

**Response to Turley's Local Plan Technical Note on
Implications of a new plan period for the calculated housing need EX103B, June 2019**

by SAVE SYMONDSHYDE

1. Turley's report 'Welwyn Hatfield Local Plan Technical Note: Implications of a new plan period for the calculated housing need' (the Turley report) was commissioned by Welwyn Hatfield Borough Council to consider the potential implications for the Objectively Assessed Need for housing (OAN) of an alternative period for the Local Plan of 2016-2034 (instead of 2013-2032). If the Council were to adopt the revised period, the housing need would have to be recalculated.
2. Save Symondshyde have serious reservations about the way Turley has suggested that the OAN should be recalculated and the conclusion in the Turley report that the current OAN of 800 dwellings per annum should continue to be used for the revised period. We ask that the Inspector holds a Hearing session specifically to determine the method which should be used to recalculate the housing need for a revised Plan period.
3. Turley has begun its approach to the issue by taking forward the method used in its previous iterations of the SHMA, moderated by its unilateral assumption to apply the 2014-based household formation rates to the 2016-based population projections. That is instead of taking the 2016-based household projections as its starting point. Save Symondshyde has objected to many of the assumptions used at all stages of the SHMA, including at the relevant Hearing session in October 2017, and also considers the new unilateral assumption unsound.
4. There are always uncertainties about the reliability of household projections. They are, obviously, only projections into the future of what has happened in the past, and are not forecasts. However, they are taken as a starting point for plan-making. In cases such as the present uncertainty over the future rate of household formation – where ONS has been clear that it does not know whether the data indicate a blip from past trends or the start of a new trend – the approach is usually to take the latest available information on which ONS relied and to proceed with caution. That is what ONS itself has done on this occasion: it has used the new household formation rates (lower than previously) only as far as 2021, after which they are held at the 2021 rate rather than projected into the longer term future at the decreasing rate implied by the trend between 2001 and 2011.
5. With uncertainties always in evidence, this kind of occurrence would normally have been taken on board, recognising that adjustments can be made next time as additional data in the years ahead help establish the true trend. Unfortunately on this occasion the household projections have become caught up in the Government's aspirational policy for a rate of house building in excess of anything achieved since the 1960s. The 2016-based household projections project lesser housing need than before, and so do not suit the Government's agenda. The Government has alighted on the household formation rate assumptions as a means of playing down the latest information in a way which would not normally have attracted the current level of attention.
6. We assume that Turley's intention is to take into account considerations which the household projections could not accommodate, or more recent events since the base data. If so, then we would have expected attention to be given to, for example, the impact of currently falling

house prices in many parts of the country in recent months (including in Welwyn Hatfield), the likely consequences of Brexit, and the current economic downturn (the UK economy declined slightly in 2019 Q2). These are likely to be far more significant in affecting housing requirements than the effect of land releases on household formation rates. However, these do not feature in the Turley report, whose preference seems to be in making assumptions which keep assessed housing need high.

7. Turley’s June 2019 report ‘The implications of the 2016-based SNPP and SNHP on the Welwyn Hatfield OAN’ correctly identified that the demographic ‘starting point’ in the OAN calculations in the Borough for the period 2013-2032 would be 670 dwellings per annum using the 2014-based household projections and 601dpa using the 2016-based projections. Using the household formation rates in the 2014-based household projections applied to the 2016-based population, contrary to Government policy, would produce a starting point of 658dpa according to Turley and Edge Analytics (though the detailed calculations for this have not been presented).

8. These figures change when the Plan period is changed. Turley has assessed 2016-2034. Turley has failed to present the revised ‘starting point’ under the 2016-based household projections, which is a major failure as this is the official policy approach. We therefore present these figures, as follows:

Welwyn Hatfield households 2016	46,990
Welwyn Hatfield households 2034	<u>56,624</u>
Change	9,634
Annual change (over 18 years)	535
Add 3% vacancy rate for ‘starting point’	551

9. Turley’s Table 2.2 can now be updated to include this information for the Plan period 2016-2034. The annual demographic dwelling requirements on a comparable basis would be (with figures for the 2013-2032 period for comparison):

	2016-34	2013-32
2014-based population and household formation projections	651	670
2016-based population and 2014-based household formation projections	605	658
2016-based population and household formation projections	551	601

