG-Short-Term** scenarios, a six year history is used (2009/10 to 2014/15). In the **PG-Long-Term** scenarios, a 14-year history is used (2001/02 to 2014/15). In the **PG-Long-Term-Adjusted (UPC)** scenario, a pre-2011 Census history is used (2001/02–2010/11). In all **PG** scenarios, an ASMigR schedule of rates is derived from the relevant migration history and is used to distribute future counts by single year of age.

B.28 Implied within the international migration component of change in the 'UPC' **PG** scenarios (i.e. **PG-10yr (UPC)**, **PG-Short-Term (UPC)**, **PG-Long-Term (UPC)** and **PG-Long-Term-Adjusted (UPC)**) is an 'unattributable population change' (UPC) figure, which ONS identified within its latest mid-year estimate revisions. The POPGROUP model has assigned the UPC to international migration as it is the component with the greatest uncertainty associated with its estimation. In the '**X**' scenarios, the UPC adjustment is excluded from the international migration assumptions.

B.29 In the **Jobs-led Hybrid** and **SNPP-2014-MYE** scenarios, historical counts of international in and out-migrants are used from 2001/02 to 2014/15. From 2015/16, international migration counts are taken from the ONS 2014-based SNPP (i.e. counts are consistent with the **SNPP-2014** scenario). An ASMigR schedule of rates from the ONS 2014-based SNPP is used to distribute future counts by single year of age.

Households & Dwellings

B.30 The 2011 Census defines a household as:

> *"one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area."*

B.31 In POPGROUP, a dwelling is defined as a unit of accommodation which can either be occupied by one household or vacant.

B.32 The household and dwelling implications of each population growth trajectory have been evaluated through the application of headship rate statistics, communal population statistics and a dwelling vacancy rate. These data assumptions have been sourced from the 2001 and 2011 Censuses and the 2014-based household projection model from the DCLG. The 2014-based model was released by the DCLG in July 2016, and is underpinned by the 2014-based SNPP from ONS.

Household Headship Rates

B.33 A household headship rate (also known as household representative rate) is the *"probability of anyone in a particular demographic group being classified as being a household representative"*[12].

B.34 The household headship rates used in the POPGROUP modelling have been taken from the latest DCLG 2014-based household projection model, which is underpinned by the ONS 2014-based SNPP. The DCLG household projections are derived through the application of projected headship rates to a projection of the private household population. The methodology used by DCLG in its household projection models consists of two distinct stages:

[12] Household Projections 2012-based: Methodological Report. Department for Communities and Local Government (February 2015). https://www.gov.uk/government/statistics/2012-based-household-projections-methodology

- **Stage One** produces the national and local authority projections for the total number of households by sex, age-group and relationship-status group over the projection period.
- **Stage Two** provides the detailed 'household-type' projection by age-group, controlled to the previous Stage One totals.

B.35 In POPGROUP, the 2014-based Stage Two headship rates have been applied by 10-year age group in an 8-fold household type classification (Table 15). The following scenario identifiers have been applied:

- **HH-14**: 2014-based DCLG headship rates
- **HH-14 Return**: 2014-based DCLG headship rates, with the rates for the 15–24 and 25–34 age groups returned to their respective 2001 values by 2024, following the original trend thereafter. Note that this adjustment has been made for all household types within the defined age groups.

Table 15: DCLG Stage Two headship rate classification household type classification

DCLG Category	Description
One person male	One person households: Male
One person female	One person: Female
Couple no child	One family and no others: Couple households: No dependent children
Cple+adlts no child	A couple and one or more other adults: No dependent children
One child	Households with one dependent child
Two children	Households with two dependent children
Three+ children	Households with three or more dependent children
Other households	Other households with two or more adults

Communal Population Statistics

B.36 Household projections in POPGROUP exclude the population 'not-in-households' (i.e. the communal/institutional population). These data are drawn from the DCLG 2014-based household projections, which use statistics from the 2011 Census. Examples of communal establishments include prisons, residential care homes and student halls of residence.

B.37 For ages 0–74, the number of people in each age group not-in-households is fixed throughout the forecast period. For ages 75–85+, the proportion of the population not-in-households is recorded. Therefore, the population not-in-households for ages 75–85+ varies across the forecast period depending on the size of the population.

