
Guildford Local Plan Examination

Further Written Statement submitted on behalf of Martin Grant Homes

January 2019

Guildford Local Plan Examination

**Further Written Statement submitted on behalf of
Martin Grant Homes**

Project Ref:	21633/P12/A5	21633/P12/A5
Status:	Draft	Final
Issue/Rev:	-	a
Date:	23 rd January 2019	24 th January 2019
Prepared by:	Debbie Mayes / Emily Ford / Michael Knott	Debbie Mayes / Emily Ford / Michael Knott
Checked by:	Michael Knott	Michael Knott
Authorised by:	Michael Knott	Michael Knott

The Blade
Abbey Square
Reading
Berkshire. RG1 3BE

Tel: 0118 943 0000
Fax: 0118 943 0001
Email: planning@bartonwillmore.co.uk

Ref: 21633/P12a/A5/EF/dw

Date: 24th January 2019

COPYRIGHT

The contents of this document must not be copied or reproduced in whole or in part without the written consent of Barton Willmore LLP.

All Barton Willmore stationery is produced using recycled or FSC paper and vegetable oil based inks.

INTRODUCTION

- 1.1 This written statement is submitted on behalf of Martin Grant Homes (MGH) and has been prepared by Barton Willmore LLP in response to the Matters and Issues for the Resumed Hearings set out in the Inspector's Note ID-12.
- 1.2 As set out in earlier representations, MGH owns (freehold) the Gosden Hill urban extension, identified within Policy A25 of the Local Plan. MGH is promoting Gosden Hill as a new sustainable neighbourhood. MGH fully supports the identification of Gosden Hill in the Guildford Local Plan and confirms that the site is deliverable.
- 1.3 This written statement supplements the further written statement submitted in May 2018 and the representations submitted at the regulation 19 consultation stages in June/July 2016 and in June/July 2017. We look forward to participating in the resumed examination hearings and further assisting the Inspector with his assessment of the plan's soundness and legal compliance.

RESPONSE TO RESUMED HEARINGS MATTERS AND ISSUES

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

1.1 We acknowledged that the Guildford Local Plan was submitted for examination before the 24 January 2019 and therefore is being examined against the policies of the 2012 NPPF and the accompanying PPG on Housing and Economic Development Needs Assessments (HEDNA) last updated in March 2014 in respect of establishing the OAN for Guildford. In this context, the 2012 NPPF (paragraph 158) does require that the *"Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area."*

1.2 It is our view that whilst the 2016-based household projections are 'up-to-date' and are of 'relevance' (albeit this is a matter of judgement) , they are not 'adequate' for assessing future housing need.

1.3 The adequacy of ONS' 2016-based household projections has been questioned by Government as part of MHCLG's Technical Consultation on updates to national planning policy and guidance (October 2018). Whilst this consultation was in the context of the standard method for calculating housing need, we consider that the Government's reasons for reverting back to the use of the 2014-based household projections for the purposes of the standard method calculation, also are applicable to the calculation of OAN under the 2012 NPPF and accompanying HEDNA.