The figures show clearly that the dwelling requirement would be 100 dwellings per annum fewer in the Borough if the 2016-based household projections were, properly, used as the ‘starting point’ (instead of the 2014-based household projections). This is the equivalent of 1,800 dwellings over the (revised) Plan period. Compared with the 670dpa in the submitted Plan, which will now have to be superseded to reflect a new Plan period, 119 dwellings per annum fewer would be needed, or 2,142 over the revised Plan period. An obligation to provide 2,142 fewer plots, as a ‘starting point’, would make a considerable difference to the scale of land release needed from the Green Belt in the Borough.

10. From being unwilling even to mention the much lower dwelling requirement by using the 2016-based household projections, Turley then (in its paragraphs 2.11-14) argues against precisely the approach which it advocates in its parallel paper – that the 2014-based household formation rates should be applied to the 2016-based population projections. This is despite the trend lines for

the two graphs of household growth (in its Figure 2.1) closely paralleling each other over the remainder of the projection period to 2034. The reality, it seems to us, is that Turley is unable to accept that dwelling requirements on its own methodology would need to be reduced by 46dpa (from 651 to 605) in the ‘starting point’ (let alone to 551).

11. Paragraph 2.14 concludes that “some consideration should also be given to the implications of retaining this earlier [wholly 2014-based] projection for the purposes of concluding on whether the OAN should be amended if calculated over an alternative time period”. On this most flimsy of evidence, Turley then proceeds to conduct the remainder of its paper retaining this outdated option.

12. In paragraph 2.15-18, Turley reapply their proposed increase in dwelling requirement to promote the formation of dwelling-buying households in younger age groups. In the submitted Plan this stood at 51 dwellings per annum (to which we have previously objected strongly), taking the dwelling requirement from 670 to 721dpa. Changing the Plan period and the methodology affects the results as follows:

<u>Method</u>	<u>Period</u>	<u>Adjustment</u>
Submitted Plan (2014-based household projections)	2013-2032	51dpa
Submitted Plan (2014-based household projections)*	2016-2034	47dpa
2014-based HH formation rates, 2016-based population proj'ns**	2016-2034	67dpa

* Turley’s Table 2.3 shows annual dwelling requirements rising from 651 to 698.

** The figures are not presented for this, but the calculation basis is: ‘starting point’ = 605 and claimed housing requirement in paragraph 2.18 = 672, so adjustment was 67.

Turley does not present data to justify the disproportionately large adjustment to claimed housing needs amongst younger households under the scenario of using the 2014-based household formation rates applied to the 2016-based population projections. Separately, the annual adjustment required would of course rise if the dwelling supply for this purpose was concentrated into a shorter time than the whole Plan period (as the sensitivity analysis in Turley’s Table 2.3 shows, with even more disproportionate dwelling requirements the shorter the time periods, also not demonstrated with data).

13. Section 3 of the Turley report on changing market signals is highly selective.

(i) It examines only costs to prospective house buyers, not ability to pay. It reports, for example, that entry-level house prices in Welwyn Hatfield increased by 26% between 2015 and 2018 (paragraph 3.4), but fails to point out that during this period the Government has been making substantial subsidies to first-time buyers through ‘Help to Buy’: this is helpful for individual households but has the primary strategic effect of pushing up house prices. This in turn affects affordability ratios.

(ii) The data presented also cease in 2017 or 2018, but the evidence of the most recent 12 months is of falling house prices in Welwyn Hatfield, notably amongst smaller properties, making them more affordable. We therefore do not accept that market signals have continued to worsen in Welwyn Hatfield – certainly not to the extent which Turley claim. We reject completely the idea

that the solution to affordability challenges necessarily lies in increasing land supply: interventions on the 'demand side' would be far more effective.

(iii) No allowance has been made for inflation: if indeed rents rose by 6% in the two years to September 2018, that would be roughly in line with inflation and not a measure of worsening market conditions.