Vacancy Rate

B.38 The relationship between households and dwellings is modelled using a ‘vacancy rate’, sourced from the 2011 Census[13]. The vacancy rate is calculated using statistics on households (occupied household spaces) and dwellings (shared and unshared).

B.39 A vacancy rate of 3% for Welwyn Hatfield has been applied, fixed throughout the forecast period. Using the vacancy rate, the ‘dwelling requirement’ of each household growth trajectory has been evaluated.

Labour Force & Jobs

B.40 Apart from in the **Jobs-led Hybrid** scenario, the labour force and employment growth implications of the population growth trajectory are evaluated through the application of three key data items: economic activity rates, an unemployment rate and a commuting ratio.

B.41 In the **Jobs-led Hybrid** scenarios, these assumptions are used to determine the level of population growth required by the defined jobs growth trajectory.

Economic Activity Rates

B.42 The level of labour force participation is recorded in the economic activity rates. Economic activity rates by five year age group (ages 16–75+) and sex have been derived from Census statistics. Between the 2001 and 2011 Censuses, rates of economic activity increased, most notably for females and males in the older age groups (Figure 30).

[13] Census Table KS401EW: Dwellings, household spaces and accommodation type

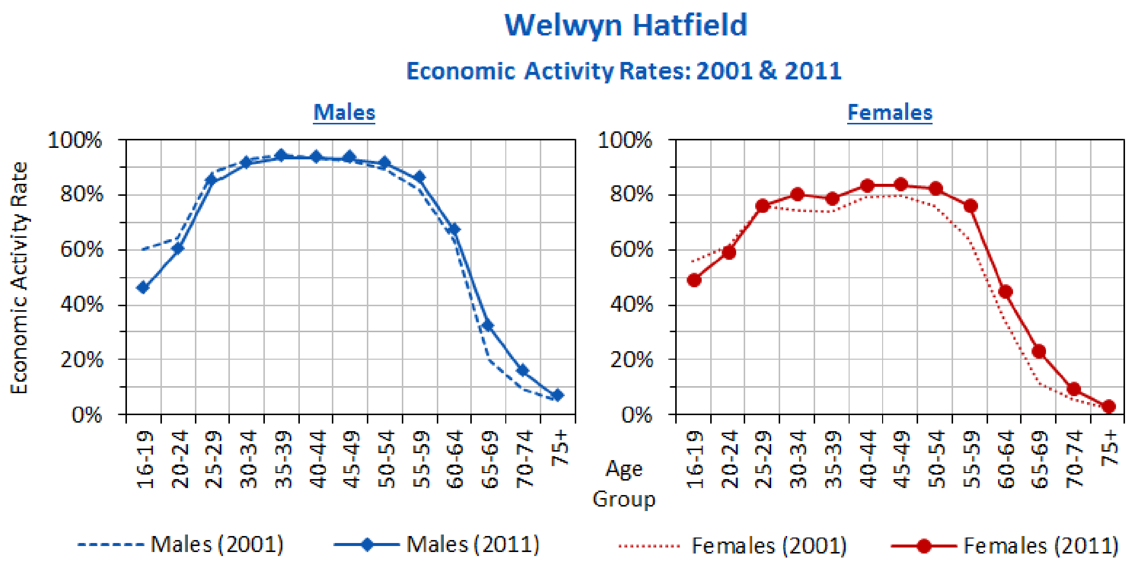


Figure 30: Welwyn Hatfield economic activity rates: 2001 and 2011 Census comparison (source: ONS)

B.43 The Office for Budget Responsibility (OBR) has undertaken analysis of labour market trends in its 2015 Fiscal Sustainability Report[14]. Included within its analysis is a forecast of changing economic activity rates for males and females for ages 16+, extending to a long-term 2066 forecast horizon. This forecast has been used to generate an adjusted set of economic activity rates for Welwyn Hatfield (Figure 31).

