

Guildford Borough Local Plan: Strategy and Sites (2017)

Dandara Ltd Hearing Statement (Respondent ID: 12062017)

Introduction

- 1.1 This Hearing Statement has been prepared by Dandara Ltd who are promoting, for residential development, land off Shere Road in West Horsley which is not proposed for allocation in the Plan. The Statement concisely addresses the Matters and Issues for the resumed Hearing Sessions on Household Projections (ID/12).

Issue 1

The appropriateness of using 2016-based household projections for the basis of Guildford's Local Plan.

- 1.2 Dandara Ltd recognise that the Guildford Local Plan is being examined under the 2012 NPPF as per the transitional arrangements. Para. 158 states that Plans should be based on **adequate, up-to-date and relevant** evidence about the economic, social and environmental characteristics and prospects of the area.
- 1.3 We concur with the Council in their response to ID/12 (GBC-LPSS-036) that the 2016-based population and household projections constitute the latest, most up-to-date information available. Para. 158 does not however solely state that Local Plans should be based on the most up-to-date evidence but also evidence that, following objective scrutiny, is also considered to be 'adequate'.
- 1.4 It is also important to read the 2012 NPPF as a whole with one of the four Local Plan soundness tests being consistency with national policy, epitomised for housing delivery in the para. 47 commitment for the Framework to oversee a significant boost in the supply of housing.
- 1.5 Government policy regarding housing delivery was established within the 2017 budget which committed to supporting the housing market to deliver 300,000 homes a year on average by the mid-2020s. Para. 18 of the MHCLG 2018 document '*Technical Consultation on updates to National Planning Policy and Guidance*' reiterates this commitment where "... the Government considers that planning policy should respond flexibly and support the aspiration of supporting a market that delivers 300,000 homes". There is little doubt that Government policy, as established formally within the 2017 budget and contained in consultation papers with specific reference to the planning sector, aims to work towards the delivery of 300,000 new homes per annum as part of the NPPF para. 47 commitment to boost significantly the supply of housing.
- 1.6 Para. 10 of the Technical Consultation explains the implications of the use of the 2016-based projections on the Government objective to work towards the delivery of 300,000 homes per year whereby "*these lower projections of household growth result in the national minimum annual housing need calculated using the standard method falling significantly; from approximately 269,000 homes prior to the publication of the updated household projections, to approximately 213,000 based on the updated data. This is below the 217,350 homes delivered last year*".

- 1.7 Whilst we acknowledge that the Plan is not being examined against the 2018 NPPF and therefore the standard housing method does not apply, para. 10 of the Technical Consultation clearly identifies a conflict between the application of the 2016-based projections and the achievement of the 2012 NPPF objective of boosting significantly housing supply as the result would be national housing delivery levels below that delivered during preceding years.
- 1.8 It is also considered material to take into account the reasons why the Government has raised concerns regarding the robustness of the 2016-based projections and the applicability to Guildford Borough. These include, as also recognised by the ONS (<https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>), the following:
- Household projections are constrained by housing supply meaning that if new, additional homes are not supplied, then households cannot form as there would be nowhere for them to live. The Inspector will be aware from Dandara Ltd's Regulation 20 representations and earlier hearings that housing supply has been historically constrained within Guildford due to the application of 'policy on' designations including Green Belt and the Surrey Hills AONB;
 - The historic under-delivery of housing means there is a case for planning policy supporting delivery in excess of household projections, even if those projections fall;
 - Historically constrained housing supply has led to declining affordability which for Guildford Borough has seen the ratio of lower quartile house prices to lower quartile earnings increase from 9.86 in 2012 to 12.76 in 2017 alongside rising affordable housing need;
- 1.9 Whilst we concur with the Council that the Local Plan is being examined under the auspices of the 2012 NPPF, we consider that they have failed to adequately take into account the clear direction of Government policy and the implications of applying the 2016-based projections upon the ability to achieve sustainable development having particular regard to the para. 47 objective of boosting significantly housing supply. In particular:
- (1) One of the four tests of soundness set out within the 2012 NPPF concerns 'consistency with national policy'. This test was not intended to consider national policy fixed at the time the NPPF was originally published in March 2012. Instead, it intends to consider whether Plans can deliver sustainable development as defined by Government policy across the period in which the NPPF applies;
 - (2) As the Local Plan is being examined under the 2012 NPPF applying the transitional arrangements set out within the 2018 NPPF, consideration should be given to 'consistency with national policy' as applicable at the time of examination in 2019;
 - (3) The Government is clear that they have a policy objective to deliver 300,000 new homes by the mid-2020s. To achieve this, they have sought to establish a standard housing method which we acknowledge the Plan is not to be examined against. The standard housing method consulted upon, applying the 2014-based projections, identified a minimum housing target for Guildford of 789 dpa. If the Council proceeds with an OAN of 562 dpa over the period 2015-34 as suggested within ref. GBC-LPSS-033a, it is imperative that the Inspector considers the implications that such a reduction will have on the ability of the Government to achieve its 300,000 homes target representing, as it does, a 4,313 home reduction over the Plan period compared with the standard methodology;

