

**Inspector's guidance note for Hearing Agenda Items 4 (Housing trajectory / 5 year housing land supply) and 5 (The way forward).**

1. This note is intended to provide a suitable context for the hearing session which will consider the housing trajectory. It is necessary for the purposes of that session to have an indication of the potential figures for the housing requirement on which the trajectory will be based.
2. This note does not represent my formal interim conclusions on the housing requirement. However, it does represent my provisional assessment, on the basis of the evidence presented, of the range in which the requirement is likely to fall.
3. In considering the starting point, it is appropriate to take the latest SNPP projections together with the application of headship rates from the 2014 projections. This leads to a starting point of 422 dpa. Differences between the census-based or council-tax based vacancy rates gives rise to a small single-figure range which appears inconsequential in relation to other factors.
4. As regards employment growth rates, the forecasts from the Council's three sources show reduced growth compared with historic trends, but it has been observed that these forecasts are a snapshot and economic forecasts are well known to be volatile over time and their underlying assumptions and inputs differ. Simply averaging their outputs (giving the figure of 0.7% pa) may not be a robust enough way of approaching economic growth. Such an approach may not pay sufficient regard to Guildford's economic success and its role as a major driver of growth. The historic growth trend over the economic cycle (c 0.9% pa) is of significance as a reflection of actual growth over the economic cycle and takes on board the severe recession commencing in 2008 and the sectoral changes that have occurred over the time period. Even accepting some downturn from the historic trend, say to circa 0.8% - 0.85% pa, and translating the figure to dwellings per annum using the Council's approach, would give figures (on my calculation) of 607 - 625 dpa.
5. Market signals point to significant and worsening affordability problems in the housing market, indicating that a reasonable adjustment should be made that might be expected to improve affordability. There is an issue about whether any

affordability adjustment should be added to the economic adjustment or should be subsumed within it. The economic growth that Guildford has experienced has no doubt added to pressure and worsened affordability in the housing market over a time when housing supply was lower. Setting a housing figure realistically based on jobs growth and substantially higher than projected demographic growth should therefore address that worsening trend. Some of the modelling referred to suggests that a much higher OAN would need to be set to make really significant improvements to affordability, but this would appear to be out of balance with the percentage adjustments made in other authorities for affordability with consequent implications for migration patterns.

6. It was argued by some that the demographic projections take into account net student migration. However, that conclusion relies on hard-to-verify assumptions about the composition of the relevant population age group. In contrast, there is firm evidence about the likely growth in the full time Guildford-based University student population, as well as evidence of the impact of the growth of the student population on market housing in the town. Such an incursion into the housing market will increase competition for homes (or, looked at another way, will reduce the housing supply for non-students). It would therefore be sound to make an allowance for the future growth in student population and I see no reason to disagree with the Council's approach in this respect, which adds 23 dpa to the OAN.
7. All this indicates an OAN in the region of 630 to 650 dpa taking into account the ranges referred to above in relation to jobs growth. Setting an OAN adjusted for jobs growth, higher than the demographic projections, will also enable more affordable homes to be delivered. However, delivery would still fall far short of identified affordable housing need. The pressing need for affordable housing suggests that the OAN should be at the top end of this range.
8. The figure of 650 dpa is close to the submitted plan's housing requirement. This does not however take into account any allowance for unmet need from Woking. The paper produced by the Council on that subject, though certainly welcomed, should not be regarded as a fresh calculation of Woking's OAN. Whilst recognising the potential effect of reduced population and household projections, the paper's analysis of jobs growth could be challenged in the same manner as at Guildford, and elements of affordable housing and

affordability are absent. These are matters which would need to be addressed at the time of Woking's plan review. Meanwhile there is clear evidence from Woking Borough Council of an existing and ongoing inability to provide for all its identified housing need and the plan should seek to accommodate an element of that.

9. The Council acknowledges that it looked at this matter in connection with the 2016 Regulation 19 Plan which had a requirement of 693 dpa. It deleted various sites in response to lowered forecasts, and currently its evidence to this examination is that it cannot identify sites for early delivery which could contribute towards meeting any of Woking's unmet need (although it should be borne in mind that the Waverley Local Plan annualised its allowance for unmet need over the whole of its plan period).
10. My guidance at this time is therefore that, in considering the housing trajectory and 5 year supply under Agenda Item 4, the analysis should have regard to an OAN of 650 dpa and explore the implications of a housing requirement of about 700 dpa. Under Agenda Item 5, "Ways Forward", the discussion will explore the potential to improve the supply position in the earlier years of the plan period to: (a) seek to meet the identified OAN in those years, thus avoiding further significant deterioration in market affordability; (b) provide additional resilience in the event of delays in delivery on allocated sites; (c) improve early delivery of affordable housing; and (d) address identified unmet need in its HMA.
11. This paper is to produce guidance for the discussion on Agenda Items 4 and 5, not to set out conclusions on the other topics that have been discussed at the hearings, such as those to do with Green Belt, landscape and environmental constraints. These will ultimately be addressed in my report. Issues relating to the spatial strategy and site allocations will be discussed in future hearing sessions.

Jonathan Bore

INSPECTOR

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