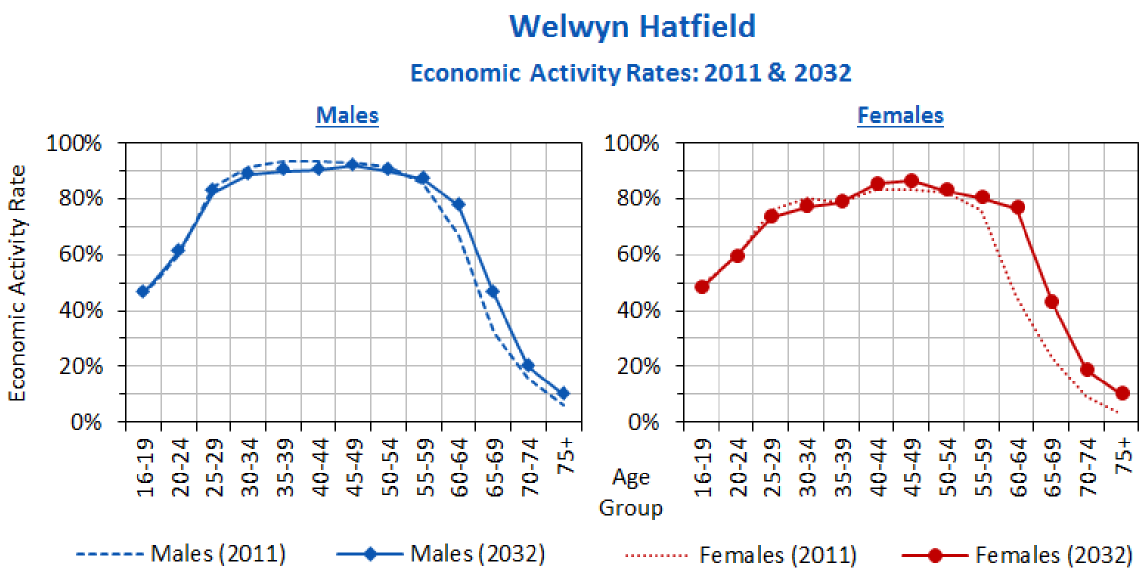


Figure 31: OBR-adjusted economic activity rate profile for Welwyn Hatfield

B.44 Adjustments have been made to all ages 16–75+ (Table 16).

[14] http://budgetresponsibility.org.uk/docs/dlm_uploads/49753_OBR-Fiscal-Report-Web-Accessible.pdf

Table 16: OBR economic activity rate adjustments

OBR2 Economic Activity Rates Change 2011–2031			
Males		Females	
16–19	1%	16–19	-2%
20–24	2%	20–24	1%
25–29	-2%	25–29	-3%
30–34	-3%	30–34	-4%
35–39	-4%	35–39	0%
40–44	-4%	40–44	3%
45–49	-1%	45–49	4%
50–54	-1%	50–54	1%
55–59	1%	55–59	6%
60–64	16%	60–64	72%
65–69	44%	65–69	89%
70–74	26%	70–74	103%
75+	51%	75+	250%

Commuting Ratio

B.45 The commuting ratio, together with the unemployment rate, controls the balance between the number of workers living in a district (i.e. the resident labour force) and the number of jobs available in the district. A commuting ratio greater than 1.00 indicates that the size of the resident workforce exceeds the number of jobs available in the district, resulting in a net out-commute. A commuting ratio less than 1.00 indicates that the number of jobs in the district exceeds the size of the labour force, resulting in a net in-commute.

B.46 From the 2011 Census 'Travel to Work' statistics, published by ONS in July 2014, a commuting ratio of 0.77 has been derived for ages 16–75+ for Welwyn Hatfield (Table 17).

Table 17: Welwyn Hatfield commuting ratio calculation

Number of workers	**53,358**
Number of jobs	**68,879**
2011 Census Commuting Ratio	**0.77**

Note: 2011 data from Census Table WU02UK - Location of usual residence and place of work by age.

Unemployment Rate

B.47 The unemployment rate, together with the commuting ratio, controls the balance between the size of the labour force and the number of jobs available within an area. In all scenarios, historical unemployment rates are defined up to the 2015 estimate of 4.6%. Between 2015 and 2018 the unemployment rate is fixed. It then reduces to a pre-recession (2004–07) average of 4% by 2030 and is fixed thereafter (Figure 32).

