

GL Hearn Response to detailed comments

Detailed comments on the draft SHMA were provided to GL Hearn from the following groups.

- GGG – Submission.
- Guildford Society
- Surrey Hills AONB
- David Roberts
- Inovem – John Baylis
- SEP
- Save the Hogs Back

We have reviewed in detail and where necessary have made changes to the report as required. Throughout the comments there were a number of repeated objections which we have responded to below.

Where relevant we have also responded (in red) to the unique comments directly. These along with the original detailed comments are set out in the remainder of the document. Unfortunately due to the format they have been provided in some of the images and chart cannot be repeated in this document.

Frequently Raised Concerns

- 1) We have not distinguished between Need and Demand

We have assessed need which includes housing demand. This is in line with the NPPG which states.

“Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.”

- 2) We have not taken into account Infrastructure, Environmental or greenbelt constraints

It is not the role of the SHMA to do this. These constraints will be taken into consideration at a later stage of the plan making process.

- 3) The target is different from the 322 homes target that was set in 2010 after GBC challenged the South East Plan Target for the Borough

The figure of 800 dwellings per annum is not the Borough’s housing target, therefore it is not a fair comparison. The housing target will be set in the Local Plan. The local plan will take in many other factors, before setting a housing target for the Borough.

- 4) Guildford over delivered against its previous target but need has gone up

While Guildford over delivered against the previous housing target over the 2001 - 2011 period, in the subsequent years it has not met its housing target. Although overall it has. No additional backlog calculation was required or made. Furthermore the previous housing target was capacity driven which is no longer acceptable under the NPPF.

- 5) The waiting list has not grown over the last few years, despite this under-delivery.

The waiting list has been well managed with fewer people joining it due to changes in the criteria. The general public is also aware of the likelihood of being given a suitable dwelling and are reluctant to therefore join the list.

- 6) House Prices have become more affordable but housing need has increased

The house price to income ratio has decreased over last few years; however, this does not reflect the difficulty in households being able to access mortgage products. Households now require far larger deposits than previously to access housing on the open market.

- 7) The Population and migration has been overestimated in the past and that over-estimation will impact on trends and subsequently the affordable housing need.

The population and migration to the Borough was over estimated in ONS based projections. While this is a statutory starting point for the housing need assessment we have taken this into account and subsequently reduced the international migration trends in our projections. This result in a lower overall need for housing than that seen in the ONS projections.

- 8) We have used trends over a five year period to 2011 rather than over the longer period. This period also includes growth in student numbers that have artificially increased the Borough's population in the short term

The shorter term trends do indeed show a higher level of international migration than the longer term trends. This is a result of increased international migration and an increase in student numbers. Firstly, the University understands this is likely to continue. Secondly, the longer term trends pre-date the expansion of the EU and no longer represent normative years.

- 9) We have not justified our upwards adjustment

Our upwards adjustments is justified on the basis of affordable housing need and affordability in the Borough. There is no specific guidance on what level of upwards adjustment is required to account for these issues. If they former is to be fully met the number would be substantially higher. We have made the adjustment on the basis of our professional judgement. Any lower number would not impact upon affordable housing need.

- 10) We have assumed a 10% deposit is required for market housing, however the help-to-buy scheme only requires 5%

Irrespective of the level of deposit our affordable housing need analysis is based on the Private Rental Sector.

11) There is no evidence of suppressed household formation.

There has been a growth in household size in the 2001-2011, over and above that previously projected. Household formation rates among the key age groups also suggest that younger households are not forming to the extent they previously were. There has also been an increase in overcrowding in the Borough. All of which indicate household suppression among other factors.

12) The vacancy rate we have applied is unrealistic/unnecessary and serves to further inflate the housing need numbers.

The vacancy rate we have applied is to translate households into dwellings. The 3% represents the minimum level needed to allow for affective market churn. This includes a necessity to have some vacant homes to facilitate moves (i.e. the housing chain during sales) and for homes to occupy during restoration or renovations work.

13) The Housing Market Area is incorrect/badly defined/arbitrary

We have shown the rationale for the identified HMA. This uses migration and commuting patterns as well as house price trends. We are aware that there will be more localised links with neighbouring boroughs (particularly Rushmoor) not within the HMA but the preponderance of evidence suggest the majority of moves are undertaken within the three boroughs defined. By creating a HMA using LA boundaries this also provides a practical solution to policy making. The availability of some datasets, particularly the household projections, is only available at LA level. Therefore for data analysis reasons the LA based HMA boundary is also a practical solution.

The appendix provides more detailed information on how the HMA is defined.

14) Data is not provided or calculated at the Housing Market Area level

We are currently preparing a HMA wide SHMA

15) We have not understood the student housing issue

We have reviewed the student housing issue and had discussions with the University of Surrey. This is now included in the SHMA with further details in the Appendix. Previous to this however, we had excluded Student households as these were termed as being institutional population. This is now included in our calculations and can be deducted from the supply side calculations also.

GGG – Submission.

GGG submission on the GL Hearn draft SHMA report

In summary, we believe that the errors in both the methodology and the content are sufficiently significant that the report needs to be redone in a manner which is consistent and completely transparent and objective rather than the report before us now which is hugely subjective and in our view makes a number of incorrect assumptions.

GGG believe that it is vitally important to residents of the borough that the SHMA is able to withstand the scrutiny of PINS. The comments which follow are not exhaustive but we believe demonstrate the fact that the report needs to be redone and that reworking the numbers would not be a solution that would withstand the scrutiny of PINS.

Key observations

1. There are numerous errors in the evidence and the methodology is subjective.
2. Data has been manipulated.
3. The selection of the HMA is arbitrary
4. Alternatives to house building
5. There is insufficient evidence of the duty to cooperate with neighbouring boroughs
6. There is confusion between need and demand
7. Public consultation has been inadequate

We have reviewed the report and provided amendments where errors have occurred. We have manipulated the data to reflect more accurately recent trends. It has NOT been done to deliberately inflate numbers. We have provided justification for the HMA and it is not arbitrary. We are not required to look at alternatives to house-building. A further SHMA is being prepared for the HMA and thus far the neighbouring boroughs are happy with our approach. We have undertaken public consultation on the draft report which we are replying to in this document.

1, Errors in evidence and methodology

As a general principle we think it important that data is consistently provided over the period since 2001. GL Hearn use 2001 census data when it suits them but in other instances use a shorter 5 year period. As the Local Plan is to cover the period to 2031 it is important that the larger dataset is used so that short term blips in data are minimised. We note that GL Hearn selectively (and subjectively) uses both official census data and their own unaudited datasets but makes no reference to other respected data sources which generate much lower housing numbers.¹

There are so many basic errors in the report that it is difficult to know where to start. To demonstrate this, we note that even the start point cannot be relied upon. Looking at *total households* for example there are six direct references to the 2011 number and one derived number and we are given six different values. In an additional instance the 2013 number equates to one of the 2011 numbers which clearly cannot be true.²

Further, at every opportunity GL Hearn appear to inflate the numbers to subjectively increase the apparent need rather than providing the facts and then providing sensitivity analysis on the variables.

There are a number of issues which have not been properly taken into account including:-

- **Household formation:** No evidence is given to support the report's repeated claim (para.2.31, 4.24, 4.34) that "evidence of household formation has been suppressed in the past". The projected rate has fallen since 2008 (4.5). It is clear to us that household formation numbers are likely to be distorted by students. The report appears not to count the 6-7,000 properties likely to be vacated by Guildford's

elderly relatives over the plan period.

¹ E.g. <http://www.howmanyhomes.org/>

²Page 24 - 56,220; page 63 - 54,186; page 73 - 54,981; page 111 - 53,896 (derived); page 113 - 53,973; page 115 - 53,973; page 32 (app) - 54,183

- **Overcrowding:** This is used as an argument to increase housing provision, even though it is below the South-East average [para 2.31] “notably” below the average for England, and increasing more slowly [para 2.35] – and with higher under-occupancy – than the rest of the Housing Market Area (HMA). If overcrowding is below average it cannot follow that household formation is suppressed as lower household formation would result in more overcrowding.
- **Vacant properties:** Recent Freedom of Information (FOI) data show a total of 996 vacant properties – 3 years’ housing supply at the current interim rate – 449 of them empty for more than 6 months. Councils are required to bring these vacancies back into residential use (NPPF para.51, and draft NPPG). But the report fails to deduct them from the housing requirement. On the contrary, it even boosts the housing need total by unacceptably including a “3% vacancy allowance” (4.20). Information on vacant properties is inconsistent as on page 40 “there is no identifiable issue of housing vacancy”
- **Net completions,** which have been higher in Guildford than in the rest of the HMA, and often above target, with no overall shortfall in the period 2001-11. In backdating housing need totals to 2011 (6.5) the report fails to deduct completions and planning permissions granted since then.
- **Unbuilt permissions** are not taken into account [including the 2400 at the University and 400 in Ash]
- **Prisoner numbers** are apparently not deducted from the housing need calculation.
- **Student numbers:** Counting students as permanent residents and heads of household hugely inflates housing need totals. When he met local MPs and Councillors on 15 January, the Planning Minister made it clear that “all student accommodation, whether it consists of communal halls of residence or contained dwellings and whether or not it is on campus, can be included towards the housing provision”³. See also 4.6 below. We note that GL Hearn use the five year data set which includes the time period when student numbers increased dramatically in order to avoid the change in fee structure providing a large blip in student numbers. We understand that more recently student numbers have decreased in both 2011/12 and 2012/13 highlighting the need for an accurate understanding of this data. It is vitally important that the university and other further education providers provide both up to date and historical data on student numbers, and the scale of on-campus accommodation, the number of students housed in private housing. Students make up approximately 10% of the total population of the borough so the effect of including students has an exponential effect on housing need. Approximately 50% of the University student population are overseas students. In the light of recent changes in policy regarding student visas it is likely that this number will decrease. We believe that if the University is to have the support of local residents it should look to provide on-campus accommodation for at least 60% of its students. This is a common requirement in other university cities.
- **Affordability:** The report’s claims that housing provision needs to be increased to support affordability (e.g. 4.37) are unsupported by the evidence presented. The report (3.21) states that housing is “as ‘affordable’ now as it was in the late 1990s”. The appendices (1.23) confirm that “median house prices in Guildford are average relative to other areas...Recent house price growth has also been average”. The affordability ratio applied in the report is not adjusted for the, nationally, relatively high income of Guildford’s lower quartile population (2.60 and 2.64). Nor are income levels and housing need adjusted to the fact that Guildford’s employment level has remained stable while in the region it has fallen by 2%. Calculations in the Appendices assume a house-buying deposit of 10%, despite the rapid take-up of 5% deposits under the Government’s Help to Buy scheme, and an income-to-mortgage multiple of 3.5, when 5 is the South-East

³ Mr Boles’s (undated) follow-up letter to Anne Milton MP. Reiterated in Sir Paul Beresford MP’s press release of 16 January 2014.

norm. In sum, there is nothing to support the Summary of Key Findings conclusion that “an upwards adjustment to housing provision to increase affordability could be justified by the evidence”.

- **Employment**, which the report predicts will grow at 1.7%pa despite historically flat-lining at 0.4%, despite Experian’s 1% projection and despite the continuing fall in public-sector employment – 27% of total – and retail jobs. ONS figures suggest thousands of jobs have been lost in the borough in recent years. No account is taken of limits to local growth from existing congestion and overheating. Table 13 absurdly claims that a projected 322 additional jobs per annum would require an additional 392 additional homes per annum, calling this “a reasonable baseline”, although the report also says “there would not need to be any uplift to housing requirements to meet job growth” (4.13). One approximate way to estimate future housing requirement would be to deflate any projected growth in jobs by 50% to account for those held by inbound commuters, plus about 30% to account for joint-income households. On this basis, growth of 0.4% would imply just 5,000 more jobs over the Plan period, not 14,000 – or only 100 additional homes a year, not 570 (4.31).
- **House prices**, which are below the mean and median price for the whole of Surrey. Market sources⁴ confirm the report’s admission that they are “relatively affordable”, much more affordable than analogous parts of Greater London and no less so than in the 1990s. The report’s claim that they are “substantially above the regional average” (3.32) is misleading as many, less prosperous parts of the South-East – such as the Thames estuary, decayed seaside towns and non-commuter areas – are not comparable to Guildford.
- **House sales** are declining, according to estate agents (3.36), but the report dismisses this as unimportant.
- **Population growth** in the past (2001-11) “has been over-estimated” (4.4) and so does not justify major increases in housing. International immigration is declining. In any case, “57% of international in-migrants are students” (2.57), who should not be counted as permanent residents. The use of CLG data at paras 4.26-27 is too slapdash to be taken seriously as evidence. Paras 4.28-29 assume – preposterously for a commuter borough – that everyone who works in Guildford needs to live here. GBC’s housing list (which includes students) does not appear to have grown during the period 2009-13, when only 300dpa were being built.
- **Social housing stock** owned by GBC does not appear to be fully taken into account. Figures in the Housing Revenue Account Business Plan show that 42% of the current tenants are in the 65+ age bracket. It is reasonable to assume that a significant portion of these properties will become available in the life of the plan.
- **Private rental sector** provision of affordable homes has not been taken into account as there is no policy in place. GL Hearn discount this as a source of supply despite the fact that a number of properties currently shown as available to rent on Rightmove would indicate that prices are below the Local Housing allowance cap. We believe that the private rental sector is an option that needs to be considered when looking at supply.
- **Housing list** has remained relatively constant at circa 3,700 despite the recent recession and the building of circa 200 homes a year. This would imply that building has little or no effect on demand.
- **Windfalls** are not taken into account. GBC needs to provide historical data on the

- number of windfalls and these should be included in the supply as the Planning Minister made clear to local MPs and Councillors on 15 January⁵. In the case of the Tandridge and Mole Valley Core Strategies, Inspectors have already agreed that this is justified.

The HowManyHomes.org website uses 2008 data and is thus outdated. Mortality rates among the “elderly relatives” are taken into account when projecting demographic change. The release of these homes, in the affordable housing sector is also taken into account. Vacant properties are not part of the need equation. They will be taken into account as part of the supply.

We have been liaising with the University of Surrey and have amended or draft report accordingly. It is not the remit of the SHMA to write policy in relation to the location of student housing.

Our analysis of affordability is based on the profile of GBC residents.

We have not adjusted upwards the projections on the basis of economic drivers. We have used Experian projections which are a nationally recognised dataset. The overall projections take account of growth and decline among certain sectors. There is no decline in retail expected. The guidance states that no constraints including employment land constraints should be applied. There is no justification within the guidance for calculation housing need in the way described above.

While house prices are above much of the South East there are also parts which are more expensive than Guildford (for example, Waverley and Elmbridge). We have reviewed the house prices based on the regional and local conditions.

We do not assume that everyone in Guildford has to work in Guildford needs to live there. We assume commuting ratios are continued.

We have reviewed the role of the private rental sector particularly in relation to meeting affordable housing need. This, along with windfall sites, remains part of the supply not the need.

2, Data has been manipulated

The requirement under the NPPF is for GBC to make an objective assessment of housing need. GBC is not required to consider possible future scenarios only those which can be deemed likely to occur. As such, the assessment of need must be realistic and proportionate, based on sound, objective methodology. We see little evidence in the GL Hearn report that this is the case.

For example, we cannot understand how the report recommends a number of 800dpa which would equate to an increase of 29% in households in the borough over the plan period.

As we outline in para 1 above, the starting point for the GL Hearn report is unclear. They make use of a five year population trend which is inflated by an anomaly in the student population due to one-time circumstances and then inflate the housing number at every available opportunity. The baseline figure they use of 671 is without foundation and we believe that it is much more appropriate to use the 10 year population information to create a sound starting point for the study. [this is particularly important because we know the five year figures are distorted by students].

GL Hearn go on to further inflate the figures by dismissing [due to their inexplicable view that the 10 year figure was less robust than the five year figure] the lowest ten-year migration-led figure in table 12 of 470 and replacing it with the subjective, GL Hearn derived 5 year migration-led figure of 671 then rounding up to 680 and increasing again to a

recommendation of 800dpa. There is no objective evidence presented in the report to support this figure. Furthermore, we note that GBC may look to accommodate overspill demand for housing from neighbouring boroughs which we find extremely surprising. We would have expected the reverse to be true and that GBC should have established whether neighbouring boroughs could assist by assimilating any objectively identified surplus demand.

We have reviewed the student housing issues and reduced the number accordingly. We have also followed the ONS projections which use five year trends.

3, The selection of the Housing Market Area (HMA) is arbitrary

We believe that the selection of Waverley and Woking as component boroughs in the HMA is flawed and stems more from circumstance and the desire to utilise the findings from the previous West Surrey HMA prepared by DTZ than from an robust and objective assessment of the links between a larger number of boroughs.

It is clear to us that the HMA should include at least Rushmoor as a number of Guildford employees live in the borough. A case could be made to include the whole of the area of the M3LEP and that does not appear to have been properly considered.

The arbitrary selection of a narrow HMA will focus development on Guildford which is severely constrained by green belt and being a gap town. It is unfortunate that Woking has already agreed a low housing number and Waverley is currently struggling to finalise a housing target meaning that there is little hope of them being able to assist with accommodating any overspill from Guildford despite the fact that Woking is able to accommodate large numbers of dwellings in a small area and appears likely to exceed its own housing number in one development alone currently under consideration.

We believe that it is vital for GBC to review properly the proposed HMA boundaries as infrastructure and housing in the wider area have an impact. All reasonable opportunities to meet Guildford's housing needs in a wider area should be explored.

See frequently raised concerns

4, Alternatives to house building

There is no evidence to show that there are credible alternatives to new house building to accommodate a rising population. We consider that there are a number of alternatives which need to be included in any review of this report. In no particular order these include:

- A lower number of vacant properties
- A higher number of HMO properties
- The return of properties currently occupied by students to the "open market"
- The use of tax incentives/disincentives to encourage landlords to embrace the wider non-student market
- More shared ownership
- Change of use of redundant office buildings into residential use
- Policies to promote the use of the private rental sector as a source of supply for affordable housing
- Better use of existing GBC owned social housing to meet demand
- Change of use from retail space to residential
- Better telecommunications allowing more home-based workers would allow GBC based employees to live further afield reducing the strain on infrastructure and

housing

Not within our remit to assess supply side issues

5, Duty to cooperate

We have serious concerns that the GL Hearn report does not fulfil the “Duty to cooperate” requirement under the NPPF and NPPG. PINS have already overturned a number of Local Plans for failing the “Duty to cooperate” test and it is important that the GBC plan does not fail for this reason. It is particularly important because GL Hearn was involved in the Waverley Plan where the Inspector had already commented on the need to review a wider HMA as part of a SHMA and before than plan was withdrawn.

