

Inspector's guidance note for Hearing Agenda Item 14 (Boosting housing supply and early years provision).

1. This note takes forward the discussion on OAN in the light of the various submissions and provides a preliminary assessment of the housing requirement to set a context for Agenda Item 14.

Objectively assessed need (OAN)

2. Deteriorating housing affordability in Guildford has been driven by a number of factors including strong employment growth and student incursion into the housing market. Housing delivery in Guildford has been at a low level for a long time and the affordability ratio is very high and continues to worsen.

3. On the subject of continuing employment growth, ID-005 contains a preliminary discussion of the various forecasts. The notable differences between the forecasts from OE, CE and Experian – 0.5% to 0.9% pa – suggest that taking a blended average of these forecasts as in the SHMA Addendum is not on its own a particularly robust approach. Data available from NOMIS indicates that there has been a 14,000 increase in jobs in Guildford over the past 16 years which represents a 0.96% CAGR. The SHMA Addendum growth assumption of 0.7% pa thus appears on the low side and I consider that a realistic and cautious approach would be to assume employment growth of 0.8% pa – lower than past trends and indeed lower than the highest of the economic forecasts, but higher than the blended average of the forecasts. This would appear to require housing provision in the order of 607 dpa.

4. As regards student numbers, it is predicted that 23 dpa is required to compensate for added for predicted further incursion of students into the housing market.

5. Together, these point towards an OAN of 630 dpa. This represents a considerable uplift over the demographic starting point of 422 dpa. It is based on an approach which addresses known factors which are putting pressure on the housing market, and seeks to quantify the extent of those pressures and compensate for them. In my view it is an appropriate adjustment for market signals.

6. There are three further comments to make. Firstly, the OAN is not being calculated against the formula approach (and in any case adjustments for local circumstances can always be made) so it would be wrong to draw direct parallels with it. That said, I do not

consider this to be significantly out of step with the proposed formula approach.

7. Secondly, I am not convinced by arguments in favour of a higher OAN: that an affordability uplift should be applied on top of the employment-based figure, and that a higher OAN should be set having regard to modelling based on price/income elasticity and housing stock growth. I consider that such modelling makes a very useful evidential contribution to plan-making, but the higher figures represented by these approaches would result in an OAN a long way in excess of the reduced demographic starting point and they need to be treated with a degree of caution. The appropriate approach is to base adjustments on known factors and monitor market signals, and if affordability trends continue to worsen, take appropriate steps in the next plan review.

8. Thirdly, I do not consider that the evidence points to a significant reduction in the OAN as others have argued. Arguments that Guildford's future economic growth will not require commensurate labour growth do not appear to be borne out in the employment evidence. Establishing a housing requirement (as has been argued) of 272 dpa by removing all Green Belt sites from consideration would fall far short of meeting objectively assessed housing need and would result in a continuing deterioration in housing affordability.

9. For the purposes of the current plan an OAN of 630 dpa would itself represent a significant uplift from the (now lower) demographic based projections and would address key factors that are known to place pressure on the housing market. It is important to note that the value of setting the OAN at this level relies on there being sufficient delivery in the early years. As it stands the Council's proposed stepped trajectory will not deliver sufficient homes early enough to counter worsening affordability trends. This is dealt with below. Monitoring market signals and other relevant factors is essential to ensure that the policy is effective.

Unmet need

10. Local authorities should meet objectively assessed housing need in their housing market areas. An allowance should therefore be made for unmet need in Woking, which is in the same housing market area, but this needs to be tempered by the recognition that the plan already releases areas from the Green Belt for strategic housing allocations. This was not the case in Waverley, where Green Belt release was more local in nature. There is also evidence

that the de facto residual level of unmet need from Woking may be lower than indicated by the SHMA as a result of lower household projections. This was recognised in the Waverley Local Plan report. For these reasons I would not expect Guildford to take 50% of Woking's 2015 SHMA-based unmet need, but it should seek to accommodate a meaningful amount, of around 25% (787 dwellings).

11. I do not give much weight to exercises that seek to cross refer to the draft standard methodology or re-calculate household projections in Woking to try to demonstrate that the residual unmet need no longer exists. It is outside the scope of the Guildford Local Plan Examination to establish a new OAN for Woking. There will be many considerations to be taken into account when it comes to considering Woking's housing requirement through its Local Plan Review. Meanwhile the evidence of Woking Borough Council clearly indicates that there is an existing level of unmet need and that this is likely to persist into the future.

12. In Waverley the allowance for unmet need was spread over the plan period, and if the same approach were taken in Guildford the annual figure would be 41 dpa or a total housing requirement of 671 dpa. In theory, this would mean that a proportion of the unmet need would be delivered after the end of Woking's plan period, but of course housing completions are available to the whole market and the important thing is to take steps to ensure adequate delivery in the first 5 years (see below).

13. 671 dpa is not much in excess of the submitted plan's figure of 654 dpa. The Council has indicated that its overall housing supply is higher in any case.

The trajectory and 5 year supply

14. There are important issues regarding the timing of housing delivery. I am prepared to accept that the Liverpool methodology on its own is valid, given the scale of the strategic allocations and the infrastructure issues associated with them. However, the submitted plan's level of delivery in the early years, based on a stepped trajectory combined with the Liverpool methodology, is not acceptable. It would negate the purpose of the 20% buffer (which the Council accept), frustrate attempts to address key factors affecting worsening affordability, and would be contrary to Government policy which is seeking to boost the supply of housing. Taking the Council's own supply figures, on the basis of a level trajectory and the Liverpool methodology, the plan would not

provide a five year supply at either the 2018 or the 2019 base dates at 671 dpa, or even at its published figure of 654 dpa.

15. In the circumstances the Council should not adopt a stepped trajectory, but should identify additional sources of housing delivery in the early years of the Plan. If new site allocations are required for this purpose they will need to be in locations that are not dependent on the completion of the A3 RIS which is not due until 2027 at the earliest. From evidence submitted to the examination so far, I am not convinced that such sites do not exist, or that they would fundamentally alter the spatial strategy. In preparation for Agenda Item 14 on 3 July, the Council will need to consider how it wishes to approach this issue.

The A3 RIS

16. There are uncertainties in respect of the A3 RIS. An improvement of the A3 through Guildford was included in RIS1, so on currently available information it is reasonable to proceed with the plan on the basis that the A3 improvement will take place. However, the letter from Highways England of 15 June states that commitments will not be made until the publication of RIS2, expected in 2019, and will then be subject to the development of a successful business case and the statutory planning process. There is thus still a risk that the A3 RIS will slip. Were this to occur, important elements of the plan could be called into question very quickly owing to the reliance on sites dependent on the RIS. The plan needs to be much clearer, in Policies ID1 and ID2, and in the individual site allocations, about which sites are dependent on the A3 RIS, and it needs to set out the steps to be taken (and the indicators that will trigger them) in the event of the slippage of the RIS.

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