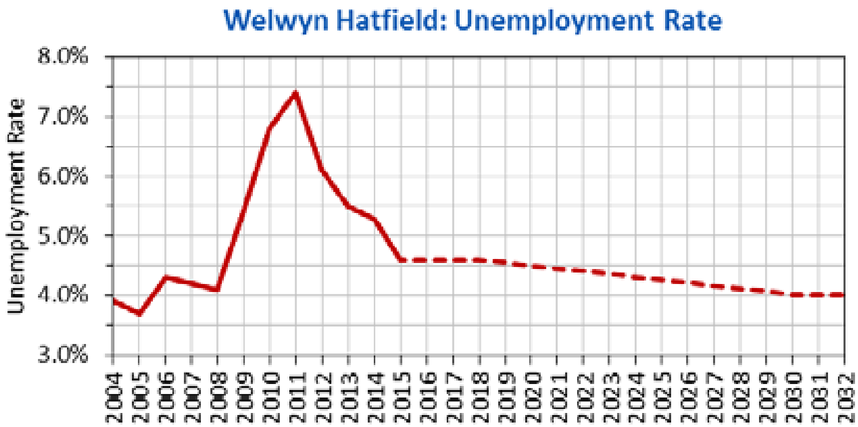


Figure 32: Unemployment rate assumptions used in POPGROUP (source: ONS model-based estimates of unemployment, APS). Note that the solid red line identifies the historical unemployment estimates.

Appendix 2: Market Signals Update – Data Table

		House prices		Rents (2 bed, monthly)		Affordability		Change in overcrowding	Change in concealed families
		2015 LQ	Change 2001 – 15	2015/16 LQ	Change 2010/11 – 15/16	2015 LQ	Change 2013 – 15	2001 – 11	2001 – 11
	Welwyn Hatfield	**£229,950**	**125%**	**£850**	**13%**	**10.7**	**16%**	**64%**	**140%**
	England	**£137,000**	**154%**	**£500**	**5%**	**7.0**	**5%**	**32%**	**71%**
Wider HMA	Barnet	£323,250	155%	£1,257	26%	15.3	31%	47%	96%
Wider HMA	Broxbourne	£210,000	123%	£875	21%	11.1	29%	53%	74%
Wider HMA	East Hertfordshire	£246,000	124%	£850	21%	12.1	14%	42%	77%
Wider HMA	Enfield	£249,950	143%	£1,200	26%	13.0	23%	50%	98%
Wider HMA	Hertsmere	£295,000	141%	£1,100	33%	13.6	14%	41%	68%
Wider HMA	North Hertfordshire	£206,837	129%	£750	25%	10.3	20%	29%	54%
Wider HMA	St Albans	£313,875	128%	£995	24%	17.1	22%	28%	60%
Wider HMA	Stevenage	£187,000	138%	£850	29%	9.6	29%	32%	76%
Similar areas	Colchester	£158,500	126%	£625	14%	8.6	14%	48%	76%
Similar areas	Coventry	£115,000	150%	£525	17%	5.8	16%	23%	61%
Similar areas	Leeds	£109,950	134%	£542	9%	5.8	6%	25%	57%
Similar areas	Preston	£85,000	127%	£475	4%	4.8	1%	21%	46%
Similar areas	Southampton	£146,000	109%	£700	12%	7.4	14%	42%	80%
	Eastleigh	£186,838	106%	£750	20%	8.7	2%	34%	57%
	Canterbury	£192,500	135%	£725	17%	10.8	13%	30%	66%