The only evidence that any collaboration has taken place is in the form of a workshop held on the day that the GL Hearn report was published which included representatives from other local councils. There have been no publicly available documents of this meeting and we therefore cannot see how this alone fulfils the requirement to cooperate as there could have been no input in the draft report. Subsequent consultations after the publication of the draft are not sufficient.

We are preparing a wider HMA SHMA, although engagement with the neighbouring LA's has already taken place.

6, Confusion between need and demand

We do not understand how GL Hearn can justify a target of 800dpa particularly when GBC's successfully challenged the SE Plan which called for 422dpa. We see no change in the macro-economic factors and would therefore expect that any housing number in a draft report should be close to the 322dpa number agreed following the legal challenge.

The difference between need which we believe should be the needs of local people and demand which is largely aspirational is not at all clear in the report. Whilst the NPPF states the requirement to prepare an SHMA that caters for housing demand – what case law clarifies is that the requirement is to prepare an SHMA which caters for need.

As many others have commented, in any commuter town, and particularly in this area, demand is infinite. Since Guildford is cheaper than London, more affordable than much of Surrey with good schools and reasonable commuting times to London demand will be limitless. This is true both in the market sector and in the affordable/social sector where the housing register has remained constant despite new builds of 200-300 per year.

The assertion in GL Hearn's report that affordability can be improved by increasing supply is frankly implausible.

See frequently raised concerns

7, Public consultation is inadequate

Councillors and Officers need to understand that the public perception of the Local Plan process to date is that it is neither transparent nor acceptable. The apparent promotion by GBC of aggressive growth is without mandate from the electorate.

The vast scale and complexity of the evidence base and the numerous errors contained within it coupled with the short time scales for review mean that residents of the borough have serious concerns. .

This is not helped by the appointment of consultants who appear to specialise in pro-

development work. It might appear that in fact the driver for the housing number is **not** the objective need for housing, rather the need of GBC to promote building in order to gain income through New Homes Bonus and other subsidies of this nature.

The situation is exacerbated further by GBC asking the public what can only be classified as “leading questions”. This was the case in the SSIO and the SHMA questions also fall into that category. The public should not be asked to respond to questions designed to elicit a particular response, especially when the evidence is not in place

It is unfortunate that meetings have been arranged at short notice, and in the case of the meeting on 27th January for parish councils and residents’ associations, attendees were neither given the opportunity of seeing the draft report prior to the meeting nor given anything to take away meaning that it was impossible to make many comments on the content of the report at the time. Further, it is clear that studies undertaken by parish councils have not been considered as a useful source of relevant information to inform the SHMA report.

New systems are needed so that, residents are consulted at the beginning of the exercise at the terms of reference stage so that there is less conflict going forward.

A vote to support the GGG petition would be a start on the groundwork for a new Local Plan which could then be made with much less risk of legal challenge in the later stages of the process.

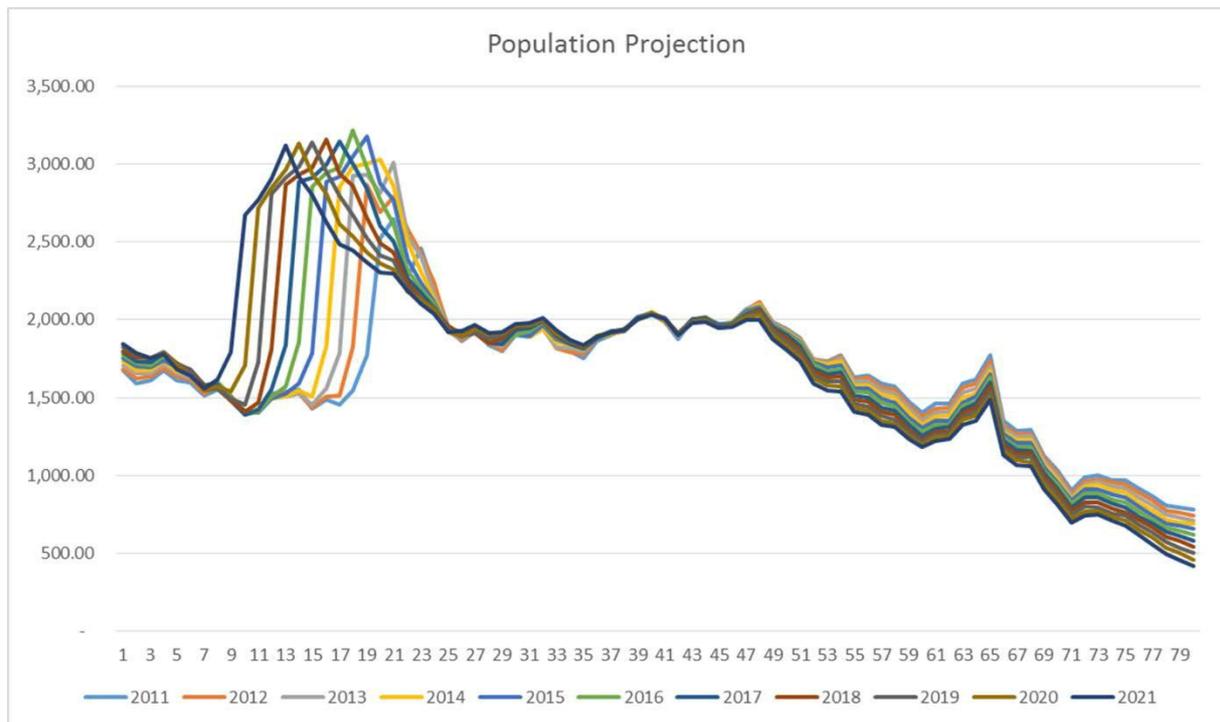
GL Hearn has made an objective assessment of housing need. It has not been driven by the “need of GBC to promote building in order to gain income through New Homes Bonus”.

Parish Council documents do not provide a consistent picture across the whole Borough. The Borough target however should inform local studies.

Guildford Society

Foreword

1. The GL Hearn SHMA combines a post-NPPF analysis of Objectively Assessed Need (Section 4) with much of the content of an old style SHMA (Section 5). Apparently a few SHMAs are done this way but this approach makes it somewhat confusing in respect of demand and need.
2. From the experience of some of our members and their contacts, housing consultants tend to focus on the Section 4 material in their reports. On the other hand, GL Hearn don't actually make massive use of all their Section 5 analysis in their final conclusions.
3. It is intriguing as to why the jobs/employment method of assessing "Objectively Assessed Need" (570 dwellings per annum) was lower than the demographic projections (670 dwellings per annum). In most areas demographics consultants find the reverse is true because a shortfall in working age residents means that extra housing is required to entice in additional workforce to meet predicted jobs growth.
4. Clearly, therefore, the demographic projections for Guildford must contain an extraordinary share of additional working age residents. This is certainly borne out in the Office for National Statistics ('ONS') population projection data.
5. In the face of such an anomaly it is important to try to establish what is actually happening and what might account for such apparently skewed population data.
6. The Experian employment growth data for Guildford (set out in Section 2.66 of the Draft SHMA) shows employment growth from 1998 to 2012 of 14,900 employees. This analysis seems to suggest (without actually stating it) that the 1998 employment base was around 70,000 and that the overall growth over fourteen years was around 20% (equating in compound terms to around 1.3% per year). This is hardly a stellar rate of growth and GL Hearn suggest that the 85,200 jobs in Guildford in 2011 will grow to 99,500 by 2031 – an average annual growth rate of 0.57%. Clearly Guildford has managed to achieve higher growth within the current target levels for incremental increases in housing stock.
7. On the basis that it cannot be employment alone that leads to a suggested NEED for substantial numbers of new housing units, The Guildford Society has analysed the detailed Sub-Regional National Population Profile projections ('**SNPP(2011)**') - *source: ONS* - by age, and compared the Guildford growth data with England average. There is a massive growth in the 19 to 30 age groups in Guildford compared to benchmark areas.
8. The housing number that the SHMA arrives at is certainly heavily influenced by what is happening in the 19 to 30 year olds and The Guildford Society is concerned about the robustness of these government projections.
9. The Guildford Society analysis stresses the importance of exploring the 19 to 30 year olds issue in more detail.
10. There appears to be some quirk in the (migration) data from the last five years that is now being carried through into the projections.
11. The Guildford Society first looked at the SNPP(2011) data and mapped the various age cohorts from 2011 across the subsequent years to 2021 (see below).



12. This mapping shows very tight data sets across most age-group-cohorts but a major anomaly at age eighteen which takes several years to work through the remainder of the population. This means that the lasting effect of the anomaly adds somewhere approaching 1,000 extra heads to each year's population.
13. Doing some basic mathematics suggests that the population growth is, therefore, around 10,000 overstated for the period of SNPP(2011) from 2011 to 2021. This translates to a reduction in housing need of 4,132 homes over the ten year period or 413 homes per year.
14. Based on Option 1 of the 'How Many New Homes?' document this would suggest a required target of 704 LESS 413 homes per year EQUALS 291 homes per year.
15. The potential overstatement of projected population growth would have a consequent impact on the analysis carried out by GL Hearn and led to The Guildford Society looking deeper into the figures.
16. GL Hearn would no doubt point to different household formation rates and household size amongst different age cohorts and say it is too simplistic to dampen down by a single average household size. The Guildford Society does not dispute such a response, we merely seek to have the SHMA conducted on the basis of good data, challenged and qualified to meet local needs (as well as fulfilling regional expectations).
17. Irrespective of such a response, therefore, **the key point is that there is a stark difference in the population growth in Guildford amongst younger age cohorts when compared to most other areas.**

The Guildford Society requires Guildford Borough Council in its

review of the draft SHMA to demand that GL Hearn robustly investigate and account for the student population and the statistical blip in the migration pattern for younger age groups in the period 2005 to 2010 (this is the period SNPP uses to base its migration projections) and the extent to which these are now being carried forward into the current household projections.

18. From an untrained eye, the indexed data from 2002 to 2010 shows a similar blip at student age

We have used nationally recognised datasets regarding employment growth. These in themselves do not take account of employment land availability.

In any study which includes migratory patterns will see that the most mobile groups are those aged 19-30 (students, moving for employment etc.). Guildford is no different. We also recognise the quirk in the Migration patterns in the Borough and had reduced the level of projected forward on this basis.

We have also explored this issue in more detail in relation to the student housing number. We have subsequently reduced the overall housing need.

Introduction (Chapter 1)

1.1. Definitions

1.1.1 The NPPF gives no definition of the words 'needs' or 'demands'. It uses the word 'needs' in

(i) Para 14:

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:

— any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or

— specific policies in this Framework indicate development should be restricted.

(ii) Para 47:

Local planning authorities should:

use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;

(iii) Para 159:

Local planning authorities should have a clear understanding of housing needs in their area. They should:

prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

— meets household and population projections, taking account of migration and demographic change;

— addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

— caters for housing demand and the scale of housing supply necessary to meet this demand;

The underlinings are ours.

1.1.2 Note the use of 'demand' in the last line. Presumably the definitions of these words, which are crucial, are a matter for case law, although the Guildford Society would much prefer to see clarification within the Evidence Base and the Emerging Local Plan to ensure that users of the documents are in no doubt as to the difference between 'need' and 'demand' for the purposes of arriving at 'Objectively Assessed Housing Need'.

1.1.3 The Draft SHMA in para 1.20 refers to CLG (August 2013) Draft Planning Practice Guidance – Assessment of Housing and Economic Development Needs:

What is the definition of need?

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period - and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment. Any assessment of need should be realistic in taking account the particular nature of that area (for example geographic constraints and the nature of the market area). Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

Can local planning authorities apply constraints to the

assessment of development needs?

The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.

The above definition of 'need' is circular. There is also some apparent conflict between the requirement to be 'realistic' and the requirement not to apply 'environmental constraints'.

If we assume the aim of the SHMA is to identify the unfulfilled NEED which needs to be met and also, probably separately in a market context, to estimate the DEMAND which may exist or the circumstances under which demand might need to be met (such as in the event Guildford Borough Council decides to include policies promoting economic growth which may bring with them additional DEMAND for housing).

See frequently Raised Concerns

The need is realistic however, this is likely to be reduced in Guildford once Environmental and other constraints are taken into account.

Characteristics of the Housing Market (Chapter 2)

Housing Market Area

- 2.1. GL Hearn identify the Housing Market Area and discuss the complexity of the market and its designated Housing Market Area comprising Guildford, Waverley and Woking Boroughs.
- 2.2. GL Hearn have rejected considering the data for the wider area envisioned in the CURDS Single Tier Housing Market Area:
- 2.3. For objective assessment of need, the catchment population would seem more readily to match the CURDS single tier HMA for our area due to its realistic recognition of the excellent rail connections within the area to both Guildford and Woking.
- 2.4. This Single Tier HMA includes the following Local Authority areas:

code	Authority	Single Tier HMA
24UB	Basingstoke Dean	and 55

24UC	East Hampshire	55
24UG	Hart	55
24UL	Rushmoor	55
43UD	Guildford	55
43UG	Runnymede	55
43UJ	Surrey Heath	55
43UL	Waverley	55
43UM	Woking	55

- 2.5. The composition of the LEP M3 is the above Local Authorities plus Winchester and Test Valley.
- 2.6. An approximate overlay of the Single Tier Housing Market Area on the South West Trains network map would look like this (shown by the red border):
- 2.7. Although this map does not truly represent the rail commuters to Guildford, it probably represents the connections to Woking, Waverley and Guildford combined.
- 2.8. Even if ultimately the determination were that the triple Borough HMA is the most appropriate, it is our contention that GL Hearn should have tested this before discarding it.
- 2.9. The assessment of employment-based need should take account of the rail links for commuting and, given that there is an option being considered to accommodate significant development to the west of the Borough (beyond the Green Belt), the interactions between Ash & Tongham and nearby Aldershot should be assessed to determine whether there is a submarket which would need separate treatment.
- 2.10. The HMA seems to have been drawn following arbitrary administrative boundaries and does not seem to The Guildford Society to have been adequately justified as the primary evidence base for the Draft SHMA.
- 2.11. At paragraph 2.8 GL Hearn seems to confuse the concepts of migration and commuting which goes to demonstrate the complications in setting an appropriate HMA.
- 2.12. At paragraph 2.13 GL Hearn notes the “identifiable and important functional relationships with the adjoining authorities of Rushmoor, Surrey Heath and Elmbridge”, commenting that for Guildford the relationship with Rushmoor is “particularly notable”. It is surprising, therefore, that there is no substantive analysis of that *particularly notable* Borough’s data to establish (a) whether they form part of a more appropriate Local Housing Market Area or not; (b) how Rushmoor might influence the employment-based housing need through commuting; and (c) how the proximity of Aldershot with the second urban area in Guildford Borough (Ash South & Tongham), identified as such in the Settlement Hierarchy, might affect the interactions with new homes.
- 2.13. Guildford is described in the initial Local Plan consultation as being 89% Green Belt. The rural composition of HMAs has been an issue highlighted by the Commission for Rural Communities (2007) which expressed concerns about potential misleading planning conclusions if HMAs are drawn ‘incorrectly’.
- 2.14. A particular issue is the disparity in characteristic between price and affordability profiles of rural areas versus urban areas. The conclusions to be drawn from a mixed

area might vary considerably relative to each set of individual circumstances. The particular needs of an area being masked by the generality of the HMA approach. Were the Evidence Base an integrated set of evidential documents and reports (as The Guildford Society has argued it should be), this is a subject which would have been highlighted by the Settlement Profiles Report and carried forward into the SHMA.

Housing Types

- 2.15. The housing tenant profile mix set out in paragraph 2.18 would benefit from some interaction with the findings in Section 7 of the Draft SHMA – especially where it relates to Houses in Multiple Occupancy by students (7.60) as there are 840 student HMOs shown. This data – completed for the entire Borough rather than for only the four most affected wards – should then be used to adjust the figures in 2.18 to show both the gross position and the status net of student lets.
- 2.16. Furthermore, the housing tenure section would benefit from the inclusion of analysis on a ward-by-ward basis to establish whether any submarkets exist and the impact these might have on Guildford Borough and the HMA as a whole.
- 2.17. In terms of the Guildford Borough Council Evidence Base, it is unfortunate that there is not such granular evidence within the Settlement Profiles Report on a settlement-by-settlement basis (having regard also to the reservations expressed by The Guildford Society about the agglomeration of the neighbourhoods into the Guildford Urban Area) of housing mix and demographics. This would have helped GL Hearn to frame up a more useful and accurate picture of the provision and need for housing as part of their Strategic Housing Market Assessment.
- 2.18. In assessing the rental stock, no account has been taken of the Broad Rental Market Area ('**BRMA**') in which Guildford sits – how does this differ from the HMA? A BRMA is, after all, defined in the legislation as an area within which a tenant could reasonably be expected to

live, having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by private and public transport, to and from those facilities and services.
- 2.19. At paragraph 2.32 there is a typographical error on the second line where 'homes' should probably be 'rooms.'
- 2.20. Table 3 shows Guildford as having 56,220 households in 2011, whereas there were 52,350 in the 2001 census. This implies that Guildford has added 3,870 households over that ten year period at an average of 387 per year. At paragraph 2.44 GL Hearn calculate the housing provision was 3,187 homes over the same period. What is the explanation for that variance?
- 2.21. Table 4 highlights that across the HMA the housing provision has been 3.6% above planned provision in the period from 2001 to 2013. If the HMA has credibility as a composite and complete housing market area, this should suggest that there is no historic shortfall to take into account in the housing figures and, whilst it is not necessarily for the SHMA to determine this, it might be helpful if that conclusion were to be drawn at 2.46.

