

Guildford Local Plan Examination - Resumed Hearings on Housing Need/Requirement

Our ref 16377/01/MS/BHy
Date January 2019

Subject **Response on behalf of CEG, the Earl of Onslow and the Trustees of the Clandon Estate**

Introduction

This response has been prepared by Lichfields on behalf of CEG, the Earl of Onslow and the Trustees of the Clandon Estate in response to the Guildford Local Plan Inspector's questions for the resumed hearings on housing need and the requirement.

1.0 Matter 1 - The appropriateness of using the 2016-based household projections as the basis of Guildford's Local Plan

1.1 The Office for National Statistics (ONS) published the 2016-based household projections in September 2018¹. There are two components to household projections:

- 1 Population projections – for the 2016-based household projections, these are the 2016-based sub-national population projections (SNPP). It will be recalled that these were the basis for Guildford Borough Council's ("the Council") evidence to previous Hearing sessions; and
- 2 Household formation rates.

Previous conclusion on objectively assessed need for Guildford

1.2 The implications of the 2016-based SNPPs have already been debated at the Guildford Local Plan Examination. In GBC-LPSS-004 the Council estimated the impact of these on objectively assessed housing need (OAN). Based on this and other information presented at the examination, the Inspector (in ID-005) noted a starting point would be around 422 dwellings per annum (dpa) (see ID-005 para 3), however employment-led need would effectively 'peg' OAN at c.607-625 dpa (see ID-005 para 4). Allowing for growth in students, the Inspector concluded on an OAN of around 650 dpa, with the potential for a requirement (factoring Woking's unmet need) of around 700 dpa (ID-005 para 10).

1.3 The Council is now of the view³ that its OAN should be reduced in light of the 2016-based household projections to 562 dpa⁴. We are surprised the Council has pursued this argument and fundamentally disagree for the reasons set out below.

1. The interpretation of paragraph 158 of the NPPF

1.4 In GBC-LPSS-036 para 1.1a the Council cites paragraph 158 of the NPPF (2012) which states local planning authorities should "*ensure that the Local Plan is based on adequate, up-to-date*

¹ ONS took over responsibility for producing the household projections from the Ministry of Housing, Communities and Local Government (MHCLG) in 2017

³ As set out in GBC-LPSS-033a, 033b, and 036

⁴ See GBC-LPSS-033a para 20

and relevant evidence”. The Council has focused solely on the phrase “up-to-date”, however this is an erroneously narrow interpretation of all of the requirements in paragraph 158, and mistaken on two counts:

- 1 Firstly, the NPPF requires such evidence to be adequate. Because of the significant changes which have been made by ONS to the household projection methodology, Government plans to direct authorities to continue using previous projections for the purposes of housing need (see the Technical Consultation⁵). Whilst the policy and guidance changes in the Technical Consultation refer to the standard method, Government has clearly indicated it does not see the 2016-based projections being part of its thinking for estimating future housing need⁶. However, the Council has taken the narrow interpretation that the entirety of the Technical Consultation’s contents only apply to areas preparing plans under the new NPPF. To interpret it in this way would imply that Government believes the 2016-based projections are suitable for use in areas currently preparing plans under the old (2012) NPPF, but not in authorities producing plans under the new NPPF. This is clearly perverse.
- 2 Secondly, the NPPF states that evidence as a whole must be up-to-date, but not that this must comprise the most up-to-date data sources⁷. It is entirely possible for a dataset to not be *the most* up-to-date, but for the evidence as a whole to remain *up-to-date*⁸. Further, the Technical Consultation states “*although the Government generally recommends the use of the latest data ... in this case there have been substantial changes in the method for ... the projections*”⁹. It would be a myopically narrow interpretation to suggest that this advice was not material to consideration of this data’s relevance to housing need undertaken under the transitional arrangements.

1.5 In light of the above and the full interpretation of paragraph 158 of the NPPF (2012), the unvarnished use of the 2016-based household projections does not constitute adequate evidence. There is no reason why the 2014-based projections cannot be reverted to; they fulfil all of the requirements of paragraph 158.

2. Guidance on household projections

1.6 The PPG (2014 version, ID 2a-015) specifies that “*projections published by the [DCLG] should provide the starting point estimate of overall housing need*”. This is quoted by the Council in GBC-LPSS-036 (para 1.1b), however the Council fails to note that the household projections in question were not published by DCLG (now MHCLG), rather by ONS.