(4) Whilst only a consultation document, the Technical Consultation does represent current Government and ONS thinking regarding the robustness of the 2016-based projections, especially in Authorities where housing delivery has been historically suppressed resulting in affordability challenges;

(5) The Council in their response ref. GBC-LPSS-036 overlook the fact that national policy is to deliver 300,000 new homes by the mid-2020s and the housing figures established for each Authority within the consultation for the standard housing method is a way to proportionally achieve this Authority by Authority. Given the concerns expressed by both the Government and OAN within the Technical Consultation, the Council must consider the implications of using the 2016-based projections as the basis of calculating OAN if this results in a 4,313 reduction in homes up to 2034 compared with the 2014-based standard method figure. This includes the ability of the Plan being able to satisfy the 'consistent with national policy' test of soundness if this puts at risk the proportional achievement of the Government's national 300,000 home figure. Put another way, the Government relies on each Local Authority delivering their 'fair share' to meet their collective 300,000 home target as a key strand of Government policy;

(6) It is considered that the proposal by the Council to calculate OAN using the 2016-based projections is particularly unsound as conflicting with national policy as the Local Plan being examined calculated OAN applying the 2014-based projections. The Council is therefore suggesting a conscious Main Modification to the Plan to reduce OAN applying the 2016-based projections when it is clear that Government policy is seeking to deliver 300,000 new homes by mid-2020s which the application of the 2016-based projections puts at risk.

Issue 2

Whether the calculation set out in the Council's paper "*Update to OAN Assessment in Guildford as a result of the 2016-based Household Projections*" (GBC-LPSS-033b) is an appropriate basis for calculating the OAN.

- 2.0 Dandara Ltd will concede and concur with the view of the Guildford Housing Forum in their Hearing Statement to ID/12 regarding the methodology used by the Council to establish the 'demographic starting point' for calculating OAN applying the 2016-based population and household projections.

Issue 3

The implications of the Council's paper "*GBC note on OAN following the 2016-based Household Projections*" (GBC-LPSS-033a)

- 2.1 The Council's note on OAN following publication and application of the 2016-based projections concludes at para. 13 that the OAN for Guildford Borough equates to 562 dpa.
- 2.2 The first point to note is that none of the updates on OAN published by the Council post publication of the 2016-based projections constitutes a SHMA. This is in direct conflict with para. 159 of the NPPF which explains that for Local Authorities to establish "*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*".