Population Characteristics

- 2.22. Please see the Guildford Society paper annexed to this response providing a summary of the issues we consider have not necessarily been addressed in preparing for the SHMA.
- 2.23. Chapter 2 of the draft SHMA is full of data.
- 2.24. Fig 8 (reproduced below) is odd. It shows a falling population for Guildford between 2001 and 2004 which gives a misleading figure of 8.3% rise over 2005-12 (1.2% per year). The growth rate between 2001 and 2011, the census years, is 0.58% per year.
- 2.25. As in 'How many new homes' ('HMNH?'), the dominating effect of international net immigration is noted.
- 2.26. At paragraph 2.50 the incidence of National Insurance Number Registrations is not questioned in terms of overseas students perhaps securing vacation or part-time employment. This is a critical element of population forecasting for Guildford.
- 2.27. If ONS assesses the number of incoming international students by comparison with GP registrations, but if the data shows that de-registration of students (or rather the failure to de-register) distorts population data. The potential misrepresentation of NI registrations may also underpin overstated immigration projections.
- 2.28. We have reproduced the graph at Figure 9 alongside the Higher Education Statistics Authority (HESA) summary of Surrey university students (below), which, if reproduced on a common scale, would show graphically the similarities between the increase in overseas students and the ONS data but with a one year time lag.
- 2.29. The incidence of increase in GP Registrations over time (as highlighted in our accompanying population paper) does not support a hypothesis of a large amount of immigration.
- 2.30. The structure of Guildford's population has been analysed carefully by The Guildford Society in our attached population paper. We do not entirely agree with the broad-brush conclusion at 2.54 which seems to

Labour Market

- 2.31. It is interesting to note from Table 7 that, unlike in Woking and Waverley, the difference in median earnings in Guildford for residents versus workplace is barely more than the price of a season ticket to London. This may mean that the reference to "higher-paid jobs in London in particular" may be unnecessarily pejorative – albeit anecdotally supportable in many cases in the upper quartile.
- 2.32. That is not, and should not be the headline feature of the labour market in Guildford and the HMA.
- 2.33. The likely presence of submarkets within the HMA and within Guildford Borough mean that this effect should be considered on a ward by ward basis (assuming the data exists) and a clearer picture generated as to how different the effect is in the urban wards versus the rural villages.

Economic and Employment Trends

- 2.34. Paragraph 2.70 notes that 'the level of employment in the Borough is likely to support

in-commuting to Guildford'. This already happens as shown in the Evidence Base (the Surrey Congestion Programme – 2013) which highlights that only 55% of employees resident in Guildford Borough worked within the Borough:

- 2.35. Assuming the 2011 census data will show a similar characteristic, this demonstrates that, of the 85,200 jobs in 2011 (paragraph 2.71), around 46,750 were taken by Guildford residents. Comparing this to Guildford household numbers (taken from Table 3), this equates to $46,750/56,220$ or 0.832 jobs per household.
- 2.36. Considering the growth forecast of 14,000 jobs between 2011 and 2031 (paragraph 2.71) and applying the same logic for future balance between in-commuting and household numbers, this suggests that 55% (or 7,700) of the 14,000 jobs will be taken by Guildford Borough residents, equating to $7,700/0.832$ or 9,254 households over 20 years.
- 2.37. By simple arithmetic this would suggest the housing need in Guildford Borough to meet the employment growth forecast would be 463 homes per year.
- 2.38. It should also be noted that in Spring 2010 Experian predicted growth in employment of 0.4% pa to 2031 (see 'How Many New Homes?' in the Guildford Borough Council Evidence Base).
- 2.39. The draft SHMA quotes Experian April 2013 as predicting an annualized rate of 0.8% pa (paragraph 2.73), which is said to be pessimistic. This doubling just goes to show how difficult prediction is.

See Frequently Raised Concerns – Further information on the definition of the HMA is included in the Appendix.

Again we have reviewed the student issue separately.

The geographical approach at a local authority level was agreed with GBC. We were not required to make any sub borough level analysis.

We have reviewed the migration data alongside student, GP registrations HESA and National Insurance data and amended out assumptions accordingly. As stated however not all of these datasets are 100% accurate.

We cannot reduce the housing need calculations on the basis of lower employment need. The SNPP and amendment to it are the baseline from which upwards adjustments are to be made.

Housing Market Dynamics and Market Signals (Chapter 3)

- 3.1. This section focuses very much on DEMAND and, as it is describing the characteristics of the market, this seems appropriate.
- 3.2. It is important to avoid confusing the NEED identified elsewhere with DEMAND which will always outstrip supply in a constrained gap town with almost entirely Green Belt surroundings such as Guildford. In a sense (looking at Figure 17) the Quality of Place locally, coupled with Employment & Earnings, will tend to ensure the demand and supply equation is at equilibrium at higher than national average prices. That mean and median house prices remain below Surrey mean and median prices (Table 9) is perhaps indicative that Guildford's market is better balanced than others elsewhere in the county.

Understanding the Macro-Level Dynamics

- 3.3. Much of the data in this section is generic.
- 3.4. It is interesting to note the findings of Figure 22: 'Mortgage Payments as a % of Monthly Income'. This shows by this measure housing is now as "affordable" as it was in 1993. The table is reproduced below with the addition of a dashed red line to illustrate this point.

- 3.5. The data at 3.23 seems to show that the Guildford market was stable or falling. This data must be qualified by reference to volumes of transactions in order to confirm that there was sufficient data to make comparison significant. The sales volumes in Figure 25 unfortunately stop before the data at 3.23. Figure 25 does, however demonstrate the reduction in volumes of sales since the financial crisis of 2008.
- 3.6. At Table 10, the median figures for the West Surrey HMA and Guildford for semi-detached and terraced houses are broadly similar and do not suggest any material divergence and overall the difference is below 4%.
- 3.7. At 3.34 the Draft SHMA notes that "*it is important to recognize that the Guildford private rental market will be somewhat unique across the HMA given the impact of the university*", and yet no attempt to screen out the university lettings with 3.42 noting that "*one and two bed properties to let located in the town centre, near the Surrey Research Park and the University are particularly popular.*"

Summary

- 3.8. The concluding paragraph on page 57 of the draft SHMA, whilst making a valid point about lower quartile affordability, fails to point out that housing is no less affordable in Guildford than in Woking, and that Waverley is worse.
- 3.9. The fact that the draft shows that there are great similarities in the statistics for all three Boroughs may serve to illustrate the pertinence of the West Surrey HMA. On the other hand, the rural areas of each Borough may contain anomalies that are screened by the commonality of the aggregated data. It would also have been worthwhile looking at similar data across Rushmoor Borough as previously noted.

See Frequently Raised Concerns relating to definition of need.

Our analysis of the Housing Market shows that there are extreme affordability issues in Guildford compared to the wider South East, although at a more local level this is not out of line.

Overall Need/Demographic Projections (Chapter 4)

- 4.1. This Chapter sets out the broad framework required post NPPF.
- 4.2. That the NPPF says the scale of housing required (a third expression alongside 'need' and 'demand') should be based on meeting "household and population projections, taking account of migration and demographic change." (NPPF Paragraph 159)
- 4.3. The Guildford Society has provided (attached) its critical analysis of the Population

Projections and has concluded that “the premise for the housing data in the Draft SHMA and that issued by Edge Consultants in the How Many New Homes? document looks as though it is deeply flawed and **a full demographic analysis needs to be undertaken to understand the NEED for housing in Guildford during the Local Plan period.**

4.4. The Guildford Society urges Guildford Borough Council to re-examine the core data (particularly within age-group cohorts aged 18 to 24 in 2011) before it moves to adopt any report or figure as the basis for its Objective Assessment of Housing Need in the Emerging Local Plan.”

4.5. At 4.3 GL Hearn note they have ‘(built) on work undertaken as part of developing the draft Waverley and West Surrey Strategic Housing Market Assessment’. There is no reference to reassessing Woking post South-East Plan to establish what the updated whole-HMA requirement would look like.

Current Projections (Edge Analysis)

4.6. The draft SHMA refers to ‘HMNH?’ and in Table 12 quotes the Edge Analysis findings. The four cases giving 649, 470, 666 and 633 housing numbers equate directly to the four entries in Table one on p 23 of ‘HMNH?’ (The 204 figure is taken from Option 4 of ‘HMNH?’). Edge’s chosen estimate based on migration trends is its Option 3, namely the 633 estimate. Edge explains carefully why they choose this, and the draft HMA’s comment that it is not robust seems a bit trite. GL Hearn prefers the 5yr 649 figure, albeit five years is rather a brief period on which to base a 15 year (to 2031) projection.

4.7. The draft SHMA then quotes Edge’s three job-led housing numbers: Experian 392, IER 614 and Average of the two 502. The draft refers to Experian’s revised employment growth prediction (noted above).

Are CLG/ONS Projections Reasonable as an Assessment of Demographic Trends?

4.8. The Guildford Society paper (attached) sets out a clear case as to why, for Guildford, the ONS/CLG projections do not seem to be representative of the population when stripped of its student residents.

4.9. When compared to other university towns such as Cambridge and Exeter, the population spike is prolonged and affects the 18 to 30 data across the ten years of the ONS projection. This anomaly is not explained and, whereas The Guildford Society has demonstrated the net impact of various alternative methods of adjusting the population to remove the anomaly, this is an exercise that should be undertaken rigorously BEFORE drawing conclusions from the ONS/CLG projections.

4.10. The draft SHMA does the best it can with some shaky government predictions (see Fig 29) and plumps for a net migration figure of 817 heads per year. This is almost entirely due to projected international net migration.

4.11. There is a huge uncertainty here. 817 heads per year is 0.6% of the March 2011 population of 137,183. ‘HMNH?’ predicts 0.14% pa (ref Fig 11 of ‘HMNH?’), equivalent to 190 heads per year) which is very much less. Natural growth is estimated by both to be about 630 heads per year (0.46%). So in total the draft SHMA predicts 1.06% pa

and Edge 0.6%.

- 4.12. Figure B.5 of Appendix B is revealing. It shows a predicted large net inflow of 15-19 year olds, presumably students, but no corresponding net outflow of 20-24 year olds. Where have the graduating foreign students gone? Are they actually students? There is some outflow for the 25-29 year olds. The projections are ONS 2010 and must be suspect now given the rapid changes in international migration numbers. The Draft SHMA should have tested the effect of assuming the Edge figure.
- 4.13. Changes in government policy to control immigration and overstaying should also be considered by the draft SHMA, including also an attempt to understand the proportion of EU Nationals versus other foreign nationals.
- 4.14. The overall data from the ONS data set have been mapped by The Guildford Society below and this shows that the international migration is assumed to be a constant regular occurrence year-on-year.
- 4.15. We have shown this in two forms, firstly to illustrate the context of the different types of migration relative to the others and then to demonstrate that there is a projected to be a substantial amount of total net migration
- 4.16. Firstly (overleaf) as an indication of annual flows:
- 4.17. And secondly (below) as a cumulative figure:
- 4.18. Just as the net immigration figure is difficult to explain in projection, so was the adjustment made to each year's data shown in Table B.2 of approximately 700 per year – "Other (Unattributable)".
- 4.18. In fairness to GL Hearn, they have taken their migration projection to net out an allowance for the unattributable element.
- 4.19. Population growth combined with average household size gives the basic housing requirement.
- 4.20. Figure B.9 of Appendix B of the draft SHMA (reproduced below) is, therefore, crucial. The chart shows a strange upward kink in slope in 2011 rising to a peak in 2015-17 and then declining steadily through to 2031.
- 4.21. The logic behind this decline is not given by GL Hearn and, due to the crucial nature of this component, it should be explained.
- 4.22. The broad answer may be found on the Government website at the following link:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6395/1780763.pdf
- 4.24. When The Guildford Society looked at the Local Authority level detail (summarised in the attached population analysis) the household formation rate seems to be driven substantially by 15 to 34 year-olds in "Other households".
- 4.25. It is The Guildford Society's assessment that this is a signal that the 'additional households' are actually predicted to be HMOs or student residences. This needs to be thoroughly investigated prior to formulating a recommended need projection based essentially on international migration.
- 4.26. Figure B.11 of the draft predicts a population rise of 20.7% 2011-31. This is 0.945% pa compound - more than 50% up on the Edge figure of 0.6%.
- 4.27. The Guildford Society has, in the attached Population Analysis, expressed concern about the basis for the population estimates and is concerned that, without a

thorough sense check, the evaluation of 'Objectively Assessed Need' will only be good for speculative developers for whom there will inevitably be demand but where there is, to our mind, no proven need.

- 4.28. In Figure B.15 the population and household size predictions are combined to give a housing estimate: 54,183 in 2011, 67220 in 2031, growth 24.1%, equals 652 pa. Add 3% for vacant homes gives **671 dwellings per year**.
- 4.29. The **demographic assumption** of population growth (based on 5-year migration trends) is that Guildford will need 671 additional homes per annum
- 4.30. **As noted in the accompanying Population Analysis, The Guildford Society believes these figures for the purposes of the SHMA should be restated to 435 to 529 additional homes per annum**
- 4.31. The draft SHMA goes on to estimate that the jobs-led housing estimate is 570 dwellings per year. This is based on the 2013 Experian prediction of 0.78% annual increase in the number of jobs.
- 4.32. The **employment assumption** of population growth (based on 5-year migration trends) is that Guildford will need 570 additional homes per annum.
- 4.33. **As noted above, The Guildford Society has provided a simplified model for the impact of employment growth on households and believes that the appropriate employment-led number for the purposes of the SHMA is 463 homes per annum.**

See Frequently Raised Concerns – Housing requirement is a policy target which will be set out in the Local Plan.

We have now reviewed the Student housing in depth and made adjustments.

The migration patterns have been looked at in detail and reduced to a level we believe to be reasonable.

The decline in average household size is a result of changing living practices, with people living longer, families fragmenting and people living more frequently on their own.

5. Affordable Need (Chapter 5)

- 5.1. The draft SHMA includes this section even though the post-NPPF SHMAs will typically omit this section.
- 5.2. The draft does not segment the affordable need from the market demand analysis in the previous chapter.
- 5.3. GL Hearn deduce the following table:
- 5.4. The table is a little clumsy in its layout but broadly suggests a summary need for affordable housing of 718 affordable dwellings per year over the period 2013 to 2031.
- 5.5. The chapter also describes two factors which may mitigate this requirement somewhat (at paragraphs 5.64 and 5.65).
- 5.6. Much the largest contributor to the need of 718 affordable dwellings per year is for newly forming households, at 701 dwellings per year.
- 5.7. This latter figure is heavily predicated on the demographic characteristics for the age group between 18 and 30 and the demographic predictions of population growth for that

age-group.

- 5.8. The findings in Chapter 5 are, therefore, almost entirely questionable for all of the reasons given above and within the accompanying Population Analysis.

Affordable housing need is a key requirement of the NPPG and will remain as part of all SHMAs.

Need for Different Sizes and Types of Homes (Chapter 6)

- 6.1. At paragraph 6.3 the Draft SHMA notes that: “Demographic changes are ... expected to be a key long term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2031.”
- 6.2. The demographic profile is precisely the challenge The Guildford Society has faced in trying to get to grips with the ONS population projections against the Guildford we know. This seems to be borne out by the analysis we have undertaken in the attached population projections.

Housing Market Model: Modelling Methodology

- 6.3. The Draft SHMA highlights in Paragraphs 6.7 and 6.8 the difficulty of the exercise as regards formulating a tenure model (owner-occupiers versus rental).
- 6.4. Table 31 notes that it gives a total need for affordable households of 4,563 over the period from 2011 to 2031. This equates to 228 affordable homes per year **for the HMA**. This seems to contradict the 718 figure arrived at above in Chapter 5, and the variance is not explained.
- 6.5. Table 33 gives a total need for market housing of 8,474. Added to the above 4,563 gives 13,037, i.e. 652 dwellings per year – which suggests that 35.0004% of all housing need is affordable housing. This seems to be a convenient resolution or perhaps an unwritten target.
- 6.6. Furthermore, despite having identified the ability for people to commute by train and other public transport from outside Guildford to where employment is and may be located, this effect has been completely ignored in GL Hearn’s analysis.

The calculation for affordable housing need is a separate calculation from the demographic need. Our overall housing need calculation assumes 35% of housing delivered will be affordable. However this will not entirely meet the affordable housing need.

Housing Needs of Specific Groups in the Population (Chapter 7)

- 7.1. The Draft SHLA seeks in this chapter to identify specific groups whose requirements or characteristics may not have been picked up in the overall housing

requirements.

Housing Needs of Older People

- 7.2. The Draft SHMA notes at paragraph 7.15 that by comparison with England, Guildford Borough has a very slightly lower proportion of older persons.
- 7.3. This particular topic may vary depending which wards within Guildford are considered and the SHMA should look at these localised data to establish whether there is a submarket or whether the data are well matched across the Borough.
- 7.4. Fig 37 is of particular interest in that it hints at the degree of under-occupancy by non-single pensioners.

Young People

- 7.5. At 7.47 the Draft SHMA notes that in the 2011 census there were around 9,000 households headed by someone aged under 35. The student population need to be screened from this number given that the advice to students in HMOs when completing the census form at the time was to nominate one member of the household as the head for the purposes of completing the form.
- 7.6. Paragraph 7.47 continues that the number of households headed by someone under the age of 35 is set to grow by around 2,400 over the period from 2011 to 2031.
- 7.7. Figure 41 shows the profile of this set I the first two bars:
- 7.8. Again, the group in private rented accommodation is likely to include significant numbers of student households. It should be noted that these may cover The University of Surrey, the University of Law, the Academy of Contemporary Music, Italia Conti, PPA, Merrist Wood and other further and higher education establishments, most of which are noted in paragraph 7.52.
- 7.9. For figures 43 and 44 it would help if these were to the same scale in order to avoid a visually misleading picture emerging where net student numbers are falling.
- 7.10. Paragraph 7.57 notes that: "the University has over 5,000 student rooms in halls". This suggests that of the full-time students, more than 7,000 have to be accommodated in the surrounding houses.
- 7.11. Furthermore, for the 2,500 or so part-time students there is no data to show how many live in student-style accommodation or how long-term their presence in Guildford might be.
- 7.12. It is worthy of note that, at paragraph 7.60 and table 49, on page 118 of 130 of the draft SHMA report we see the first and only segmentation of the data by ward. This is to demonstrate the six wards with the highest numbers of student-only properties (only four appear in the table):
- 7.13. At paragraph 7.61 the draft SHMA appears to provide credence or support to the emerging proposals by the University to develop its land at Blackwell Farm and Manor Farm. This should be removed from the SHMA and picked up in the SHLAA.
- 7.14. At 7.62 GL Hearn highlight that they "plan to further engage with the University of Surrey and providers of student accommodation to understand this issue further."