1.7 The Government has not updated the 2014 PPG to direct users to the ONS household projections; perhaps because ONS changed the methodology. Had the Government wanted the PPG to refer to them, it may have amended other parts of its guidance to re-dress the consequences of a significantly lower starting point¹⁰. Absent this, and when combined with

⁵ Technical Consultation on changes to national planning policy and guidance, October 2018

⁶ The ONS too reiterated that the new projections do not mean that fewer new homes are needed. In its blog of 19th October, Rich Pereira stated: “*Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the 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. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form.*”

⁷ To do so would be impractical as this would require an almost constant updating of the evidence base. A multitude of information is published on quarterly, annual and biennial bases informs Local Plans and it would not be possible for any Local Plan to be based on the most up-to-date iteration of these all of the time.

⁸ Indeed, the PPG explicitly states at ID 2a-016 that the publication of new household projections “*does not automatically mean that housing assessments are rendered outdated every time new projections are issued*”.

⁹ See para 27 of the Technical Consultation

¹⁰ For example through market signals or other adjustments

what the Government has (since the last Hearing sessions) said about the 2016-based projections in the context of its objective to achieve 300,000 homes per annum (to which we turn below), it is now logical for the current PPG to be interpreted in such a way as to set aside the 2016-based household projections and to reduce the weight given to the underlying 2016-based population projections.

3. Consistency with national objectives

- 1.8 In the Technical Consultation the Government considered whether it should revise its objective of achieving 300,000 homes per annum in light of the 2016-based projections and explicitly concluded it should not¹¹. If all local planning authorities were in the same position as Guildford (i.e. sought to base their OAN under the 2014 PPG on the 2016-based projections), to achieve 300,000 homes per year, areas would need to be doing – on average – 80-90% more than their household projections¹². Interestingly, with the 2016-based projections suggesting a starting point of 313 dpa for Guildford¹³, such a level of uplift would bring the figure for Guildford remarkably like that concluded by the Inspector in ID-005.
- 1.9 Evidently, if all areas took Guildford’s proposed approach, this would undermine the national objective of achieving 300,000 homes per annum by the mid-2020s¹⁴.

4. Addressing past under-delivery

- 1.10 The 2014 PPG at ID 2a-015 states “*the assessment will therefore need to reflect the consequences of past under delivery of housing*”. The Council¹⁵ believes it has addressed this because it has adjusted household formation rates. However, this is not the only consequence of past under-delivery.
- 1.11 The SNPPs are based on migration trends observed in the five years prior to the relevant base date¹⁶. In the years 2014/15 and 2015/16 – which are the two years of new data included in the 2016-based projections – the Council under-delivered significantly against projected household growth (Table 1). As well as suppressed household formation, this will have led to fewer people moving into and/or more people moving out of Guildford than would have occurred if projected household growth needs had been met.

Table 1 Comparison between projected household growth in Guildford and completions in 2014/15 and 2015/16

	Projected household growth (2014-based projections)	Actual housing delivery (Guildford AMR 2017/18)
2014/15	789	242
2015/16	740	387
Total	1,529	629

Source: MHCLG 2014-based Household Projections and Guildford AMR 2017/18

- 1.12 The Council has not addressed this in its evidence (as required by the PPG 2a-015); its current approach is advocating a counsel of despair that runs counter to the NPPF objective to significantly boost housing supply. Building fewer homes than needed has suppressed the

¹¹ Its reasons for maintaining the target are set out in paragraph 11 of the Technical Consultation

¹² Based on projected household growth 2016-41 of 159,000 households per annum and allowing for 3% vacancy

¹³ As per GBC-LPSS-33b para 6

¹⁴ Given that it is plans that are adopted over the next two years which will provide for allocations and permissions that will deliver housing output by that period (given relevant lead-in times).

¹⁵ GBC-LPSS-036 para 1.1 d iv

¹⁶ The 2014-based projections were based on migration trends observed 2008/09 to 2013/14 and the 2016-based projections 2010/11 to 2015/16.

projections, which in turn the Council is attempting to use in justifying a lower housing need figure going forward. This further demonstrates why it is not appropriate to reduce the OAN for Guildford in light of the 2016-based household projections.