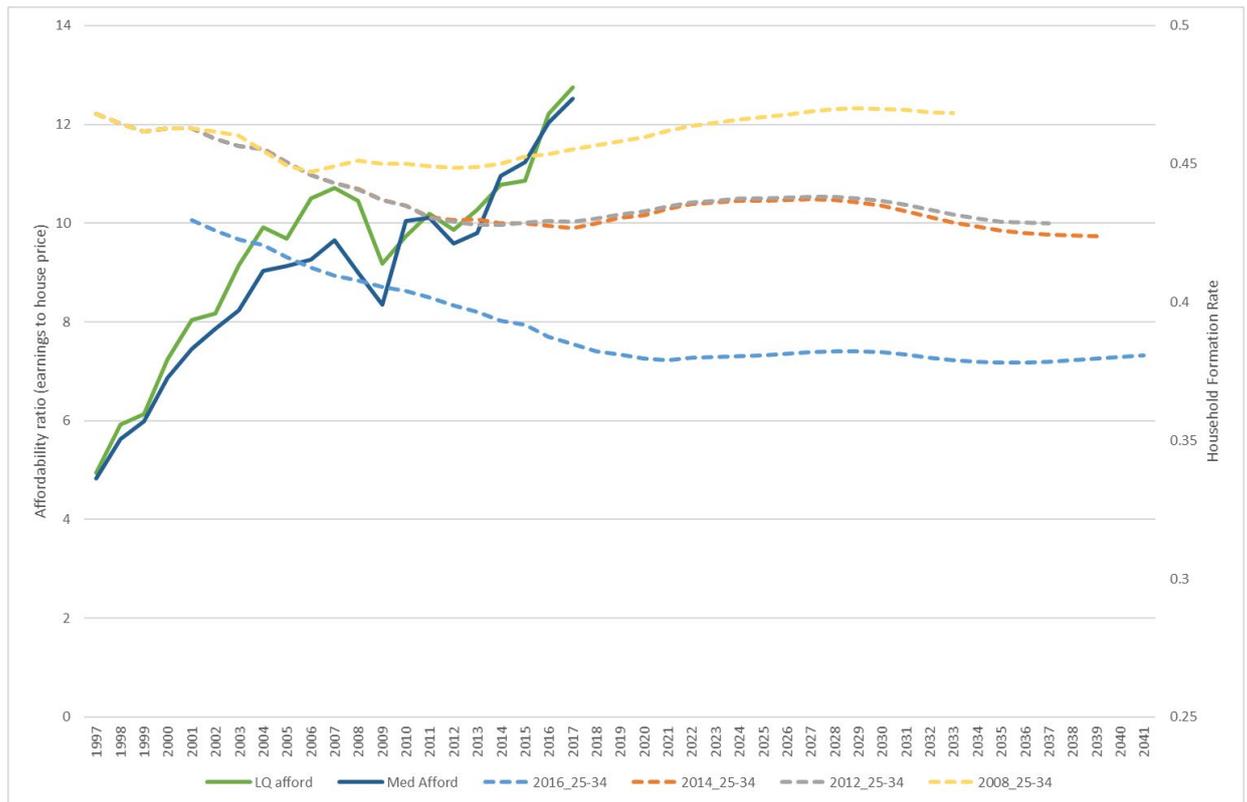
1.4 The HEDNA does permit adjustments to household projection-based estimates of housing need (ID2a-017) specifically stating that *"the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demographic and household formation rates which are not captured in past trends"* (ID2a-015) (our emphasis). Any changes are required to be *'clearly explained and justified on the basis of established sources of robust evidence'* (ID2a-017).

1.5 A headline point in the Government's Technical Consultation paper (October 2018) is how the 2016-based ONS household projections are based on household formation trends between two Census points (2001 to 2011) rather than five Census points under previous MHCLG projections (1971, 1981, 1991, 2001, and 2011). This change under the 2016 projections is considered by Government to focus *"it more acutely on a period of low*

household formation where the English housing market was not supplying enough homes” (paragraph 11).

- 1.6 As Figure 1 (overleaf) illustrates, the 2001-2011 period referred to by Government saw a rapid worsening of housing affordability in Guildford, the lower quartile affordability ratio increasing from 8.04 (2001) to 10.19 (2011); a 27% increase in only 10 years, and the median ratio increasing from 7.46 to 10.11 (36% increase). This made it rapidly more difficult for younger people to form their own household, and formation rates amongst the younger age groups therefore fell significantly.
- 1.7 In this context, the decision of ONS to look at trends over the much shorter 2001-2011 period and project these trends forwards over the next 25 years is a considered to be a serious weakness of the 2016-based household projections and a self-fulfilling prophecy as the Government have identified. Use of trends gathered over this 10-year period would only perpetuate the household formation problems experienced over the period and reflected in trends. It is therefore Government’s view that the 2016-based ONS household projections would not contribute to their objectives for housing supply, something that Barton Willmore concur with.
- 1.8 The Government’s consultation paper also refers to **housing delivery**, stating that household projections are constrained by housing supply, and that *“If new, additional homes are not supplied, then households cannot form as there would be nowhere for them to live. This means that actual household growth cannot exceed the number of additional homes which are actually supplied”* (paragraph 11, bullet point 1). The technical consultation goes on to state that *“The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall”* (paragraph 11, bullet point 2).
- 1.9 This is the case in respect of the 2016-based ONS household projections which project significantly lower growth in households in Guildford than the 2014-based projections. Over the Guildford Local Plan period (2015-2034) the 2014-based household projections projected average growth of 545 households per annum, whereas the 2016-based household projections project average growth of just 317 households per annum over the same period.

Figure 1: Household Formation Rates and Affordability – Guildford



1.10 Reference to Guildford Borough Council’s 2017/18 Annual Monitoring Report (AMR) identifies that housing delivery over the 5-year period 2011-2016 (the period from which migration trends are drawn to feed into the 2016-based household projections) fell below target. Assessed against an interim housing number of 322 homes per annum, delivery in Guildford only averaged 252 homes per annum (2011-2016) which would have also influenced the lower household growth projected in the 2016-based household projections. It is important to realise that this undersupply is assessed against an artificially low ‘target’ of 322 homes per annum in the context of the original OAN for Guildford derived in the West Surrey SHMA Addendum Report 2017 (GBC-LPSS-SD-003) which identified an OAN of 654 homes per annum.