- 7.15. GL Hearn need to go further than this and remodel the demographic numbers having screened students in or out of the data. The lingering doubt about the purity of the data and the ONS projections leaves substantial doubt over the reliability of the projections, the outputs from the SHMA and the Council's ability to deliver an acceptable (or fully explicable) Local Plan.
- 7.16. In summary for this section, there are 15,055 University students, 12,480 on full time courses. 4,610 (31%) are foreign students.
- 7.17. Figure B.5 referred to above shows a total inflow of 15-24 year-olds of about 5,500 pa, several times the probable university intake.
- 7.18. Assuming a typical average course length of 3.25 years (allowing for sandwich courses for a proportion of students) this would suggest new undergraduate students account for around 2,700 of the influx of 15-24 year olds.
- 7.19. Furthermore, a typical Masters Course may be one or two years (assume 1.5 years) and may account for two thirds of the post-graduate students, suggesting this sector could account for around 2,300 of the balance of the age-group.
- 7.20. Whilst this is pure conjecture, it does show that the University COULD account for more than 90% of the population increase each year.
- 7.21. The issue is not so much that this notional 5,000 cohort of young people arrives, it is that the data does not adequately track their departure. This black hole of data is the main element of the Housing Debate about which The Guildford Society is the most sceptical and why it finds itself unable to accept on face value the figures proposed in the draft SHMA.

We were not required to look at sub local authority variances. We have reviewed student numbers including those in the wider housing market area and their likely growth. GL Hearn does not have an opinion either way relating to specific developments.

Draft Conclusions and Recommendations (Chapter 8)

Housing Market Area

- 8.1. The draft SHMA makes it clear that the concept of a HMA is a weak one as far as Guildford is concerned. The inability to include the effect of London within the concept is an obvious shortcoming.
- 8.2. Guildford is lagging behind Waverley in its preparation of the Local Plan and Waverley's draft SHMA – prepared by the same consultants – seems to be conjured up in the same splendid isolation in which this draft SHMA has been proposed.
- 8.3. Woking's housing allocation was agreed before NPPF within its Core Strategy and looks on the low side as part of the triple borough HMA. No attempt has been made to challenge Woking to revisit their housing numbers.
- 8.4. Despite the references to the influence of and on Rushmoor, there is no attempt to consider Rushmoor and/or Aldershot in particular in the context of the HMA or Guildford.
- 8.5. The draft SHMA deals just with Guildford and hence avoids the issue.

We are preparing a HMA wide SHMA

Overall Housing Need

- 8.6. All the estimates of need should be based on upper and lower estimates of population growth.
- 8.7. The ONS/CLG data seem to be compromised by the student effect (or rather the inability to count the students back out of the area following completion of their courses).
- 8.8. The upper should be the draft's estimate (adjusted for the demographic anomaly or with a clear unambiguous explanation of it), and the lower could be Edge's (perhaps also adjusted for the anomaly).
- 8.9. The effect of international net migration is crucial, as shown above. Clearly it is volatile and subject to political decisions. The analysis should divide immigration into EU and non-EU. The whole issue requires much deeper analysis – including the student effect - because the implications are so great.
- 8.10. The draft SHMA seems thoroughly professional and is careful to quote its sources. It relies, however, somewhat blindly on the ONS and CLG predictions, whereas Edge Consultants in the 'How Many New Homes?' document were more analytic in that they used an elaborate computer modelling tool (POPGROUP).
- 8.11. No reference is made in the draft SHMA to use of a specific computer model which does tend to take away some of the transparency and replicability of the figures. In any event, the use of a dedicated model facilitates multi-factor analysis which may have enabled more comparison with the other HMA boroughs and neighbouring boroughs exerting influence on or impacted by Guildford.

We are required to provide a single number objective assessment of housing need. We have taken into account the student and international migration number. The lower number is required to be interpretation of the CLG SNHH projections.

The how many homes dataset is no longer in date. The model we use is multi-factor however it doesn't have a name but works in much the same way as the POPGroup model, which Edge also developed.

Overall Conclusion on Housing Needs

- 8.12. In the 'Overall Conclusion', paras 8.19 to 8.25, the apparent professionalism referred to above seems to evaporate.
- 8.13. The two figures developed within the draft SHMA suggest an annual need for new homes of between 570 (employment-led demand) and 671 (migration-led demand). The figure of 800 homes per year at paragraph 8.24 is simply conjured out of thin air. There is no quantitative justification at all and no qualitative grounds for the leap of presumption.

See Frequently raised concerns

Surrey Hills AONB

SURREY HILLS AONB PLANNING ADVISER'S RESPONSE TO THE DRAFT GUILDFORD STRATEGIC HOUSING MARKET ASSESSMENT 2014.

1. BACKGROUND COMMENTS

- 1.1 The Strategic Housing Market Assessment (SHMA) recommended housing range of 670 – 800 homes per year to 2031 is fully recognised as not the figure that the draft local plan will take as being appropriate for the Borough because of the degree and extent of local constraints.
- 1.2 The approach taken in this submission is that the study's housing needs figure to be balanced against the Borough's environmental, congestion and infrastructure constraints should not be from a higher starting point than can stand up to scrutiny.
- 1.3 References in this submission to possible implications of the Study for the Green Belt may seem to be outside the province of the Surrey Hills AONB Board. However, Green Belt considerations can be inter-related to those of the Surrey Hills AONB and AGLV. References to Green Belt should be read in that context.
- 1.4 There can be a tendency just to accept consultants' SHMAs because of their complexity. It can be difficult to criticise these studies without undertaking considerable work and research to check the facts and figures influencing the resultant objectively assessed housing need figure. However, for the reasons set out in this submission it does appear that the recommended figure of 800 additional homes to be built in each of the remaining 16 years of the plan period has been unjustifiably inflated and the assessment is not as robust as the consultants claim.
- 1.5 The news release of the Guildford Conservatives reporting upon the outcome of the meeting between the Planning Minister and Local MPs to discuss the Guildford Local Plan is relevant. Whilst the reassurances of the Planning Minister are more for the next stage of preparing the local plan, they do show that the Government will expect that the evidence base at this stage, such as this SHMA, will have to be rigorously justified. It is not the other way round that the protection of the Green Belt needs to be justified against the need for more housing. The onus will therefore be on the Planning Authority to demonstrate that this SHMA is so reliable and robust that it provides a justification for Green Belt releases. That is a stringent test.
- 1.6 If the Planning Minister is taking that degree of a restrictive approach to releasing any Green Belt land for housing, it would follow that the additional layer of policy protection afforded by land designated also to be within the AONB and the AGLV, will be even greater. In this respect the Surrey Hills AONB Board would wish to take the opportunity provided by this consultation to emphasise and reiterate its previously expressed concern in response to the "Issues and Options" consultation. There are too many uncertainties surrounding the reliability of the data used, the assumptions made by the authors and generally how the housing needs range has been arrived at in the study to justify any housing allocations harming the designated AONB and AGLV.
- 1.7 The two reassurances of the Minister particularly relevant to the responsibilities of the Surrey Hills Board are as follows:

- *“Green Belt protections will be paramount in particular where land is fulfilling its special and original purpose*
- *It is only in very special circumstances that Green Belt land can be developed and the justification for this will be a combination of factors which will have to be both rigorously justified and set in balance with the protection afforded to land designation.”*

1.8 The very recent EIP Inspector’s decision to the Slaugham Parish Neighbourhood Plan in Mid Sussex illustrates how important it is for a housing needs figure where a plan contains an AONB to be based upon “sufficiently robust evidence”. The Inspector concluded as follows“

“Given the district plan context and as much of the parish falls within the AONB, a robust assessment of need and of suitable and available sites was required that the policies and proposals in the plan would contribute to the achievement of sustainable development”.

1.9 Under the NPPF, development within an AONB is not generally regarded as being sustainable.

1.10 To put the study’s very high figure of 670 – 800 homes per year into some perspective it can be compared to the figure of 422 homes per year in the South East Plan that was then regarded by the Council as being too high. It was based upon a selective review of Green Belt to the north east of Guildford well beyond the AONB or AGLV. The Council successfully challenged that figure in the courts due to the inadequate assessment of reasonable alternatives. Further, the figure of 800 dwellings is only slightly less than the total of homes built in each of recent years in the 3 authorities of Guildford, Waverley and Woking combined. The recommended range suggests the Borough should take more than its pro rata share of additional homes to meet the needs of the country. Can this be right? When one stands back from the complexities of the figures and calculations in the study, it seems to point to the range being awry. The lower figure of 670 homes a year would increase the Borough’s housing stock by as much as a quarter in 16 years. If housebuilding were to increase at that rate by about 2062 the number of homes in the Borough would have about doubled. Using the upper figure of 800 dwellings the doubling of homes in the Borough would be reached even sooner.

We were not required to take into account greenbelt constraints within the Borough as part of the SHMA.

It is not appropriate to compare our assessment with any capacity driven assessment of need.

2. SPECIFIC COMMENTS

Uncertainty of projections.

2.1 Care needs to be taken not to rely upon the total housing need figures produced in the study because of the uncertainty surrounding the data used, the different methodologies that can be adopted and the assumptions made through the process that have significantly affected the concluding figures. It would be prudent for the Council to view the study’s housing need figure with some caution. This is more a criticism of the process than GL Hearn. The consultants should be asked to try to place some statistical confidence limits on their conclusions so they can be put into perspective.

- 2.2 The study recognises at paragraph 4.18 that migration is notoriously difficult to measure accurately. Population and household projections that are trend-based can lead to misleading results. They indicate the growth that would occur if recent trends continue over the period of the projection. But that is unlikely to occur. They take no account of policy interventions or other individual factors that affect growth rates. The study gives the impression of being authoritative. Perhaps it ought contain the clear caveat contained in financial investment advice that past performance of an investment, such as a unit trust, should not be taken as an indicator of future performance.
- 2.3 The more homes that are built the more likely in-migration will rise. So it is a circular argument. The Council and its local communities may not wish to facilitate in-migration through providing too many homes.
- 2.4 The study's calculations on in-migration account for the majority of the resultant housing need total. Paragraphs 4.20 – 4.22 discuss migration trends. The in-migration projection has been adjusted downwards to accord more closely with the 5 year average between 2007/8 to 2011/12. Although the preceding 2 years of in-migration were roughly consistent with the 817 people per annum average used, the 4 years before 2005/6 were significantly less. Between 2001 to 2003/4 in-migration was about minus 800. So, choosing the last 5 year average of 817 has resulted in a higher figure than if a longer period had been used.
- 2.5 Paragraph 2.50 refers to 57% of international in-migrants being students. Most of these then leave the Borough. Consequently, they should not inflate the study's in-migration figure.
- 2.6 Paragraph 4.4 refers to the Edge Report concluding that population growth in the Borough has been overestimated in the past. Paragraph 4.26 is the conclusion from assessing two data sources on household formation. The study has made the assumption household formation will fall somewhere between the two which is making an assumption having significant consequences for the end figure. Consequently, the bottom of the range figure of 670 lacks robustness for this additional reason.
- 2.7 Paragraph 2.71 refers to the total employment forecast growing from around 85,200 jobs in 2011 to 99,500 in 2031. That forecast increase of 14,000 jobs depends upon many uncertainties, including the amount of additional employment generating development that would be permitted, and the worker/floor area ratios changing in existing workplaces.
- 2.8 The currently intended temporary extension to the permitted development regime can be expected to result in less office floorspace and jobs in the Borough than has been forecast in the study. With residential values in the Borough often exceeding those for offices, particularly for outworn offices, there would be an economic incentive for this to happen. Furthermore, some unsuitably located existing employment land may best be redeveloped for housing. The higher residential redevelopment values over those for industry or warehousing can again encourage this residential redevelopment to happen. Both these significant factors do not appear to have been taken into account in the study. More jobs would aggravate the infrastructure problems of the Borough, increase congestion and fuel the case for more homes to be built in unsustainable locations. Consequently, if these factors were to be taken into account in the study the projected additional 14,000 jobs should be lower.
- 2.9 Paragraph 4.8 refers to demographic projections showing a range of requirements for between 470 and 660 additional homes to be provided per annum moving forward. But

the demographic projection is more a product of the amount of additional housing provided. It seems this circular argument has resulted in the study recommending too high a range of homes needed. For some unknown reason the CLG data projections at paragraph 4.19 show an increase of 12.2% of households in the Borough to 2021 compared to 10.8% the South East and 10% nationally. Yet the capacity of the Borough to take more housing is more heavily constrained than in the South East and nationally, some areas of which would welcome more housing.

2.10 The study does not seem to have taken into account that the provision of a substantial increase in market housing would encourage further people to move out of London to the Borough where homeowners can get more for their money. As the main earner may still work in London, the result would be to increase the number of commuters to London on an already over congested rail system that has little potential for improvement.

Affordable housing

2.11 The need for appreciably more affordable housing has influenced the consultants in pushing the housing need figure higher from the bottom of the range to 800 homes a year. But the scope to increase an objectively increased housing needs figure in this way does not seem to exist in either the NPPF or NPPG. This section shows how the study has unjustifiably inflated the housing need figure for the Borough.

2.12 In practice, there would have to be a sustained and high level of provision of housing to make any real impact on affordability. There may be a short period when new housing comes onto the market that, if sufficient in numbers, may marginally impact on house prices of the types being built. But it would not materially improve affordability to make any real difference. The housing market would need to be almost flooded to achieve that aim. But even then house builders would phase the release of homes onto the market in order to maintain high sale prices. Once those new homes have been occupied, their addition to the housing stock would not have any material effect on affordability as they would represent such a small percentage increase in provision. Consequently, it seems that the study may have exaggerated the case for increasing the top of the housing need range on the grounds of affordability.

2.13 The study on page 57 states there is evidence for an upwards adjustment to housing provision to improve affordability on grounds of affordability, that the supply of houses fell below targets and because of overcrowding. But the evidence, if anything, points in the other direction. House prices in Guildford are slightly below those in the West Surrey HMA. Compared to London house prices are significantly lower. Between 2001 and 2011, 3187 homes were completed compared to a target of 3180. 3.7% of households in the Borough are considered to be overcrowded which is below the average in the South East and significantly lower than nationally.

2.14 Affordability may be best achieved through increasing the percentage of affordable homes on new sites rather than increasing the number of homes. Consequently, it is suggested that the Council includes a local plan policy that provides for a high percentage of affordable homes to be required on development sites, especially any green field sites, consistent with viability. The policy should ensure that the physical form of development often associated with affordable housing should not be out of character with its setting, including that of any neighbouring housing. This would be a further justification for favouring fewer larger development sites compared to a larger number of smaller sites scattered across the landscape.

- 2.15 The public are more likely to understand why Green Belt land might have to be released in moderation for housing if it were meeting affordable housing for those in greatest housing need than if it were for market housing. An affordable housing element of at least 75% could be viable and justified because Green Belt land prices are considerably lower than in built up areas and on redevelopment. It is suggested that the study be revised to take into account this consideration and recommend that the Council should plan for a high percentage of affordable housing especially on any Green Belt sites where the substantial proportion of affordable homes would contribute to the very special circumstances needed for such designated land to be allocated for housing development. Conversely, the release of Green Belt for mostly market housing would unlikely be sufficient to constitute very special circumstances.
- 2.16 The study gives little recognition of the role of the private rented sector in providing homes that are affordable. It quotes market rents for 2 bedroom flats as being £1500. A look at estate agents and websites such as Zoopla and Rightmove, will show that they are nearer to £1100. This seems to be another example of the study having exaggerated the affordable housing problem.
- 2.17 The study has adopted a fairly low 30% of gross household income as being the proportion of income that would determine the affordability price of homes. 35%, or possibly higher, would be more likely. Using the household income for younger lower quartile incomes of £40,301 for two earners likely to share the purchase of a home, and a multiple of 3.5 gross income for a mortgage, they would about meet the entry level of £146,000 for a home. Furthermore, many parents loan or give their children deposits for mortgages from the substantial equity in their homes and/or from their accumulated capital.
- 2.18 The housing waiting list is understood to have remained constant for about 4 or 5 years at around 3700 when during this period of the recession fewer homes (slightly above 200 dwellings a year) have been built. The Council's website refers to an average of between 300 and 400 affordable properties becoming available each year for those on the housing waiting list. This indicates that housing need has not got any worse during a period when relatively few dwellings have been added to the housing stock. This tends to undermine the case for seeking to reduce the numbers on the housing waiting list through building as many more homes as put forward in the study.
- 2.19 Paragraphs 5.53 to 5.57 discuss the contribution the private rented sector makes to meeting housing need. The low growth rate of 43% of private rented housing in the Borough between 2001 and 2011 compared to 73% in the South East suggests that those having to look to the private rented sector in the Borough to meeting their housing needs has not been high. Overcrowding in the Borough is also significantly less than in the South East. The private rented sector could make a greater contribution to meeting those in real housing need if estate agents did not discourage their landlord clients from renting to LHA benefit claimants. Officers in the Council's Housing Department could be asked to confirm whether, in their experience this is the case, albeit they may not always learn of the extent to which that is happening.
- 2.20 All the above factors, especially taken together, suggest that to raise the housing need figure from 670 to 800 homes a year to support higher affordable housing delivery, is unjustified.

Student accommodation

2.21 The study was prepared before the authors knew the Planning Minister had clarified to the Council that student accommodation can count towards overall housing numbers. That has two beneficial implications for this study. The first is that currently, students at the three largest further educational establishments in the Borough, occupy many existing homes that could be returned to the Borough's general housing stock if more purpose-designed student accommodation were to be provided. The study should assess the likely number of dwellings that may then become available to non-student households and so be added to the general housing stock. That figure should be taken into account in assessing future housing needs. The University has considerable scope to provide more student accommodation within existing land available for development and if a case can be justified for any additional land release to make up for the shortfall in student accommodation to date and future needs. It does not seem fair to those living in and/or working in Guildford that students should have to compete with them for the Borough's general housing stock and that further Green Belt should be released for the university to meet an under provision of student accommodation. No further expansion of the university should perhaps be permitted until sufficient student accommodation is provided. Essentially, the university being located as it is in a heavily constrained planning area, needs to consume its own smoke.