- 2.3 The SHMA prepared to inform the Local Plan remains the 2015 West Surrey SHMA plus 2017 Guildford Addendum Report (GBC-LPSS-SD-001, 002 and 003). It is considered that to accord with para. 159 of the NPPF, if the Council wishes to rely on the 2016-based household projections as the demographic starting point to establish OAN, a full update of the SHMA should be commissioned. This is to ensure the following:
- The original SHMA was not undertaken solely on behalf of Guildford Borough but the constituent Authorities making up the West Surrey HMA. If Guildford Borough are to rely on the 2016-based household projections to inform OAN, it is important to understand whether a similar approach is to be taken across the HMA or whether Guildford Borough is departing from an OAN methodology perspective. Regardless of whether all or some of the HMA Authorities are intending to calculate OAN based on the 2016-based projections, it is imperative that an update to the SHMA is undertaken to understand the implications of Guildford's reduced OAN upon both the West Surrey HMA and other HMAs within the south-east with a demonstrable relationship. For example, if Guildford's OAN is to reduce from the Regulation 19 Local Plan and 2018 MMs, is there now an opportunity for Guildford to meet unmet need arising from adjacent Authorities other than Woking Borough, including those within Greater London?
 - Whilst the Council's paper carries forward recommendations made by the Inspector within ID/6 regarding economic growth assumptions and adjustments for students, these conclusions were made in the context of an OAN at 630 dpa which has now reduced to 562 dpa. It is imperative that a full SHMA update is undertaken to consider in full the implications of the reduced demographic baseline on economic growth and student demand and whether previous adjustment conclusions remain soundly based;
 - The GL Hearn OAN updated '*Housing Needs Paper*' (GBC-LPSS-033b) states at para. 13 that "*while market signals are poor and there is a notable level of affordable housing need, GLH do not believe that there should be a specific further adjustment to the OAN above the economic growth (539 dpa) to address these issues*". Despite the recognition, as the Inspector heard throughout the 2018 Hearing Sessions, that there is a significant affordability challenge within Guildford Borough regarding the affordability of market housing and the availability of affordable housing, there is no assessment of why an adjustment to positively address market signals or boost affordable housing delivery is not made. It is imperative that an update to the SHMA is undertaken to properly understand the implications of the reduced OAN on affordability and affordable housing delivery;
 - Without an update to the SHMA, and linking back to the points made under Issue 1, it is not possible to assess the soundness of a Plan with an OAN of 562 dpa against the consistent with national policy soundness test. In particular, and given the clear direction of Government policy to improve affordability and access to housing, it is imperative that a SHMA update is able to demonstrate that the housing target does not worsen either the affordability of housing, having regard to house price to earnings ratios, nor the number of future residents in need of affordable housing.
- 2.4 The use of the 2016-based projections to establish the demographic starting point to calculate OAN has clearly been embraced by the Council not following an evidenced SHMA update process, but to fit a political rhetoric which was evident within examination document ref. GBC-LPSS-034. Notwithstanding our concerns regarding the compatibility of the 2016-based projections with the 2012 NPPF consistent with national policy soundness

- test and para. 47 objectives, we do not consider that the Council can reach any informed conclusions on OAN implications that are capable of demonstrating soundness until a full update of the SHMA is undertaken.
- 2.5 It is considered particularly important that a SHMA update considers the impact of any reduced OAN on affordability and affordable housing delivery as a Plan simply cannot be found sound if, over the Plan period, there is no improvement in house price to earnings ratios nor reduction in those who require affordable housing which is clearly contrary to Government policy to significantly boost delivery to improve affordability and access to housing.
- 2.6 Considering OAN as a percentage uplift of the 'demographic starting point' as advocated by the Council is not a robust approach as this does not consider meaningful and demonstrable quantitative improvements in affordability and housing availability which are clearly at the forefront of Government policy and the NPPF. The para. 13 conclusion of examination ref. GBC-LPSS-033b that the 2016-based OAN of 562 dpa represents a 72% uplift on the demographic starting point is irrelevant if this does not meaningfully improve affordability and the availability of affordable housing in the Borough.
- 2.7 The MHCLG 2018 document *'Technical Consultation on updates to National Planning Policy and Guidance'* makes this exact point referring back to ONS (<https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>) who reiterate that the 2016-based projections are *"based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available"*. In the case of Guildford, historically low house building coupled with worsening affordability and affordable housing delivery risk being 'baked into' the Plan if OAN is not upwardly adjusted to ensure quantifiable and demonstrable improvements in affordability and affordable housing delivery across the Plan period.