5. Implications for reviewing the plan

- 1.13 One of the core principles set out at paragraph 17 of the NPPF (2012) is that the planning system should be genuinely plan-led, and paragraph 14 of the NPPF is clear that plans should meet objectively assessed need with sufficiently flexibility to respond to rapid change. Prior to the Technical Consultation the Council might have considered that it could adopt a housing requirement in the region of 650-700 dpa (as set out in ID-005) with the comfort that its number would not significantly increase in the near future based on the standard method. However, circumstances have clearly changed.
- 1.14 The new PPG (2018) specifically deals circumstances where a plan is adopted under the 2012 NPPF, but there is a change in the housing number under the standard method (PPG 2018, ID 6-043):
- “There will be occasions where there are significant changes in circumstances which may mean it is necessary to review the relevant strategic policies earlier than the statutory minimum of 5 years ... Local housing need will be considered to have changed significantly where a plan has been adopted prior to the standard method being implemented, on the basis of a number that is significantly below the number generated using the standard method”*
- 1.15 It is highly likely that the proposed changes as set out in the Technical Consultation (or ones with a similar outcome) will be implemented given Government has made its position on maintaining a target of 300,000 homes abundantly clear. This would yield c.750 dpa for Guildford based on current data (notably, this annual rate is identical to the 750dpa concluded on by Lichfields in REP-17463841-002 and to which we suggest further consideration is given in light of the change in circumstances).
- 1.16 If the OAN for Guildford were reduced to 562 dpa as proposed by the Council (or even if sustained at 650dpa), this would create a gap of up to c.200 dpa. Undoubtedly this constitutes a ‘significant’ difference, triggering the need for an early review of the plan. In other words, there is a strong likelihood that post-adoption, Guildford’s housing requirement would be immediately out-of-date even as per the Inspector’s recommended OAN, but especially if the Council’s figure were advocated. The plan would not have sufficient flexibility to respond to this rapid change, contrary to paragraph 14 of the NPPF. Rather than being genuinely plan-led, this would create significant uncertainty for the Council, developers and residents.

Summary

- 1.17 Wholly contrary to the Council’s view, it is not imperative that the Council revise its OAN downwards in light of the publication of the 2016-based projections. The position clearly set out by Government on the 2016-based projections is that their use is not compatible with Government objectives. The PPG (2014) does not in fact direct users to use the 2016-based household projections, and in any case it states the assessment of need must reflect past under-delivery, which the Council has failed to do. The implication under the transitional arrangements is that they should either be set aside entirely or their continued use should be accompanied by greater adjustment – all in accordance with the ‘old’ PPG - in respect of population, household formation, and market signals.

- 1.18 A reduction of the OAN would have wider implications, notably undermining national objectives to increase delivery to 300,000 homes per annum and undermining the plan-led system in Guildford itself. Reducing the OAN now would create a significant gap in housing need, risk the plan being out-of-date shortly after adoption, trigger an early review and undermine confidence in what should be a genuinely plan-led system.
- 2.0 Matter 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.**
- 2.1 No. For the reasons set out under our response to (1) above, the publication of the 2016-based household projections do not warrant a reduction in the OAN for Guildford. Therefore GBC-LPSS-033b should be not used as a basis for calculating the OAN/housing requirement.
- 3.0 Matter 3 - The implications of the Council’s paper “GBC note on OAN following the 2016-based Household Projections” (GBC-LPSS-033a) for; the overall housing requirement set by the plan; the housing trajectory; the 5 year housing land supply; the need for the additional sites included in the main modifications.**
- 3.1 GBC-LPSS-033 should not affect these as it does not provide the basis for reducing Guildford’s OAN or its housing requirement.
- 4.0 Matter 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.**
- 4.1 As confirmed by the Inspector in ID-005 para 8, there is existing evidence of a current and ongoing unmet need in Woking¹⁷. The Inspector also indicated it is outside the scope of the Guildford examination to consider what Woking’s new housing need (and unmet need) is (and by inference - what it might be in the future).
- 4.2 As set out in GBC-LPSS-036, the Council are of the view that Woking will not have any unmet need because when the standard method (and 2016-based projections) are applied, the housing number for Woking is similar to the current Woking Core Strategy requirement (see paragraph 4.1). Yet, rather strangely, Guildford Council – in the same document, at paragraph 4.2 – also states “*it is simply not possible to conclude with any level of confidence whether Woking may have any unmet need in the future*”. This is a regrettable example of “cakeism”; the Council cannot be right on both points – it either can make an assessment of what Woking’s unmet need might be, or it cannot. The only conclusion regarding unmet need from Woking which can be reached based on the current evidence is that a significant amount of exists and has been accruing since 2013.
- 4.3 Notwithstanding that it is outside the remit of the Guildford Local Plan to determine Woking’s unmet need in the future, the assertion that the unmet need no longer exists¹⁸ is flawed for several reasons.