2.22 The second beneficial consequence of providing further student accommodation is that it is capable of being developed at much higher residential densities than would normally be acceptable in the Borough. Scope therefore exists for student accommodation to result in less land take. That would thereby reduce the justification for extensive release of Green Belt land and certainly any affecting the AONB or AGLV. Any student accommodation permitted since the plan's base date can contribute to meeting the housing needs figure in an expected revision to this study. Essentially, a more in depth assessment of student accommodation and how it affects the Borough's housing needs figure should be carried out as part of this SHMA.

Windfalls

2.23 Whilst not affecting the total housing need figure, the consultants could assist the Council in justifying the inclusion of a significant rate of windfalls in its balanced local plan housing provision. This is provided in their evidence that net completions between 2001 and 2009 exceeded planned targets. Between 2001 and 2011 the 3187 homes built within the Borough exactly matched planned housing provision of 3,180 homes (para. 2.43). This figure interestingly included the blip period of the recession from 2008 to 2011 when provision was less. This house building rate in the Borough may have contributed towards there having been an 8.3% increase in population between 2005 and 2012 compared to 6.7% in Surrey and 6.4% in the South East (para. 2.9).

2.24 EIP Inspectors' reports leading to the adopted Core Strategies for the two constituent Surrey Hills planning authorities of Tandridge and Mole Valley both agreed a windfall element was justified. In recent weeks the Inspector to the Reigate and Banstead Core Strategy, also a constituent Surrey Hills authority, considered an allowance for windfalls is justified. The Guildford SHLAA makes no allowance for windfalls.

Needs of Older People

2.25 Paragraphs 7.6 to 7.23 covers the needs of older people. Perhaps more could be made of the advantages of providing different types of new housing for older people. Not only can housing for older people be developed at higher densities and thereby result in less land take and justification to release so much Green Belt and any of the Borough's protected landscapes, but such schemes have the additional advantage of releasing more under-occupied homes on to the market or for rental. Many older people are

being deterred from moving to more manageable accommodation because of the high cost involved and concluding that it would be less trouble and expense to employ a gardener and help in the house. The study may be able to suggest to the Council that the Plan should make provision for a range of housing for elderly housing that includes higher quality/ larger housing to encourage those occupying detached 4 and 5 bedroom houses to move and release those homes for families. This would raise the Borough's residential occupancy rates.

The statistical confidence is linked directly to that of the SNPP. We are not required to take into account constraints as part of the SHMA. The CLG guidance says the starting point should be the official projections.

The last five years of inward migration patterns we see that there this is higher than the longer term trends but now reflects the new norm.

See above relating to student numbers

Supply side factors, such as permitted development rights, windfalls etc are not to be taken into account.

Additional housing will also result in out migration from London, based on current migration patterns, but will also provide housing for local residents.

The NPPF and NPPG both provide justification for an upwards adjustment based on affordable housing need.

Our rental data is taken from the government's own VOA data. Our affordability analysis chooses a 30% gross income to household costs to assess affordability based on the guidance. While we appreciate that in practice people will spend more than this on housing. This is not in line with the guidance however.

Through discussions with the Council we understand there has been changes to the management of the waiting list (see above).

Providing housing to those in need through the PRS is not in line with national policy although we believe in practice this does occur.

The management of delivering older people's housing is not the remit of the SHMA.

David Roberts

Summary: an alert to Guildford Borough Council

The Hearn report contains so many errors that it is certain to fail scrutiny by the Inspector. Rather than waste two years of planning effort, as Waverley has done, GBC should allow time *now* for a more rigorous draft SHMA to be compiled.

It should not be left to the public to point this out. GBC urgently needs to establish a more inclusive Local Plan process. Councillors should vote on 26 February in favour of the public petition aimed at achieving this.

We have reviewed the report and corrected any errors identified

Shortcomings of the Hearn report

1. The report's housing numbers calculations are inflated and unsound.
2. The Hearn report fails to distinguish adequately between housing *need* and housing *demand*.
3. The definition of the Housing Market Area (HMA) is arbitrary.
4. There is no analysis of how non-housebuilding measures could drastically reduce unmet housing need.
5. Public consultation over the SHMA has been opaque and inadequate, requiring a fresh approach prioritising the views of residents.

We have not unduly inflated the numbers, we have used the NPPG definition of need. The rationale for the HMA is clearly set out in the report and appendix. It is not the remit of the SHMA to look at non-housebuilding measures. The public has been given the opportunity to comment on the draft report. The views of the residents should not necessarily be taken into account at this stage of the plan making process. The SHMA is an evidence base document.

1. The report's housing number calculations are inflated and unsound

1.1. The National Planning Policy Framework (NPPF) and draft National Planning Practice Guidance (NPPG) require Guildford to make an objective assessment of housing need, which is "proportionate" and "realistic" and prepared on the basis of rigorous methodology: "assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur".

We agree there is a contradiction here when capacity is not taken into account however, they are will be at later stages of the plan making.

1.2. As a baseline requirement, the Hearn report recommends building up to 800 additional dwellings per annum (dpa). This equals 12,000 over the Plan period, or 16,000 over the 20-years (2011-31) which the report uses as a baseline period (paras 6.5, 8.7). This in turn would add 29% to Guildford's housing stock. A rate of increase on this scale would double the amount of housing in the borough within the lifetime of many residents. This is excessive and implausible¹.

We are recommended that this be tested based on need. We are not suggesting this should be the target.

How the report arrives at the 800dpa figure

¹ At the prevailing occupancy rate of 2.2 per dwelling, 800dpa suggests an increase in the borough's population of 1,760 people a year. This equals 26,400 over the plan period or 35,000 from 2011-31. This implied population increase of 26% by 2031 is not justified by any evidence.

1.3. The report's starting point (4.7) is that "the demographic projections show a range of requirements for between 470 and 666 additional homes to be provided moving forward". The report then inflates these figures, extrapolating from a temporary population surge over a limited period (2006-11) when there was a fee-related peak in projected student numbers, while failing to discount Guildford's high housing vacancy rates. This produces a baseline figure – also misleadingly portrayed as a "minimum" – of 671dpa. Using a more representative 10-year period (Table 12), as the NPPG recommends, the figure would be only 470dpa. *This is a critical piece of data.*

1.4. Without any explanation the report (8.24) nevertheless goes on to recommend that GBC "tests the ability to deliver 800 homes per annum", asserting that "this range (670-800 homes) represents an assessment of the Borough's needs". The sudden addition of an arbitrary 130dpa, coming near the end of the report, is unsupported by any evidence and looks like pure kite-flying². In addition, the report suggests that Guildford might accommodate unmet needs from other local authorities. It finally concludes (8.26) that this is "an objective assessment of housing need".

1.5. As will be apparent, it is not. The report's progressive inflation of the supposed housing need figure is highly subjective, taking every opportunity to maximise the dpa total. From GBC's interim target, accepted by the courts in 2010, of **322**dpa and the legally overturned South-East Regional Plan quota of **422**, G L Hearn's report increases Guildford's assessed housing need from **470** (Table 12) to **666** (Table 12, 4.8) to **671** (4.27, Table 15 etc.) to **680** (4.20, 4.33) and finally to **800** (8.24).³

We can only upwardly adjust, not reduce below the nationally produced household projections. See above for justification for uplift to 800 homes per annum.

Errors in the methodology and evidence

1.6. Community representatives are providing more detailed information on how the Hearn report is full of statistical errors, exaggerations and false assumptions on housing need. The following summary shows just some of the issues on which G L Hearn appear to distort the data to produce an inflated housing need figure:

- **Overcrowding:** This is used as an argument to increase housing provision, even though it is below the South-East average, "notably" below the average for England, and increasing more slowly – and with higher under-occupancy – than the rest of the Housing Market Area (HMA).
- **Household formation:** No evidence is given to support the report's repeated claim (para.2.31, 4.24, 4.34) that "evidence of household formation has been suppressed in the past". The projected rate has fallen since 2008 (4.5). The report appears not to count the 6-7,000 properties likely to be vacated by Guildford's elderly relatives over the plan period.
- **Vacant properties:** Recent Freedom of Information (FOI) data show a total of 996 vacant properties – 3 years' housing supply at the current interim rate – 449 of them empty for more than 6 months. This is 4% of the housing stock (2.35). Councils are required to bring these vacancies back into residential use (NPPF para.51, and draft NPPG). But the report

² Perhaps retro-fitting a rounded-up version of the 797dpa controversially identified in the SHLAA, which developers may be hoping to build regardless of need. The uplift to 800dpa cannot be justified by the NPPF requirement (para.47) to provide an annual buffer "moved forward from later in the plan period" of deliverable sites. The NPPF says the buffer should be 5%, not 20% except "where there has been a record of persistent under-delivery" (not so in Guildford). It is anyway incorrect to add this buffer to the total for all SHMA sites over the Plan period.

³ Cllr Mansbridge's letter in the Surrey Advertiser of 14 February says that some of these figures are in line with a 2011 total, derived from the previous SHMA, of 644dpa "which went unnoticed" at the time. Since the same defective methodology is used in both cases, however, this does not validate them.

fails to deduct them from the housing requirement. On the contrary, it even boosts the housing need total by unacceptably including a “3% vacancy allowance” (4.20).

- **Net completions**, which have been higher in Guildford than in the rest of the HMA, and often above target, with no overall shortfall in the period 2001-11. In backdating housing need totals to 2011 (6.5) the report fails to deduct completions and planning permissions granted since then.
- **Prisoner numbers** are apparently not deducted from the housing need calculation.
- **Student numbers**: Counting students as permanent residents and heads of household hugely inflates housing need totals. When he met local MPs and Councillors on 15 January, the Planning Minister made it clear that “all student accommodation, whether it consists of communal halls of residence or contained dwellings and whether or not it is on campus, can be included towards the housing provision”⁴. See also 4.6 below.
- **Affordability**: The report’s claims that housing provision needs to be increased to support affordability (e.g. 4.37) are unsupported by the evidence presented. The report (3.21) states that housing is “as ‘affordable’ now as it was in the late 1990s”. The appendices (1.23) confirm that “median house prices in Guildford are average relative to other areas...Recent house price growth has also been average”. The affordability ratio applied in the report is not adjusted for the, nationally, relatively high income of Guildford’s lower quartile population (2.60 and 2.64). Nor are income levels and housing need adjusted to the fact that Guildford’s employment level has remained stable while in the region it has fallen by 2%. Calculations in the Appendices assume a house-buying deposit of 10%, despite the rapid take-up of 5% deposits under the Government’s Help to Buy scheme, and an income-to-mortgage multiple of 3.5, when 5 is the South-East norm. In sum, there is nothing to support the Summary of Key Findings conclusion that “an upwards adjustment to housing provision to increase affordability could be justified by the evidence”.
- **Employment**, which the report predicts will grow at 1.7%pa despite historically flat-lining at 0.4%, despite Experian’s 1% projection and despite the continuing fall in public-sector employment – 27% of total – and retail jobs. ONS figures suggest thousands of jobs have been lost in the borough in recent years. No account is taken of limits to local growth from existing congestion and overheating. Table 13 absurdly claims that a projected 322 additional jobs per annum would require an additional 392 additional homes per annum, calling this “a reasonable baseline”, although the report also says “there would not need to be any uplift to housing requirements to meet job growth” (4.13). One approximate way to estimate future housing requirement would be to deflate any projected growth in jobs by 50% to account for those held by inbound commuters, plus about 30% to account for joint-income households. On this basis, growth of 0.4% would imply just 5,000 more jobs over the Plan period, not 14,000 – or only 100 additional homes a year, not 570 (4.31).
- **House prices**, which are below the mean and median price for the whole of Surrey. Market sources⁵ confirm the report’s admission that they are “relatively affordable”, much more affordable than analogous parts of Greater London and no less so than in the 1990s. The report’s claim that they are “substantially above the regional average” (3.32) is misleading as many, less prosperous parts of the South-East – such as the Thames estuary, decayed seaside towns and non-commuter areas – are not comparable to Guildford.
- **House sales** are declining, according to estate agents (3.36), but the report dismisses this as unimportant.
- **Population growth** in the past (2001-11) “has been over-estimated” (4.4) and so does not justify major increases in housing. International immigration is declining. In any case, “57% of international in-migrants are students” (2.57), who should not be counted as permanent residents. The use of CLG data at paras 4.26-27 is too slapdash to be taken seriously as evidence. Paras 4.28-29 assume – preposterously for a commuter borough – that everyone who works in Guildford needs to live here. GBC’s housing list (which includes students) does not appear to have grown during the period 2009-13, when only 300dpa were being built.

⁴ Mr Boles’s (undated) follow-up letter to Anne Milton MP. Reiterated in Sir Paul Beresford MP’s press release of 16 January 2014.

⁵ E.g. Zoopla, Primelocation and Rightmove, apparently not consulted by G L Hearn.

1.7. For the sake of brevity, many important issues are omitted from this snapshot, such as affordable housing and housing mix (chapters 5-7 of the report). It can nevertheless be seen from this sample that the report systematically twists the available data to argue for a higher housing provision on as many grounds as possible: demographics, economic growth, house prices, affordability etc. One technique employed is selective use of census statistics: 2001 and 2011 figures are swapped about to fit the argument for greater housing provision. Another is to ignore authoritative sources that generate lower housing figures.⁶

Overcrowding while below other comparators is still a growing issue. Details of suppression of household formation can be seen above. Vacant properties are a supply side issue. The previous target was capacity driven and cannot be taken forward under the NPPF. Housing need is backdated to 2011 as the starting point of this study as it is the last census/robust assessment of population. The institutional population which includes students and prisoners were removed from the HH projections although not the population projections.

Housing affordability in Guildford is significant with the wage to price ration very high. The Experian projections are a nationally recognised source. Although have no bearing on the overall figure.

House sales have been declined nationally as a result of the recession. It is not a local housing issue.

See above for detailed comments on population growth. No data is twisted for any end goal. However we have used best practice to objectively assess housing need in the Borough.

The howmanyhomes.org source is out of date as it uses the 2008 based data.

2. The Hearn report fails to distinguish properly between housing *need* and housing *demand*

2.1. The NPPF (para. 47) requires GBC to meet the “full, objectively assessed needs for market and affordable housing in the Housing Market Area” (subject to the other policies it sets out) and to prepare an SHMA that “caters for housing demand” (para. 159). Although there is some ambiguity here (repeated in the draft NPPG), recent planning case law makes clear that need and demand are different or even, in metropolitan commuting areas like Guildford, antithetical⁷. While meeting need is in the public interest, meeting demand is in the private interest and ought not to be the main object of public policy. While taking account of demand patterns, therefore, it must not be Guildford’s goal to try to meet aspirational demand for new homes, which (by creating a supply-pull from London) would be pointless anyway.

2.2. Confusion on this fundamental point seems partly to explain the drastic uplift of the housing “need” figure in the Hearn report from 666 to 800dpa. In view of emerging concerns⁸ about a developing UK housing bubble, and recent debt-fuelled property crashes in countries such as Spain, Cyprus and Ireland, the economic justification for new house-building should be treated with greater scepticism and inflated figures avoided. The Hearn report suggests that a lower number of new dwellings (570pa) is in any case enough for the economic growth it projects.

2.3. Many residents will query why the baseline target of 800dpa is so high when, as recently as 2010, GBC won a legal challenge to overturn the former Regional Plan target of just 422dpa as excessive and substitute an interim figure of 322dpa. What has changed so dramatically in 5 recession-filled years to boost this to 800? Even as a technical starting point, before commonsense

⁶ E.g. <http://www.howmanyhomes.org/>

⁷ E.g. [Cherkley Campaign Ltd, R \(on the application of\) v Longshot Cherkley Court Ltd \[2013\] EWHC 2582 \(Admin\) \(22 August 2013\)](#). Guildford cannot be compared with many English towns (e.g. Shrewsbury, Norwich or Carlisle) which have no commuting population and therefore experience little conflict between need and demand.

⁸ Expressed, among others, by the Governor of the Bank of England.

constraints are applied, this target poses a serious danger of stirring up exaggerated developer ambitions.

See frequently raised concerns

3. The definition of the Housing Market Area (HMA) is arbitrary

3.1. G L Hearn's remit was to "develop a robust, transparent and credible methodology" and "justify all assumptions, judgements and findings in an open and transparent manner". Their definition of the HMA fails these tests.

3.2. The draft NPPG says an HMA should reflect "the key functional linkages where people live and work". It details a range of metrics for defining an HMA including "house prices... household migration and search patterns... [and] contextual data (e.g. travel to work boundaries, retail and school catchment areas)". Defining an HMA in simple terms as "a geographical area in which the majority of people, who move, will move within" (2.2), the Hearn report fails to examine these metrics, simply dusting off the ready-made hypothesis of a "West Surrey Housing Market" adopted in a 2004 report by the property company DTZ.

3.3. In terms of residents' lifestyles, drawing an HMA boundary line around Guildford, Woking and Waverley is meaningless. As the Hearn report acknowledges, commuting both in and out of the tri-borough zone is extremely common, and roughly half Guildford borough's resident population commute out, while half those working here commute in. A normal daily journey of 30-45 minutes will take a commuter well outside the supposed HMA. From Guildford borough, Waterloo and Victoria, Wimbledon, Reading, Basingstoke, Petersfield, Dorking and Reigate are all less than 45 minutes' travel time by car or train⁹. For schools and shopping, many borough residents frequent Cobham, Farnham, Leatherhead or Kingston in preference to Guildford (or Woking). Local estate agents commonly emphasise this connectivity, showing that the market itself recognises that all these places belong to one HMA.

3.4. GBC's online FAQs concede only that there are "strong linkages" with the adjoining areas of Rushmoor, Surrey Heath and Elmbridge. The Hearn report (1.6 and 2.13-14) merely recognises that "there are influences on the housing market from other areas, including from the North West Surrey and North Hampshire Housing Market Area, and from London". The former South-East Regional Plan saw Guildford as part of both the "London Fringe" and "Western Corridor and Blackwater Valley" housing sub-regions. These are all conjectures that understate the true situation, since the market/commuter area is much wider. The mangled syntax of the report obfuscates this fact: "triangulation of the evidence converges upon Guildford, Waverley and Woking sharing the strongest relationships and correlation in both market and behavioural terms" (8.2).