Issue 4

Whether it is possible at this point in time to come to conclusions on the issue of Woking's OAN and any unmet need.

- 2.6 Woking Borough Council undertook an internal review of their Core Strategy published in October 2018 (<http://www.woking2027.info/developmentplan/corestrategy/corestrategyreview>). It states that assuming a Plan period up to 2035/36, based on existing land availability evidence, *"... it is estimated that land can be identified within both the urban area and the Green Belt to enable the delivery of about 4,500 dwellings"* (pg. 13).
- 2.7 As any future review of the Core Strategy will be examined under the 2018 NPPF, future housing need within Woking Borough will be calculated applying the standard housing method. If the Government confirms their preferred approach set out within the MHCLG *'Technical Consultation on updates to National Planning Policy and Guidance'*, this would result in an annual housing need of 409 dpa for Woking if the 2014-based projection provide the demographic baseline for assessment of local housing need.
- 2.8 Should the 2014-based projections remain the demographic starting point for calculating OAN under the standard housing method, Woking would be required to identify land to

deliver 6,135 dwellings over the 15-year Plan period (pg. 14). Given their housing land availability position of 4,500 dwellings, this would result in a shortfall of 1,635 dwellings.

- 2.9 We would recommend that the Inspector leaves the discussion on unmet housing need arising from Woking Borough open in anticipation of the Government updating PPG following the technical consultation which is likely to be a priority given the importance of providing certainty to those Local Authorities currently preparing or reviewing Local Plans.

Issue 5

Whether in view of current uncertainties (especially with regard to item 4) it would be appropriate to insert a review mechanism into the plan and if so, how it would be phrased.

- 3.0 As explained for Issues 1-4, Dandara Ltd's position is that the application of the 2016-based projections is not consistent with national policy to deliver 300,000 new homes up to mid-2020s nor reflects the NPPF para. 47 objective to boost housing delivery. Furthermore, if the Council are to rely on the 2016-based projections to calculate OAN, this should be done via a full SHMA review which is able to consider full implications on economic growth, market signals, affordable housing delivery and student growth. In particular, the SHMA update must consider whether a reduced OAN of 562 dpa is able to deliver demonstrable, quantifiable improvements to affordability and affordable housing delivery in order for the Plan to be found sound and consistent with national policy.
- 3.1 If however the Inspector is minded to support the Council's use of the 2016-based projections to calculate OAN, despite the clear concerns of the Government regarding the impact on their 300,000 homes a year target, a commitment to an immediate review should be included in the Plan. This would deliver the following benefits:
- It would ensure the Plan accords with the 2018 NPPF post-review;
 - It would ensure that the Plan's housing target accords with the standard method;
 - It would ensure that by adopting a housing target in accordance with the standard method, Guildford Borough is able to contribute to the achievement of the Governments 300,000 homes per annum target by mid-2020s;
 - It would provide more certainty regarding timescales for the delivery of sites associated with A3 improvement works;
 - It would allow short term housing delivery to be monitored to ensure that sites required to reinstate and maintain a five year housing land supply are coming forward.
- 3.2 Dandara Ltd considers that a simple review mechanism could read *"given significant national policy changes brought into force during the preparation of the Local Plan, Guildford Borough commit to initiating a review no later than one year following adoption of this Plan and submitting the review for independent examination no later than two years following adoption of this Plan"*.
- 3.3 Dandara Ltd would reiterate to the Inspector that if the Council was minded to future-proof their Local Plan, based on the 2014-based standard methodology figure, the existing evidence base contains sufficient additional housing sites identified as Potential Development Areas (PDAs) within the Green Belt and Countryside Study (GBCS) which have not been taken forward by the Council solely due to the retrospective engineering of the

evidence base to overlay a 'higher sensitivity Green Belt' layer in response to public and political pressure. Whilst a short delay would take place as such PDAs are revisited, they are already within the supporting evidence base and no new 'call for sites' would be required.