14. It follows that we reject the assertion by Turley that "it could be prudent and reasonable to allow for a higher level of adjustment, responding to the market signals evidence, should the plan period be moved forward to a base date of 2016. This recognises evidence of a continuation of a worsening of market signals which is likely in part at least to have resulted from a continued under-provision of housing over the period covered by a change in the base date (2013 – 2016)" (paragraph 3.8). Allocating extra land as a 'market signals adjustment' cannot be justified for the reasons given above on the basis of moving forward the Plan period a couple of years. It is even less credible when indicators from the last 12 months (e.g. falling house prices and a slow-down in the economy) are taken into account.

15. The arbitrary ramping-up of claimed dwelling requirements culminates in Turley's section 4. In addition to points we have previously made above:

- paragraph 4.2 second indent now specifically rejects use of the 2016-based household projections, which under Government policy should inform the demographic 'starting point' for housing need calculations;
- paragraph 4.2 fourth indent confusingly mixes up its figures by data source, Plan period, and period for making land supplies to promote household formation in the 25-34 age group: the maximum adjustment which Turley could have generated to assist young people while spreading this over the whole Plan period is 67pa, as shown in our paragraph 12 above, yielding a maximum revised housing need of 672dpa – well below the 721dpa in the submitted Plan;
- the suggested "higher need for around 726 dwellings per annum" is only generated by using entirely the 2014-based demographic projections and by reducing the period over which the adjustment is made – for which detailed data have not been presented;
- the claim of worsening market signals in the last 2-3 years is tendentious, and it is furthermore cavalier for Turley to argue that these justify changing housing requirements over the whole of the Plan period to 2034;
- there was a 10% market signals adjustment (72 dwellings per annum) in the submitted Plan, to which we have strongly objected, yet Turley is now proposing on very flimsy evidence that this should be increased to 21% (128 dwellings per annum) – wrongly specified by Turley as 19% because the adjustment should have been taken from the 'starting point', not from the 672dpa figure with the adjustment for young households already added in. There is no basis whatsoever for this massive increase in dwelling requirement consequent upon a change in the Plan period;
- there is extensive double-counting of the impact of the adjustments for household formation in younger age groups and for 'market signals', as much of the claimed affordability benefit from the latter would be taken by younger households.

Conclusion

16. We have previously explained our reasons for considering the submitted Plan unsound in its figure for the Objectively Assessed Need for housing, being substantially too high. The Plan would be even more unsound if the proposals in this paper were accepted. If the 2014-based household projections were to continue as the basis for assessment, then rolling forward the Plan period to 2034 would result in a small reduction in the demographic starting point and consequently in the OAN which then follows. The impact of using the 2016-based household projections, which is the latest information and which should be used in Welwyn Hatfield, would have more profound impacts. The demographic starting point would drop from 651 dwellings per annum in the submitted Plan to 551dpa, simply by changing the Plan period from 2013-32 to 2016-34. Our own view is that any additional land releases over the Plan period beyond these would have remarkably little impact on 'affordability' and therefore on household formation amongst the 25-34 age group or on house prices more generally. We are therefore opposed to the 'adjustments' proposed in the submitted Plan and carried forward in the proposals to extend the Plan period.

17. We consider that there are serious failings in the continuation of Turley's support for the Objectively Assessed Need for housing of 800dpa in Welwyn Hatfield in the submitted Plan, over the rolled-forward Plan period, and the support which the Borough Council has given this:

- the 2016-based household projections should have been used to establish the demographic 'starting point';
- the methodology for housing need calculation apparently preferred by Turley for the revised Plan period 2016-34 would lead to a reduction in the demographic starting point from 651 to 605 (use of the 2016-based population projections with the 2014-based household formation projections);
- the same methodology (to which we are again strongly opposed) would increase the adjustment to encourage household formation by younger households from 51dpa to 67dpa, making a revised total of 672dpa instead of 721dpa in the Submitted Plan; however, Turley propose no reduction whatsoever to the OAN to reflect this;
- a 'market signals' adjustment is proposed of 22% (rather than 10% in the submitted Plan), on the flimsiest of evidence. We are strongly opposed to any market signals adjustment, but the proposal in the new paper is still more arbitrary and unacceptable.

18. To make the Plan sound (justified and in conformity with Government policy), a demographic starting point of 551dpa, derived from the 2016-based household projections, should be used for a Plan period of 2016-2034, with little further adjustment.

Save Symondshyde
2 Cromer Hyde Lane
Welwyn Garden City
Herts.
AL8 7XE

August 2019