3.5. There is no reason why a market area should be thought to correspond to local government districts (any more than to a postal district, river valley or diocese) rather than distance, journey time or other NPPG metrics. The promotion by successive consultants of an imaginary tri-borough HMA merely disguises their failure to identify where the real, wider market boundary lies.

3.6. This point is important, since an artificially restricted HMA boundary appears to produce a perversely unbalanced focus on development in Guildford, with an assessed housing need of up to 800dpa, compared with Woking and Waverley (currently only 292 and around 472 respectively). It is worth noting that, under a current planning application, a single building in Woking¹⁰ (which already

⁹ Source: AA, TFL and South West Trains websites. Similar to commuting between Ealing and Bank (37 minutes), Newmarket and Cambridge (38 minutes) or Warwick and Birmingham (41 minutes).

¹⁰ A 34-storey block in Victoria Way.

has high-rise development) would provide 392 flats – equivalent to 10 hectares of Guildford greenfield and far more than the current interim annual home-building target for the whole of the borough.

3.7. A workshop with other Surrey councils and adjoining Hampshire ones reportedly took place on 27 January but is not publicly documented. It is doubtful, in view of recent case law, that this would go far to satisfy the GBC's "duty to cooperate" across the HMA under the NPPF and Localism Act. In para.14 of a letter rejecting the Waverley Local Plan, the Inspector wrote, "A new SHMA is required. However, this would require your Council to work with other authorities – given that the HMA crosses administrative boundaries – as well as with other stakeholders". The Hearn report for Guildford fails to do this and could be therefore be scrapped too.

3.8. The report's stated hope of developing a wider geographical assessment "moving forward" does not justify the uncritical use of a hypothetical or non-existent HMA. Broader, transparent cross-boundary consultation is essential; there are vast, irrational disparities in assessments of unmet housing need between adjoining local authorities that require collective management. Defining a much wider HMA from the outset might complicate the GBC's "duty to cooperate" with other authorities. But it would increase scope for meeting Guildford's housing needs from further afield, and help fulfil the requirement in the draft NPPG that "any assessment should be realistic in taking account of the particular nature of that area (for example geographical constraints and the nature of the market area)". This assessment should certainly highlight Guildford borough's low level of population self-containment as a commuter zone. This would avoid the fate of Mid-Sussex and Hart District Council Local Plans, which were recently overturned by the DCLG Inspector for failing the "duty to cooperate" test.

See Frequently Raised Concerns. It is not a fair comparison with the Woking and Waverley numbers used as these are policy numbers not objectively assessed need. We are also preparing a SHMA across the wider HMA which has been agreed with the three authorities.

4. There is no analysis of how non-housebuilding measures could drastically reduce unmet housing need

4.1. Building new homes is not the only way to fulfil unmet housing needs. The report ignores how infrastructure improvements and making better use of existing buildings could dramatically reduce the need for new-build.

4.2. The evidence shows high levels of under-occupation of Guildford's existing housing stock and exceptionally little overcrowding. Vacancy levels are higher than in the rest of the HMA, especially Woking (2.36). Houses in multi-occupancy (HMOs) are much rarer and urban densities much lower than in prosperous and attractive parts of Greater London with a comparable social composition. Shared ownership is up 40% up in a decade and still rising. Guildford's private rental sector is growing but still underweight at just 15.8% of tenures, with rents are rising more slowly than in Woking¹¹.

4.3. The rapid trend towards internet shopping is opening up unprecedented scope to revive high streets by converting retail and office space to attractive residential accommodation.

4.4. With higher occupancy levels, fewer vacant properties, greater multi-occupancy and urban density, more shared ownership, a bigger rental sector and change of use, affordability could be improved and the need for new houses greatly reduced. Modern, mobile lifestyles favour the flexible tenure offered by these options compared with conventional owner-occupancy. But, inexplicably, the report fails to assess their impact.

¹¹ In many comparable countries such as Germany, renting is the norm.

4.5. Windfalls also contribute to housing stock and should count against unmet need, as the Planning Minister made clear to local MPs and Councillors on 15 January¹². In the case of the Tandridge and Mole Valley Core Strategies, Inspectors have already agreed that this is justified. Unfulfilled planning permissions should also be discounted. These include Surrey University's permission to build 2,400 rooms in halls of residence, which should be deducted from the unmet housing need total.

4.6. The unusually large proportion of urban properties occupied by students (over 11% in Onslow ward) is a huge, untapped pool of housing for working families, sitting in the heart of Guildford. 8% of Guildford's population is aged 15-24 (2.53), and census data show student-only households increasing from 403 to 851 in the decade 2001-11. Surrey University accommodates only 5,000 of its 12,000 full-time students on campus – only the 7th highest campus occupancy rate nationally. These students block accommodation for others, and at much lower densities than in halls of residence. Surrey University is wealthy but academically mediocre¹³. Its plans to increase student numbers are a major threat to Guildford's housing supply and need to be discouraged unless, like Oxford City Council, GBC insists that the university accommodates all its own students. 60% would be a reasonable starting-point for planning purposes, considerably reducing unmet housing need projections.

4.7. Small changes to rental incentives (e.g. Council Tax breaks for resident landlords) or requiring (Council Tax-*exempt*) students to live on campus could make thousands of housing units available to (Council Tax-*paying*) families far faster and more cheaply than building new homes. GBC should also exploit the New Homes Bonus and other help which the Government announced this month to bring vacant properties back into use¹⁴. The Planning Minister has confirmed that “student housing will also be eligible for the New Homes Bonus”¹⁵.

4.8. For a commuter borough, better telecommunications¹⁶, roads, footpaths, cycle ways and sustainable public transport could also be cheaper and developmentally more effective solutions than new-build. The accelerating trend towards mobile and home working, especially among the high-tech, high value-added firms Guildford wishes to attract, suggests these options could greatly reduce the need for additional local housing. Communications in the widest sense are as developmentally important as housing, with obvious trade-offs possible between them. But there is no strategic assessment linking the two.

4.9. G L Hearn exists to promote new development. But building new homes is expensive and disruptive. Their report gives scant consideration to alternatives to new house-building in the overall development mix. It is not clear at what stage, if at all, GBC plan to take a more informed all-round view on the balance to be struck between new-build and promoting a more rational use of existing property and infrastructure in the ways described. This is a key element in the planning equation, requiring a focused cost/benefit analysis.

It is not the remit of the SHMA to review how non-housebuilding measures could be used. This is also likely to fall into the supply side element. Student housing is now assessed as part of the supply.

GL Hearn is a multi-disciplinary practice it does not exist to promote new development. The Local Plan will take into consideration other constraints.

¹² Joint press release of 21 January 2014 from Jonathan Lord MP, Anne Milton MP and Sir Paul Beresford MP.

¹³ See, e.g., The Times World Rankings.

¹⁴ <https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/empty-homes>

¹⁵ See footnote 1.

¹⁶ Slowly being rolled out to rural areas by BT under Surrey County Council's Superfast Surrey scheme.

5. Public consultation has been opaque and inadequate

5.1. A major objection raised about last autumn's consultation on the Guildford Local Plan Issues and Options paper was that it took place in a policy vacuum, since no SHMA had been produced since early 2009 and no general vision, objectives, guidance or approach to the housing question had been put forward by GBC to help orientate people or empower them to comment meaningfully. The consultation was too short and sprung on them without due warning. The so-called evidence base was vast and unmanageable.

5.2. This all produced needless suspicion about GBC's true intentions. As a result, public concerns were raised about the terms of reference of the new SHMA. Local people should have had a say in this. But representations from the Guildford Greenbelt Group were ignored. My email of 4 December to Guildford Planning Department (see Annex) similarly received no reply.

5.3. The appointment of consultants is also untransparent. GBC have an out-standing FOI request dated 6 January¹⁷ asking: "In the award of consultancy contracts for the studies and assessments comprising the 'evidence base' for the current Local Plan, were all public procurement and competitive tendering requirements strictly applied in each case?" An answer to this question is well overdue and reassurance about the integrity of the process still lacking.

5.5. The NPPF requires Guildford's housing need to be assessed "objectively". G L Hearn is a property company which produces SHMAs off-the-peg as a business activity. They were complicit in the failed Waverley Local Plan and their whole business model is pro-development. So it is no wonder their report is biased. GBC have never explained why this kind of work cannot be undertaken by a more objective academic or not-for-profit organisation.

5.4. The Localism Act places a much bigger onus on Councils to take account of public views. But does GBC have the capacity and systems needed for this? GBC's consultation questionnaires on the Local Plan have been slanted and amateurish. Feedback from the Issues and Options consultation which closed two months ago has been non-existent.

5.6. A workshop to discuss the Hearn report with residents was held on 27 January. The report, however, was not published until 90 minutes before the event. There were no handouts or slides, so residents were unsighted. This was not a genuine exercise in public engagement, as was made clear by those invited. Ripley Parish Council objected that the report took no account of its own study and appraisal of neighbourhood housing need.

5.7. Parish councils are also dissatisfied. GBC declined to re-arrange a briefing meeting for parish councils on 10 February, which clashed with another meeting. Half could not attend. The rest passed calling for better consultation.

5.8. GBC have so far rejected three public petitions calling for Green Belt protections to be respected in the Local Plan. On 13 January, the GBC executive opposed a minor Lib Dem amendment to increase public scrutiny of the process. The Council Leader even tried to overturn the amendment *after* it had been carried with the support of some of his own party.

5.9. After ten days of public pressure GBC extended the "engagement period" on the Hearn report from 10 to 21 February. GBC, however, appear not to accept this as a true public "consultation" (as suggested on the GBC website) but merely as an information exercise. Public dissatisfaction has now provoked a further petition, to be debated on 26 February: "The consultant's report is unsound as the foundation for a draft SHMA. It contains errors, subjective assessment and manipulated data, and so needs to be redone. It is subject to challenge. Guildford needs an objectively prepared SHMA

¹⁷ Given two references: ID-1347 and FOI10001322. Under GBC's own 20-day rule this should have been answered by 4 February.

which is proportionate and realistic, meets proper requirements and will not be overturned, and will be useable in the context of the Local Plan.”

5.10. These developments show why there are doubts about whether GBC are listening to local views on the Local Plan as required under the NPPF. Many residents feel disenfranchised by GBC's wish to force the process along according to pre-determined priorities they have not helped frame. The Leader of the Council gives the impression of wanting to maximise development in order to increase revenue from the New Homes Bonus (and any successor subsidy scheme from 2015), which is based on Council Tax raised on newbuild, and the localisation of business rates.¹⁸ But fiscal needs are not the same as housing needs. Pressing ahead with the current timetable in the teeth of public opposition will only leave the soundness of the Local Plan process vulnerable to procedural and legal challenge later on. As Greg Clark MP wrote in his introduction to the NPPF, the Local Plan process “should be a collective enterprise. Yet, in recent years, planning has tended to exclude, rather than to include, people and communities. In part, this has been a result of targets being imposed, and decisions taken, by bodies remote from them... People have been put off from getting involved because planning policy itself has become so elaborate and forbidding – the preserve of specialists, rather than people in communities“. Despite public protests, GBC still appear not to have shaken off this old, top-down approach.

Some of this requires the Council to respond. The public were asked to respond to the draft strategy not the final report.

A fresh approach is needed, prioritising the views of residents

5.11. The public feel they are being bludgeoned into submission by one consultant's report after another. They are now bracing themselves to have to object to GBC's decisions on the SHMA and, subsequently, the draft Local Plan. This war of attrition merely increases the risk that the Plan will later be overturned on procedural or legal grounds. It also sours the atmosphere for local democracy.

5.12. Residents have been arguing for months for a new approach that prioritises public views over those of GBC officers and of consultants with a financial interest in maximising development. This is in line with the Community Right to Challenge and other measures announced by the Government in January to enhance local control¹⁹. While recommending that the standard methodology should be used to frame an SHMA, the draft NPPG also makes clear that “establishing future need for housing is not an exact science. No single approach will provide a definitive answer... There is no one methodological approach or use of a particular data set that will provide a definitive assessment of development need”.

5.13. GBC, however, seem stubbornly wedded to the same technocratic approach that dates from before the NPPF and Localism Act. This is obsolete. It fails to present the public, in a clear and intelligible form, with the stark and difficult choices that need to be made, or to help them share responsibility for the outcome. Instead, it obscures the basic compromises inherent in long-term

¹⁸ Cllr Mansbridge's letter to the Surrey Advertiser of 14 February claimed GBC faces a straight choice between building and balancing its budget or “planning by approval” and possible insolvency. Guildford is set to get £7m in the final year of the NHB: <https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus>

¹⁹ <https://www.gov.uk/government/policies/giving-people-more-power-over-what-happens-in-their-neighbourhood>

planning (e.g. between growth and the environment, or between revenue-raising and conservation) and encourages delayed and fudged decision-making. The continued absence of an agreed housing target is a scandalous case in point.

5.14. It is now time for GBC to pause and seek independent advice on an alternative model that takes the views of local people, parish councils and community groups as its starting point, drawing on their vast, untapped local knowledge, instead of constantly forcing them to react to reports by unaccountable technocrats and planning insiders. New systems are needed so that, where technical advice is needed, residents are systematically consulted, starting with the relevant terms of reference. As a first step, Councillors should vote in favour of the petition on 26 February. A sound, deliverable Local Plan can then be built from the bottom up, in a spirit of trust.

The methodology we have employed has undergone examination and been approved by inspectors. It meets all the criteria of the NPPF and NPPG. It is not the role of the SHMA to assess the stark choices but to assess fully the objectively assessed need for housing.

Inovem – John Baylis

Question 1

Should we be seeking to maximise housing delivery to meet the need for housing that has been identified?

We should aim to deliver 345 homes per year, as argued in the Guildford Society response to the Local Plan Issues and Options paper. This number recognises the various environmental and infrastructure constraints which control the number of houses that can be built without causing damage to the environment and reducing the quality of life in the Borough.

Not a like for like comparison

Question 2

Should we be trying to reduce the cost of housing by boosting housebuilding?

This is a national issue. Guildford alone cannot reduce the cost of homes by building more. It is like climate change: no one Local Authority, or for that matter one country the size of the UK, can make a significant contribution to reducing climate change. It has to be a joint effort. As regards housing, we should be playing a part equal to that of other nearby Local Authorities. With a couple of exceptions, nearby authorities are planning to build about 1/2 to about 1/12 of their SHMA number. We should do likewise, perhaps aiming at about 1/2 to 1/3 of our SHMA figure, whatever it finally is. The table below gives my best estimate of the current situation. Is it correct?

Comparison of SHMA, SSP, SEP and Local Plan Housing Figures
Local Authority; Housing Target; SSP; SEP; SHMA; SHMA/Target; Notes Guildford;
(322); 317; 422; 671; 2.08; Interim target, draft SHMA Waverley; (250); 187; 250; 470;
1.88; Interim target, draft SHMA Woking; 292; 223; 292; 594; 2.03; 2012 Plan, 2009
SHMA
East Hampshire; 592;;none; 275; 520-610; 0.88 – 1.03; Draft target, 2013 SHMA Surrey
Heath; 190; 185; 187; 980; 5.44; 2011 Plan, 2008 SHMA
Rushmoor; 374; none; 310; 1,010; 2.70; 2011 Plan, 2008 SHMA Hart; (236);
none; 220 1,459 6.18 Interim target, 2012 SHMA Mole Valley; 188; 155; 188;
2,512; 13.36; 2009 Plan, 2008 SHMA Elmbridge; 225; 225; 281; 2,379; 10.57;
2011 Plan, 2008 SHMA
Runnymede; (220); 135; 286; 1,316; 5.98; Draft target, 2009 SHMA Epsom & Ewell;
181; 200; 199; 908; 5.02; 2007 Plan, 2008 SHMA Reigate & Banstead;(460); 419;
500; 981; 2.13 Draft target, 2008 SHMA Spelthorne;166; 172;166; 119-183; 0.72 –
1.10; 2009 Plan, 2007 HMA Tandridge; 125; 141; 125; 773; 6.18; 2008 Plan, 2008
SHMA

Notes: Accuracy not guaranteed and great difficulty pasting my Word table into your format.

Bracketed Housing Targets are interim or draft. The others are from agreed Local Plans or Core Strategies.

SSP is 2004 Surrey Structure Plan, SEP is 2009 South East Plan.

Elmbridge, Epsom & Ewell, Mole Valley, Reigate & Banstead, Tandridge all covered by East Surrey

2008 SHMA.

Woking relies on West Surrey 2009 SHMA which covered Woking, Waverley and Guildford Much of the data is from Appendix E of the Guildford draft SHMA 2014.

Question 3

Should we try to deliver more affordable housing?

The present delivery is lamentably low. We should aim to deliver 35 to 40% of the 345 figure given in answer to Question 1, i.e. about 130 affordable homes per year.

Question 4

What are the implications of not building enough homes?

Enough for what? The question has no meaning. We should aim to build what we can without causing damage to the environment and reducing the quality of life in the Borough. Our estimate is 345 per year. Inevitably in this part of the UK, there will continue to be housing problems. This situation is the same the world over in favoured places.

Question 5

Do you have any other comments about the draft Strategic Housing Market Assessment?

1. Definitions

The NPPF gives no definition of the words 'needs' or 'demands'. It uses the word 'needs' in

Para 14:

"Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:

— any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or — specific policies in this Framework indicate development should be restricted." Para 47:

"Local planning authorities should:

use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;"

Para 159:

"Local planning authorities should have a clear understanding of housing needs in their area. They should:

prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

— meets household and population projections, taking account of migration and demographic change;

- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and
- caters for housing demand and the scale of housing supply necessary to meet this demand;"

Note the use of 'demand' in the last line. Presumably the definitions of these words, which are crucial, are a matter for case law. The Draft SHMA in para 1.20 refers to CLG (August 2013) Draft Planning Practice Guidance – Assessment of Housing and Economic Development Needs:

:

"What is the definition of need?"

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period - and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment. Any assessment of need should be realistic in taking account the particular nature of that area (for example geographic constraints and the nature of the market area). Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

Can local planning authorities apply constraints to the assessment of development needs? The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."