¹⁷ Based on the objective assessment of need in the West Surrey SHMA [which was submitted as evidence to the Guildford Local Plan examination] and the housing requirement in the Woking Core Strategy

¹⁸ Or that unmet need exists, but is marginal as set out in para 34 of GBC LPSS-033a

- 1 Firstly, Woking has not undertaken a review of its Core Strategy, it has simply stated that it does not believe a review is needed. It accepts that its Core Strategy requirement does not meet its full objectively assessed need but has not demonstrated that its policies have had the ‘tilted balance’ exercise set out in NPPF para 11b applied. Its conclusion that a review is not needed altogether may itself be flawed.
- 2 Secondly, the PPG (2018) is clear that the standard method produces a *minimum* figure (ID 2a-002), and where a recent SHMA has found a higher need than the standard method, the Council will need to justify the use of a lower figure (ID 2a-010). This means that – with the evidence from the West Surrey SHMA – Woking would need to *justify* a lower standard method-based figure, and would not be able to simply adopt it. Indeed, the PPG suggests that without justification, it is the old SHMA figure that should continue to apply.
- 3 Thirdly, in estimating unmet need using the standard method and 2016-based projections¹⁹ both Councils fail to recognise likely imminent changes to policy and guidance. It would be an error to give no weight to what the Government has said about the 2016-based projections being incompatible with its 300,000 homes per annum objective, or to its proposed changes and their implications for Woking. In reality it is not in any way likely that Woking will ever have a standard method figure underpinned by the 2016-based projections; again this highlights the difficulty in speculating over what *might* happen in Woking (and the importance of making decisions now in Guildford based on current evidence).
- 4 Fourthly, Guildford Council²⁰ attempts to speculate that even if Woking’s eventual housing requirement were based on the standard method with the 2014-based projections, this would not necessarily create unmet need because Woking would be required to review its evidence and potentially release additional land, including from the Green Belt. It is unclear why Guildford Council is comfortable drawing such firm conclusions about Woking’s potential capacity to meet its need, despite Woking Council itself stating in its Core Strategy Review document that “*Based on the available evidence ...including potential sites that could be released from the Green Belt ... it is unlikely that the Council can identify sufficient land to deliver more than the 292 per year in a revised plan*”. This is the current evidence showing that there is an accruing and ongoing unmet need.
- 5 Finally, Guildford Council²¹ is concerned that releasing Green Belt land would be to “*meet a need from Woking which currently does not exist and where there can be no confidence that it will exist in the future.*” This is a flawed conclusion for two reasons:
 - a Firstly, current evidence shows unmet need does exist and has been accruing since at least 2013.
 - b Secondly, Guildford Council has failed to consider the scenario most likely to occur, which increases the risk that the Guildford plan will become out-of-date immediately on adoption, undermining what should be a genuinely plan-led system (NPPF para 17). There is no realistic prospect of housing needs reducing significantly in the future across West Surrey - on the contrary, once all three authorities update their plans, the annual requirement is likely to increase significantly in every authority (see Table 1).

¹⁹ As set out in GBC-LPSS-033c, para 4

²⁰ In GBS-LPSS-036 Para 4.2b

²¹ In GBC-LPSS-036 at para 4.3

Table 2 Comparison of dwellings per annum across West Surrey - current plans and standard method

Area	Current (or emerging) requirement	Standard method (2014-based projections)*	Difference
Guildford	650	752	+102
Waverley	590	643	+53
Woking	292	431	+139
HMA Total	1,532	1,826	+294

*Standard method figure based on 2014-based projections for 2018-2028 and 2017 affordability ratio. Actual standard method figure may differ depending upon when reviews take place.

4.4 In summary, current evidence shows unmet need from Woking exists now (and has been accruing since 2013) and speculations by either Woking Council or Guildford Council that unmet need will diminish or disappear are beyond the remit of the Guildford EiP. In any case, those speculations are not reflective of what is likely to occur and fail to reflect both current guidance and emerging changes to policy in guidance.

5.0 Matter 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

5.1 Whether or not a review mechanism is required in the plan depends on what housing requirement is adopted in the plan. If – as put forward by Lichfields in REP-17463841-002 – the plan reflected an OAN of around 750 dpa for Guildford and incorporated Woking’s unmet need, there would be no need for an early review mechanism because there would not be the ‘significant gap’ between the plan requirement and the number generated by the standard method set out in PPG (2018) ID 61-043. Were the OAN for Guildford set at a lower level – either the 630-650 dpa set out in ID-005 or the even lower figure now put forward by the Council, this ‘significant gap’ would then exist and there would be a need for an early (if not, immediate) review of the plan.