Sources: Land Registry; VOA; DCLG; Census

Appendix 3: Contiguous (tightly defined) Housing Market Area Boundary

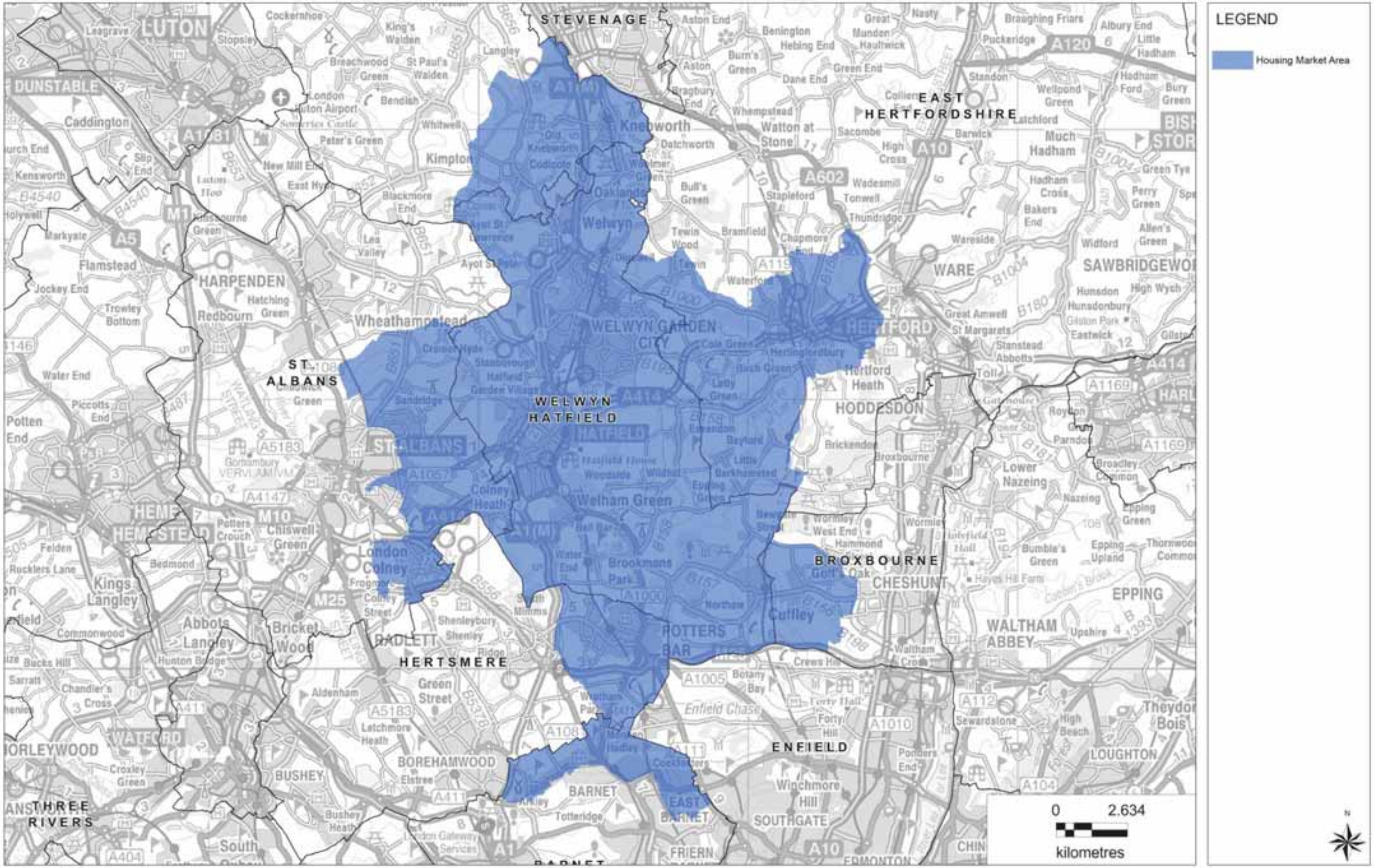
As summarised in section 2 of this report, the 2014 SHMA sought to tightly define a housing market area (HMA) centred on Welwyn Hatfield to include wards sharing the strongest relationships with the borough. This tightly defined geography is illustrated in the plan overleaf, and includes the following wards.

Table 3.1 Wards Included in Tightly Defined Welwyn Hatfield HMA

	Number of wards in HMA	Wards in HMA
Welwyn Hatfield	All wards (17)	
Barnet	2	East Barnet, High Barnet
Broxbourne	1	Goffs Oak
East Hertfordshire	5	Hertford Bengeo, Hertford Castle, Hertford Kingsmead, Hertford Rural South, Hertford Sele
Hertsmere	3	Potters Bar Furzefield, Potters Bar Oakmere, Potters Bar Parkfield
North Hertfordshire	2	Codicote, Knebworth
St Albans	5	Ashley, Colney Heath, London Colney, Marshalswick North, Sandridge

Source: Turley analysis of 2001 Census data

WELWYN HATFIELD HOUSING MARKET AREA



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