The above definition of 'need' is circular and so does not help. There is also some apparent conflict between the requirement to be 'realistic' and the requirement not to apply 'environmental constraints'.

2. Population

Chapter 2 of the draft SHMA is full of data. Fig 8 is odd. It shows a falling population for Guildford between 2001 and 2004 which gives a misleading figure of 8.3% rise over 2005-12 (1.2% per year). The figure for 2001 to 2011, the census dates, is 0.58% per year. As in 'How many new homes' ('HMNH?'), the dominating effect of international net immigration is noted.

In Spring 2010 Experian predicted a growth in employment of 0.4% pa to 2031 (see 'HMNH?'). The draft SHMA quotes Experian April 2013 as predicting 0.8% pa, which is said to be pessimistic. This doubling just goes to show how difficult and untrustworthy such predictions are.

3. Housing Market

Figure 22: 'Mortgage Payments as a % of Monthly Income' is of interest. It shows by this measure housing is now as "affordable" as it was in the late 1990s.

Concerning the concluding paragraph on p 57 of the draft SHMA, it should be noted that housing is no less affordable in Guildford than in Woking and Waverley. Indeed the draft shows that there are great similarities in the statistics for all three Boroughs. This is not brought out in later sections of the

draft SHMA.

4. Demographic Projections

The draft SHMA refers to 'HMNH?' and in Table 12 quotes the Edge findings. The four cases giving 649, 470, 666 and 633 housing numbers equate directly to the four entries in Table one on p 23 of 'HMNH?' (The 204 figure is taken from Option 4 of 'HMNH?'). Edge's chosen estimate based on migration trends is its Option 3, namely the 633 estimate. Edge explains carefully why they choose this, and the draft HMA's comment that it is not robust seems a bit trite. They prefer the 5yr 649 figure; admittedly this is not very different. However five years is rather a brief period on which to base a 15 year (to 2031) projection.

A great weakness of this and other SHMAs is that there is no sensitivity analysis, there are no error bars and there is no consideration of different scenarios. The trustworthiness of all the predictions is likely to decrease significantly with time ahead. Generally one might give some trust to predictions five years ahead based on five years data. In the draft SHMA the statistical difficulties are so great that even five years is problematical (see below).

The draft SHMA then quotes Edge's three job-led housing numbers: Experian 392, IER 614 and Average of the two 502. The draft refers to Experian's revised employment growth prediction (see above).

The draft SHMA does the best it can with some shaky government predictions (see Fig 29) and plumps for a net migration figure of 817 pa. This is almost entirely international. There is a huge uncertainty here which the SHMA should acknowledge. 817 pa is 0.6% of the March 2011 population of 137,183. 'HMNH?' predicts 0.14% pa (ref Fig 11 of 'HMNH?', equivalent to 190 pa) which is very much less. Natural growth is estimated by both to be about 630 pa (0.46%). So in total the draft SHMA predicts 1.06% pa and Edge 0.6%. The 0.6% is similar to the 2001 to 2011 figure and is thus a better historic norm. The SHMA should have taken the Edge figures as an alternative scenario, or should have used them to deduce error bands.

It is statistical bad practice to ignore probable error in analyses of this kind. The SHMA should include probable error and should include recommendations as to when the predictions should be reviewed (every five years perhaps).

Fig 5B of Appendix B is revealing. It shows a predicted large net inflow of 15-19 year olds, presumably students, but no corresponding net outflow of 20-24 year olds. Where have the graduating foreign students gone? Are they actually students (see 7 below)? There is some outflow for the 25-29 year olds. The projections are ONS 2010 and must be suspect now given the rapid changes in international migration numbers. The SHMA should have tested the effect of assuming the Edge figure. Changes in government policy to control immigration and overstaying could also be taken into account. Or are they mostly EU Nationals?

Returning to the 817 figure, it accounts for the majority of the predicted need. Thus the majority of the need for new homes in Guildford is predicted to arise from net international immigration. This should be spelt out because of the many uncertainties in this prediction. Appendix B notes that 57% of in-migration is students, so 43% is not. If changes in student numbers are going to be small, then the effect of students on housing demand in the future will also be small. The student contribution to the 817 should be estimated in the draft SHMA. It is difficult to see how it could be substantial. The balance of the 817 must be non-student. It should be broken down into predictions EU and non-EU immigration. Non-EU is subject to government

policy and the government has given national targets. So predictions could be made. EU immigration is more difficult, and is subject to waves as new countries enter the EU. It is also subject to the relative economic performance of EU countries. Will any new countries enter the EU between now and 2031? The draft SHMA should explore these factors and derive the magnitude of the uncertainties. My judgement is that on close examination the 817 per year will much reduce.

Population growth combined with average household size gives the basic housing requirement. So Fig B9 of Appendix B of the draft SHMA is crucial. It shows a strange upward kink in slope in 2011 followed by a maximum of 2.56 in 2015-17 and then a steady decline right onto 2031, when it is 2.47. The logic behind this decline is not given (it comes from CLG). It should be explained.

Table B11 of the draft predicts a population rise of 20.7% 2011-31. This is 0.945% pa compound. It is more than 50% up on the Edge figure of 0.6%. As argued above, 0.945% is likely to be at the top end of any range of predictions and the SHMA should state this.

In Table B15 the population and household size predictions are combined to give a housing estimate: 54,183 in 2011, 67,220 in 2031, growth 24.1%, equals 652 pa. Add 3% for vacant homes gives 671. The predicted population rise is 28,472 (Table 13). The predicted growth in number of homes is 13,000 (para 1.31). The ratio of these numbers is 2.19. The draft SHMA should explain why this number is not within the above range of 2.47 to 2.56 in Fig B9.

The draft SHMA goes on to estimate that the jobs-led housing estimate is 570 pa. This is based on the 2013 Experian prediction of 0.78% pa increase in the number of jobs, which is less than the draft's predicted rise in population but more than Edge's.

5. Affordable Need

The draft SHMA deduces a need for affordable housing of 718 pa over the period 2013 to 2031. It also describes two factors which may mitigate this requirement (paras 5.64 and 5.65). The impact of these factors is not estimated. It should be (especially the effect of the private rented sector).

Much the largest contributor to the need of 718 pa is newly forming households, at 701 pa. The 701 figure relies in turn on the demographic predictions of population growth, and are therefore subject to the above queries and uncertainties. This should be stated.

6. Sizes and Types of Home

Paras 6.7 and 6.8 highlight the difficulty of the exercise as regards owner-occupiers.

Table 31 gives a total need for affordable households of 4,563 over 2011-31, 228 pa. I do not understand this, given the 718 figure above (except that it reconciles with 652, see below). Table 33 gives a total need for market housing of 8,474. Added to the above 4,563 gives 13,037, i.e. 652 pa as above.

7. Specific Groups

Fig 37 is of interest in that it shows the degree of under-occupancy by non-single pensioners. Pages 116 to 119 deal with students. It is the only place in the draft SHMA where ward-by-ward analysis is presented. There are 15,055 University students, 12,480 on full time courses. 31% are foreign students (4,610). Fig B5 referred to above shows a total net inflow of 15-24 year-olds of about 5,500 pa. The draft SHMA should

explain how this relates to predicted changes in student numbers. Student numbers and student housing provision need to be factored in to the SHMA. There is an acknowledgement of this in para 7.62 (and in para 8.39).

8. Draft Conclusions and Recommendations

The draft SHMA makes it clear that the concept of a MHA is a weak one as far as Guildford is concerned. The inability to include the effect of London within the concept is an obvious shortcoming. The draft deals just with Guildford and hence avoids the issue.

All the estimates of need should be based on upper and lower estimates of population growth. (Or error bands, growing with time ahead should be shown). The upper estimate could be the draft's estimate, and the lower could be Edge's. The effect of international net migration is crucial, as shown above. Clearly it is volatile and subject to political decisions. The analysis should divide net immigration into student and non-student and into EU and non-EU. The whole issue should be gone into in very much greater depth because the implications are so great. The number of 817 should be revised in this further work. In the absence of such analysis the draft SHMA lacks credibility.

That said, the draft SHMA is professional and is careful to quote its sources. Perhaps it is somewhat naïve in placing more faith in some of the CLG predictions than Edge did. Edge also were more analytic in that they used an elaborate computer modelling tool (POPGROUP), while the draft SHMA does not refer to use of a computer model. Use of a model facilitates multi-factor analysis.

However in the 'Overall Conclusion', paras 8.19 to 8.25, this professionalism seems to disappear. The figure of 800 homes pa is conjured out of thin air. There is no quantitative justification at all. It should be withdrawn. (Have any neighbouring SHMAs introduced such arbitrary increases?)

An over-riding requirement is to ensure consistency and fairness with regard to the predictions for Woking and Waverley. This should be covered quantitatively in the Conclusions.

See Frequently Raised Concerns – The use of five year trends is in line with ONS projections. Using 10 year data trends makes the projections unrealistic, as they would then pre-date EU expansions. The SHMA should be reviewed as and when the Household projections are produced by the CLG.

The use of the Private Rental Sector to meet affordable housing need is against government policy, but in practice is used to ease affordable housing need.

Our affordable housing disaggregation by size is a subset of the objective assessment of overall need. It does not meet all of the affordable housing need those it is below the 718 outlined.

We have now factored in Student Housing.

We are required to make a single assessment of housing need

SEP

The SEP response was provided in a format that was not readily translated into a word format. However, we have responded to the key points (not referenced in the Frequently raised concerns or above) with reference to their paragraph.

Para 4 – Overcrowding is a worsening issue in Guildford and needs to be addressed.

Para 3 – This relates to supply side issues. There is also a requirement of a functioning housing market to have a level of vacancy.

Para 6 – The Prison Population is included in the population projections but as part of the institutional population. These have no effect on the household forecasts.

Para 8 & 9 – The lower quartile will in effect be higher in Guildford because of the higher managerial/professional occupation level. The income levels will also take into account the employment rates.

Para 10 – We have used nationally recognised population projections. The projections do not show a reduction in retail employment within the Borough.

Para 12 – While there is little difference between the other HMA area in terms of affordability (Hence the HMA definition) against wider comparators Guildford has a large affordability issue.

Para 13-16 - Confuses the region with the HMA. Market signals are taken into account. This results in an upwards adjustment to the baseline numbers.

Para 18 – In line with the ONS projections. See above in relation to wider trends.

Para 20 – We cannot suggest household growth that would lead to unsustainable commuting patterns. The house numbers are linked to household formation rates. We also do not adjust the need on the basis of economics.

Para 21 – The ONS projections are based on 5 year trends on migration deaths and births. Historically the Borough has grown more than the SE and remains an attractive destination. As such these trends result in higher than national growth.

Para 22 – This is to allow for market churn. Vacant properties are deducted in the affordable housing calculations.

Para 25 - We have not acknowledged these are inflated.

Para 28 – See above for evidence of suppression.

Para 30 – This is not the Housing Target.

Para 31 – Not appropriate to compare with other regions. There is an affordable housing issue locally as shown in the affordability ratio being so high.

Para 33- Affordable housing need is calculated on the PRS sector benchmarks.

Para 34 – We have shown different affordability benchmarks. However this would not be deemed affordable as such. While we appreciate this does happen in practice.

Para 35 - It is not calculated on the 5 times earnings ratio as there is no policy basis to do so.

Para 38 – Confusion of Mean and Median. Our calculations are based on the price and earnings profile of the Borough.

Para 39 – Required by the guidance.

Para 40 – Census definitions are used for bedrooms.

Para 43 – We have assumed younger households earn less as derived from our previous work elsewhere.

Para 44 - 46 – These are incomes of FT workers not households.

Para 49 – Vacant and recycled homes are deducted from affordable housing calculations.

Para 51 – We can't take account of those in the planning process, only those approved when calculating housing need.

Para 53 – CLG definition of affordable does not include PRS.

Para 58-61 - Based on HH size projections and their typologies fitted to dwelling sizes. This is then adjusted to reflect home owners buying homes larger than they need. The market will not deliver what it cannot sell. Not all of PRS homes will accept LHA claimants. 5% is

still a low percentage of larger homes. We are suggesting up-to 80% should be 1 and 2 bed homes.

Para 65- This is a government definition of older people (not elderly)

Para 67- Relates to supply side issues.

Para 70 – This is what we have done

Para 75- The guidance does not allow for a downwards adjustment.

Para 76- This relates to edges work which is now out of date

Para 79 – We are not suggesting this occurs only that this is the need.

20th February 2014

Save Hogs Back Campaign Response to Draft SHMA

Summary

There are a number of key areas that must be looked at urgently to ensure that the final SHMA properly represents the situation in the Borough. In summary these are:

- Clearly differentiate between need and demand.
- Provide a range of housing required for each of the methods used to reflect the uncertainty in the underlying data.
- Ensure the student population is properly accounted for.
- Use GBC's own targets for affordable housing: affordable rent as a maximum of 70% of market rates (see 6.44) and 35% of income as the maximum that should be used for accommodation costs (see 5.50). 40% of income could also be used as this is being adopted by mortgage lenders under the Help-to-Buy scheme (see later).
- Include student accommodation built and with outline planning permission at Manor Park.
- Account for Guildford as a net producer of households due to the flow in of young families whose children become adults here.
- Set affordability measures in the wider context of London and demonstrate that affordability for house purchase is driven by mortgage repayments not absolute cost of purchase.

The first of these points is the most critical. The current draft recommends building 800 homes per year over 18 years, 14,400 homes in total representing a c. 25% increase on the current number of households. As will be shown, much of this increase is driven by forecasts for migration which few would ever consider a genuine need. The recent High Court judgement concerning Cherkley Court in Mole Valley demonstrates the requirement for this distinction in para 2: "*The golden thread of public interest is woven through the lexicon of planning law, including into the word 'need'. Pure private 'demand' is antithetical to public 'need'*". Whilst this case concerned a golf course, the principal of distinguishing need and demand is clear.

Assertions are made at certain points in the document (eg average household size will continue to decline despite a recent increase, net international immigration will continue at its current rate, etc) that rely on the judgement of the authors. Given that others can legitimately put forward different points of view on these, a range of reasonable cases should be used for each and the relevant housing number calculated. In the context of potential Green Belt development this will help to show the degree to which the "very special circumstances" test has been met.

At the moment, the conclusion undermines the overall analysis by highlighting apparently definitive numbers without recognising that other interpretations of the data could show a different outcome. In particular, **there is no justification of increasing the target to 800 homes pa** as being able to "*support improvements in affordability*" given that the preceding paragraph 8.23 highlights that no one knows what level of supply would have an impact on market pricing.

There are other ways that the data in the conclusion is mis-represented:

- 8.10 States "*affordability pressures are relatively acute*". However this is when salaries are measured relative to house prices. Para 3.21 shows that when mortgage payments are compared to salaries "*housing is now as "affordable" as it was in the late 1990s.*" This is the key practical measure by which people decide whether they can afford to buy a house and this must be included in the conclusion. This measure makes the statements in 8.11, 8.16, 8.20 and 8.21-8.24 invalid.
- 8.14 Figures should be reduced by the 24 pa that are in the development pipeline as figures in 8.12 were.

8.15 Should show the impact on new housing need of the estimated 243 lettings pa in the private rental sector to households supported by Local Housing Allowance (this reduces the need at GBC's 35% threshold to 369 pa, including the development pipeline).

This figure of 369 pa is entirely plausible without having made any adjustments in the base data, yet is less than half the 800 proposed later in the conclusion. This 800 figure is an unacceptable mis-representation of the analysis in the report.

Further analysis shows that this figure of 369 pa can reasonably be reduced to 257 pa by applying GBC's adopted 70% of market levels for affordability and including affordable supply for which planning permission has not been granted yet (this is without making any allowance for over-estimation of population growth amongst younger age groups, over-estimation of rates of household formation and University residences with outline planning permission.) This clearly demonstrates the importance of showing the range of possible results using the data provided.

Overall, this draft SHMA and the 2009 version have both pointed to an apparent significant need to build housing at 2-4 times higher than the last adopted figure of 322 homes per annum. In addition, due to the recent economic downturn, average completions since 2008/9 have been 207 pa¹. If the SHMAs accurately reflect the real housing situation, it would be reasonable to expect that this lack of completions would have a major impact on the housing pressure in Guildford. However, GBC's housing register has been static at about 3,700² since 2008, indicating that **the relatively low level of completions is not having a major adverse affect on those most in need**. If Guildford had a significant housing affordability problem, it would be expected that the housing register would have grown during this period. As this has not been the case, one must assume that the housing situation in Guildford is not properly represented by the 2009 or draft 2014 SHMAs. Outlined below are a number of areas which taken together can show that Guildford does not need the level of new housing currently indicated by the SHMA.

Market Signals on affordability

The conclusion of Section 3 on p.57 badly mis-represents the real situation. In particular, the final paragraphs states: "*Lower quartile affordability worsened significantly over the last decade. Affordability pressures are acute, with a lower quartile price-income ratio in Guildford Borough in 2012 of 10.6.*" The ratio of price to earnings does not reflect the reality of how people buy houses: people look at **what they can afford in terms of mortgage payments as a portion of their income**. Figure 28 should be shown alongside a local version of Figure 22 to demonstrate how the trend is quite different when mortgage payments are used not house prices. Section 3.21 directly contradicts the conclusion: "*housing is now as "affordable" as it was in the late 1990s.*"

The final paragraph goes on to say: "*Coupled with the evidence that supply fell below targets and that overcrowding has increased (albeit in both cases relatively modestly), this would provide some evidence suggesting that an upwards adjustment to housing provision to improve affordability could be justified by the evidence.*" This is entirely subjective as para 2.46 states: "*Whilst there has been some difference in the performance of individual authorities over the 2001-13 period (there has been a relatively modest shortfall in Guildford whilst Waverley and Woking have delivered above planned levels), overall delivery across the HMA has been successful with the number of dwellings delivered slightly exceeding planned supply (oversupply of 349 (equivalent to 4%)). However Guildford Borough has delivered below target by 161 dwellings over this 12 year period; but as noted above did meet its housing target for the 2001-11 decade as a whole.*" When completions of university accommodation and revisions to over-crowding data by the ONS are included (see later) this final

¹ GBC "How many new homes" Oct 2013 p.30

² GBC Head of Housing Advice presentation to Guildford Society 9th Jan 2014

paragraph is factually incorrect **and no upward adjustment to housing provision can be justified.** Para 4.37 should also be removed for the same reasons.

Net immigration

To most people, migration to and within the UK could never be regarded as a genuine need except in extreme circumstances (eg fleeing domestic violence or seeking asylum). It is in most circumstances driven by demand as people want to move elsewhere. Although there may be Government guidelines demonstrating that migration must be accounted for in the SHMA, it should be clearly identified that this is a demand-led behaviour.

Although the Edge Analytics numbers do not form part of GL Hearn's conclusions, they are used as a cross reference. For example in para 4.22, the selection of the Migration-led (5yr) scenario as the "*most robust*" is subjective and pays no attention to the of growth in overseas students experienced during this period (see later). The Migration-led (10 yr) scenario can just as well be argued to be appropriate due to the growth in international student numbers more recently that is not expected to continue by the University of Surrey

In the appendix, Figures B2 and B3 need review on international migration eg for 2001/2 and 2002/3 the table shows positive international immigration (57 & 329), but the chart shows more people leaving internationally than arriving. **This data problem must be corrected.**

A flat forecast of 821 pa net international migration into Guildford is a simplistic approach and goes against current government messaging on migration. Appendix B para 1.5 shows that 57% of international in-migration is driven by students which occurred during a period of significant increases in overseas students at the University of Surrey (from about 2,500 in 2004 to over 6,000 in 2011³). Given that the number of University students has fallen in 2012/13 vs 2011/12 (see later) this high growth of international student immigration is unlikely to continue. The University acknowledge this challenge clearly in their recently published 2012/13 Financial Statements: "*In international student recruitment, universities remain exposed to government policy changes on immigration... Adverse publicity around the world in 2012, regarding changes to student visa rules and the revocation of London Metropolitan University's licence to sponsor overseas students, had a negative impact on 2012/13 recruitment.*"

Similarly in the Appendix, Table B.5 and para 1.13 shows significant net in-migration of those aged 15 to 29 (linked to students) 2011-2031, but this is not backed up by data from the University or any other educational establishment to show that they will increase numbers in the same way. This is also in direct contradiction to Appendix B para 1.18 which states that student numbers will not continue to grow: "*The only exceptions to this [use of linear trends] are: a) for the 16-24 age group the decrease in economic activity rates are largely due to increased student numbers and this trend is not expected to continue*".

Para 2.50 refers to National Insurance registrations by overseas nationals as demonstrating that a major portion of net international migration is from workers. However, it is very important to note that students undertaking work placements as part of sandwich courses as required to have NI numbers and that the University of Surrey offer the majority of students a placement year. University of Surrey offer about 2/3 of full time undergraduates a placement and are no.3 in UK in numbers of placements⁴.

Population Growth and Household Formation

³ FOI response from University of Surrey

⁴ See table A1 of http://www.educationforengineering.org.uk/reports/pdf/Sandwich_course_report.pdf

The accounting for students needs very careful review – the current section from 7.52 onwards shows some facts, but these do not appear to have been included in the main analysis in anyway.

For example, in the Appendix Figure B.13 shows the 20-24 age group increasing by 35.7% 2011-2031. This compares to 6.3% in the 2009 SHMA for the period 2006-2021 (see Table 4.3, p46 of 2009 Main SHMA document). This indicates some **significant problems with the data relating to younger age groups**. It is not clear what the underlying data for these age groups is, but relying on census based numbers alone is risky as the ONS recognise: “*Students and boarding school children are a group that can be difficult to count properly*”⁵.

The SHMA should ensure that actual historic growth data from HESA and the University of Surrey are properly analysed to provide a better quality forecast for the younger age groups, coupled with any University expansion plans. NB HESA data alone is not sufficient as this has some significant swings from one year to the next. To provide context, the University had c. 9,000 Full Time Equivalent students in 2003⁶ and 13,576 FTE in 2011/12⁷. However, since then student numbers have fallen: total students (incl part-time) were down in 2012/13 to 13,876 from 15,209 in 2011/12⁸.

The CLG forecast of household formation are based on ONS population data (see para 4.18). The potential mis-handling of student numbers in this implies that the CLG household projection of 663 pa may be too high.

GL Hearn’s own analysis of demographically-driven need for housing is driven by net immigration estimates and rate of household formation estimates. As outlined above net immigration is based on a flat projection of the average of net international migration which is overly simplistic. Household formation rates are derived from taking the mid-point of the 2008 and 2011 CLG projections (see para 4.26). This is discussed in detail in Appendix B (see para 1.22 and Figure B.9) which assumes the trend in household creation will naturally return to how it was pre-crisis, which is not necessarily the case. In particular, throughout the draft SHMA, statements such as “*some evidence of suppressed household formation*” are used, but no credible evidence is provided beyond actual household size being above a previous forecast. If there had been suppression of household formation in recent years, then this would be reflected in over-crowding statistics, but para 2.34 suggests that while overcrowding in Guildford has risen, it has done so less than the South East region. Furthermore, the ONS revised this calculation on 17/1/2014 to better account for bed-sitter households – particularly important for Guildford with a high student population and HMOs⁹.

Table 2 and the entire section on overcrowding must be reviewed as the underlying data has changed (as of 5/2/2014, 2011 Census Table QS412EW shows Guildford as being 3.4% overcrowded vs 3.7% in the draft SHMA).

As stated in the introduction, this is a clear example where a range of outcomes should be modelled (eg household size remains static as well as the midpoint projection used in the draft SHMA). **Figure B.9 clearly shows there is significant uncertainty around household size and this must be reflected in the analysis.** These two points together with the fact that Guildford is a net producer of households due to the net inward migration of families with children shown below demonstrates that the **GL Hearn estimate of 671 homes pa may be too high.**

⁵ Final recommended questions for the 2011 Census in England and Wales – Students March 2010 Version 1.0

⁶ 2003 Manor Park Masterplan

⁷ University of Surrey website

⁸ University’s 2012/13 Financial Statements

⁹ <https://www.nomisweb.co.uk/census/2011/qs412ew>;

<http://www.doriconline.org.uk/ViewPage.aspx?c=dbdatasetinformation&did=825>

Affordable Need and Household Formation

Table 17 should be adjusted to show 35% of income maximum on housing costs and affordable housing at 70% of market to represent the situation GBC recognise. Also, para 5.10 says it “*should be recognised that 100% mortgages are not generally available*” therefore the table should show the realistic situation, including likely level of deposit required to purchase a lower quartile home and a better reflection of actual income multiples available rather than the 3.5x used here. Following the methodology used by RBS for Help-to-Buy lending described in the Daily Telegraph 11 Oct 2013¹⁰, the household salary required to buy a lower quartile home is about £50,000. Table 17 should also make clear what type of house is being considered (taking an average is not recommended due to the differing sizes available to buy or rent as shown in Appendix D Table D2). As this data is used later to calculate affordability, it should be split out by size, as should subsequent analysis in Section 5. It is worth noting that RBS set a maximum expenditure on mortgage costs of 55% of post-tax income; at typical income levels this is about 40% of gross income, suggesting an increase from 35% used by GBC.

Table 18 may not properly reflect the actual situation as there are many households who earn low incomes who either own houses (eg pensioners) or rent with others (eg students). Neither of these groups should be considered as needing to fund housing from income.

Table 19 points identifies that 50% of households cannot afford market housing (to buy or rent) without savings or subsidy. This implies a significant housing crisis that is not identified elsewhere and **Table 19 should be removed as it grossly mis-represents the real situation.**

Tables 17, 18 and 19 collectively mis-represent the situation and should be either removed or amended to show the situation as outlined above. In particular, ability to afford should be calculated by size of house required compared to income for these households.

Current Need

5.18 to 5.21 and 5.23 describe the background to GL Hearn’s method of calculating the number of unsuitable homes. Given the critical nature of this in determining the backlog of need, the analysis behind this should be made clear, otherwise it appears to be subjective. In particular, GBC’s figures of 35% income and 70% of market rate should be used in calculating the number of households who cannot afford housing.

Using the housing register as a comparator in 5.22 needs more thought and currently overstates the real situation. The register contains cases of people living in larger houses who the Council wish to move into smaller accommodation to free up a larger home (ie no actual need themselves, but often put in Band B due to the urgency of freeing up their accommodation). Also, the register contains an element of double counting as one house becoming available can solve multiple cases through a series of moves. The register may also not be current. GBC’s Housing Advice Service should provide analysis to correctly identify current need from the housing register.

Future Need

Table 22 presents a theoretical figure of 59% of newly forming households being unable to afford housing. This makes little sense in reality, as most of these households would simply not form if they could not afford to live anywhere. There are five areas that should be reviewed to establish a more realistic number:

1. Para 5.26 potentially overstates household formation due to incorrect population data of younger age groups as previously discussed

¹⁰ <http://www.telegraph.co.uk/finance/personalfinance/comment/10372176/Help-to-Buy-and-the-problem-with-income-multiples.html>

2. Appendix B para 1.22 and Table B.9 make un-evidenced assumptions on future household formation as previously discussed
3. Affordable rent as a maximum of 70% of market rates should be used (GBC's own target see 6.44)
4. 35% of income as the maximum for accommodation costs should be used (GBC's own target see 5.50)
5. Impact of Guildford as a net producer of young households who leave

On (5), a high percentage of newly forming households that cannot afford housing does make sense when it is recognised that Guildford is a net producer of young households who migrate out (eg a family with two adult children would produce two additional households). As internal migration is net zero (Appendix B para 1.5), this movement makes sense as these young people are replaced by families moving in: Table 12.1 on p.91 of the *2009 Housing Needs and Market Assessment Survey* shows households with children net moving in and all other households net moving out (there is no similar analysis in the 2014 draft SHMA). Also younger people are highly likely to form a household with others, so several new household will appear to be needed from looking at demographics, but this will not happen in reality. In addition, the impact of students within the data needs to be carefully reviewed.

Para's 5.30 and 5.31 describes GL Hearn's method of calculating the number of existing households falling into housing need. **The analysis behind this should be made clear; otherwise it appears to be subjective.** In particular, GBC's figures of 35% income and 70% of market rate should be used in calculating the number of households who cannot afford housing.

Current Supply

Affordable homes under construction or in the planning process (see para 5.42) should include the 211 homes expected to be delivered on sites where planning permission has been submitted or pre-plan discussions have been had. This would be consistent with NPPF para 47 and footnote 12: *"To be considered developable, sites should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged."* This increases the current supply by 12 to 36 pa. In addition, the University have outline planning permission for c. 4,790¹¹ residences at Manor Park, of which about 1,670¹² have been built. The remaining c. 3,100 residences would constitute about 5-600 dwellings¹³ assuming 5-6 bedrooms per student flat. **University residences with outline planning permission must be included in the current supply calculations.**

According to the latest guidance on housing needs¹⁴, vacancy should be accounted for by *"identifying surplus stock (vacant properties)"*. **No allowance has been made for this throughout the draft SHMA, despite 989 vacant properties being identified in para 2.36 – this must be corrected.**

Future Supply

According to para 5.57 *"Whilst the private rented sector is not recognised as a genuine affordable housing product, it is important to recognise that, in practice, the sector makes a significant contribution to meeting housing need and filling a shortfall in genuine affordable housing products."* Given this, **it is important that the supply of 243 pa new LHA supported private sector lettings is properly accounted for in the net need shown in Tables 28 and 29.**

Conclusion

¹¹ GBC & University of Surrey Manor Park Development Brief

¹² University of Surrey website accommodation pages

¹³ <https://www.gov.uk/definitions-of-general-housing-terms>, 14/11/2012

¹⁴ <http://planningguidance.planningportal.gov.uk/blog/guidance/assessment-of-housing-and-economic-development-needs/what-methodological-approach-should-be-used/>

Given that GBC use a target of affordable rent as a maximum of 70% of market rates (see para 6.44), this should be included in the sensitivity analysis in table 29. It is estimated that doing this would decrease the total need by about 100 homes pa.

Without making any allowance for over-estimation of population growth amongst younger age groups and rates of household formation, **the net affordable need can be shown to be 257 pa.** This is by taking the GBC adopted 35% of income figure in Table 29 and incorporating 70% of market levels for affordability, including affordable supply for which planning permission has not been granted yet and the LHA supported private sector lettings: $612 - 100 - 12 - 243 = 257$.

Labour supply indications

In Appendix B, the translation of jobs growth into households under the Edge Analytics assumptions needs to be better explained as this shows in some scenarios more households are needed than jobs created, in others less. The methodology used by GL Hearn should also be better explained as it is not clear how the number of new jobs created is translated into the number of new households required.

Para 2.73 shows the Experian forecast that jobs will increase by 16.8% 2011-2031, but Appendix B Figure B14 shows 19.3%. **This data inconsistency must be resolved.** Population growth under the PROJ 2 (Jobs-Led) scenario in Figure B11 is 16.7% 2011-2031 suggesting that the Experian forecast has been applied to overall population. This would not be a correct approach as an increase in jobs does not automatically bring an increase in the non-working population

Appendix B shows information about the increase in the Economically Active Population. The definition of this in para 1.16 includes the un-employed seeking work. However, the subsequent analysis does not make any allowance for a fall in un-employment rate that would be expected to occur as more jobs become available (See Figure 15). This reduction in unemployment will mean that less new households are needed to meet the increased number of jobs.

Appendix B para 1.17 selects the commuting ratio to be 1.0 (ie all new jobs created in Guildford have to be met by those living in Guildford) as this reflects the current where in and out commuting are in balance. **This assumption is contradicted by para 2.70:** “...data suggests that the level of employment in the Borough is likely to support net in-commuting to Guildford.”

Vacancy Allowance

Throughout the draft SHMA, there are references to vacancy allowance (eg para 4.3 the 663 pa CLG figure is increased to include a “3% vacancy allowance” and para 6.13 “the 3% figure is consistent with that used in the main demographic modelling earlier in the report”). This implies that the housing requirements from the modelling have been increased to allow for vacancies, but this is not made clear. **There is no requirement in the NPPF or draft Planning Practice Guidance to make an allowance for vacant property in calculating housing needs and so these increases should be removed from the SHMA.**

Student Accommodation

Student accommodation can be included (and in some cases should be included) in the figures for completions of homes – see below for details of the DCLG guidance on this. Inclusion of student accommodation completions in para 2.44, Figure 7 and Table 4 would help show that there has not been a “record of persistent under delivery” which could help prevent the 5-years plus 20% requirement under NPPF para 47.

However, this also presents a challenge in that GBC may have to account for a supply of housing for an increasing numbers of students. Taking the University, its 2009 Estate Strategy shows long term growth of about 2%, ie 270 students per year from the current base of 13,500 FTE students. The University have outline permission to build another 3,100 residences at Manor Park, and so have the potential to demonstrate housing supply for their own growth and help significantly towards the 5-year supply. Oxford City Council has shown that Local Authorities can control university student numbers "living out". It has policies that clearly require residences to be built in order for detailed planning permission to be granted for new academic and related facilities. At Manor Park, GBC have the same opportunity to assert more control, without hindering University expansion and help towards the 5-year housing supply challenge.

Definition of Dwelling¹⁵ includes:

Communal establishments, ie establishments providing managed residential accommodation, are not counted in overall housing supply statistics (however, all student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can be included towards the housing provision in local development plans). These cover university and college student, hospital staff accommodation, hostels/homes, hotels/holiday complexes, defence establishments (not married quarters) and prisons. However, purpose-built (separate) homes (eg self-contained flats clustered into units with 4 to 6 bedrooms for students) should be included. Each self-contained unit should be counted as a dwelling.

The majority of the student accommodation at Manor Park, Stag Hill and Hazel Court fall into the latter self-contained flats point and so are required to be included in dwelling numbers.

Summary of data to be reviewed

- All areas affected by GBC's own targets for affordable housing: affordable rent as a maximum of 70% of market rates and 35% of income as the maximum that should be used for accommodation costs
- SNPP data to ensure recent student growth is not projected forward without clear justification
- Census overcrowding data from 2011 Census Table QS412EW
- Historic international migration figures appear to be inconsistent between tables and charts
- Net International Immigration figures that are a flat projection forward based off recent average with no clear rationale
- Average Household size trends which have been increasing, but are being forecast to decrease
- GL Hearn methodology for calculating current housing need
- Affordable homes expected to be delivered on sites where planning permission has been submitted or pre-plan discussions have been had
- Impact of vacant properties on current stock of affordable homes
- GL Hearn methodology for calculating rate of new household formation
- GL Hearn methodology for calculating existing households falling into need
- Supply of new LHA supported private sector lettings
- Growth in jobs differs in main report (16.8%) and Appendix (19.3%)
- Impact of reducing un-employment rate on new households required
- Commuting Ratio of 1.0 not supported by jobs density evidence
- Allowance for vacancy should not be added to housing needs
- Student Residences to be added to completions figures

The NPPG definition of need clearly includes demand. We have now included a section relating to specifically student housing. Our affordable housing need calculations are based on the cost of

¹⁵ <https://www.gov.uk/definitions-of-general-housing-terms>, 14/11/2012

privately renting. This is not an assessment of supply. We need to make an assessment of housing costs at a regional basis. We do not believe that London is part of the HMA in which Guildford operates although it clearly impacts upon it.

We are not recommending building 800 per year. We are suggesting that that is the need which should be tested against wider considerations.

We have provided sensitivity analysis in relation to household formation rates.

The supply of new housing is only considered for affordable housing not wider housing. Again this is a supply issue which we are not reviewing.

The government does not include the private rental sector as affordable housing. Although we agree that it will in practice make a contribution to affordable housing through LHA

The latest adopted figure is a constrained. It is not a fair comparison with our assessment of need.

The housing registered has been well managed by the Council so that people do not see registering on it as a realistic option for housing.

Housing affordability ratios are a standard matrix produced by the CLG to illustrate relative affordability. Guildford is extremely in affordable by this measure against neighbouring areas, regardless of where it.

Our calculation of affordable housing need is in line with the guidance. We were not requested to produce primary surveys and in general they tend not to diverge from secondary findings.

There has been no uplift made on economic factors.

The vacancy rates used reflect the functioning of the housing market. If there are no vacant homes the market cannot churn.