1.11 Barton Willmore therefore consider that whilst the 2016-based household projections are the most up-to-date projections available, there are a number of issues inherent in the 2016-based household projections (as identified above) which we consider make them inadequate as a starting point for assessing housing need. We consider that a more robust approach in this case is to use the 2014-based household projections as the starting point for assessing OAN.

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 As stated above in response to Question 1, we are of the view that the Council's OAN calculation should not be updated to take account of the 2016-based household projections. To summarise, there are two main issues with the 2016-based household projections:

- They project forward acute suppression in household formation, as a result of being based on household formation trends drawn from the period 2001-2011; and
- They are underpinned by lower population growth based on migration trends drawn from the period 2011-2016, a period when housing delivery in Guildford was significantly below target restricting migration flows and therefore inhibiting household formation.

Demographic-led housing need

2.2 Whilst we acknowledge that GBC-LPSS-033b does provide an adjustment to the 2016-based household projections to address suppressed household formation inherent in the underlying 2016-based household formation rates (HFRs), we do not consider the HFR adjustment to be sufficient.

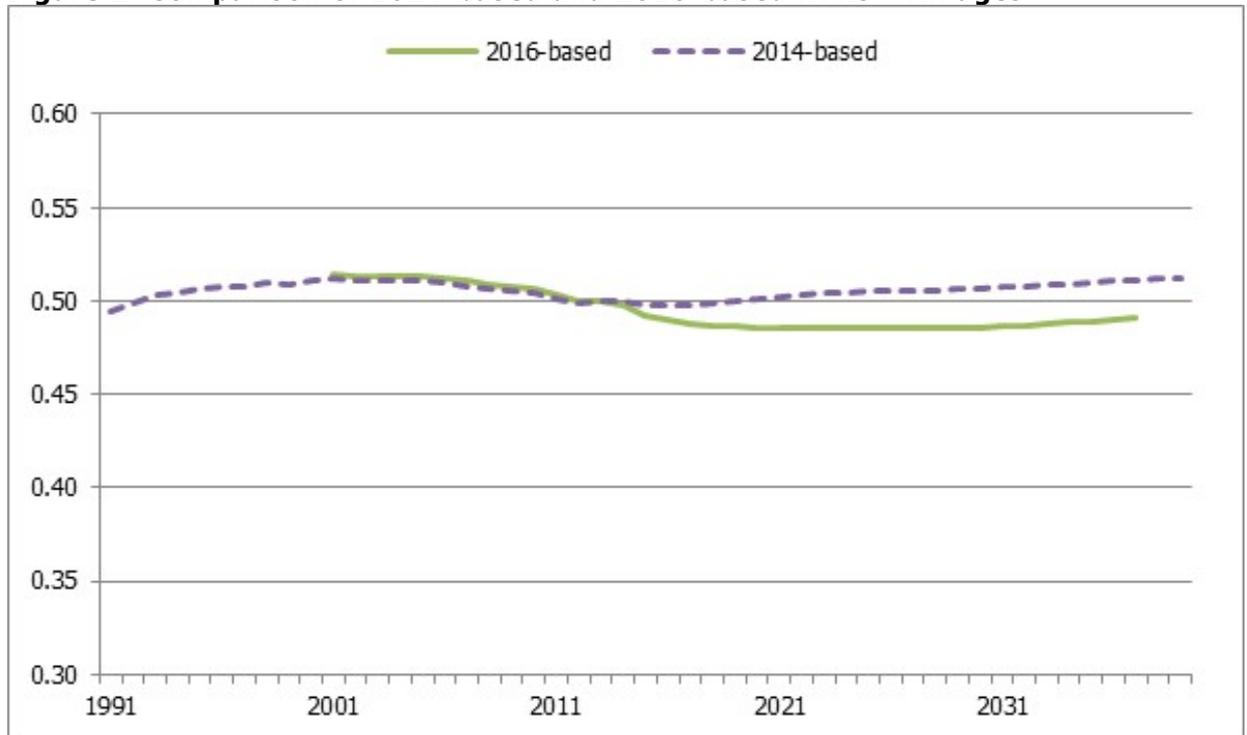
2.3 GBC-LPSS-033b states the starting point according to the 2016-based household projections is 313 dpa (paragraph 6) and after applying an adjustment to the HFRs for 25-44 year olds, demographic housing need increases to 396 dpa. The HFR adjustment therefore provides a 26% uplift.

2.4 However, the paper 'Implications of 2016-based SNPP for Guildford' (GBC-LPSS-004) applied the previous 2014-based published HFRs to the 2016-based SNPP and identified a need for 422 dpa. After applying an adjustment to the HFRs for 25-34 year olds only (unlike GBC-LPSS-033b which applies an adjustment to 25-44 year olds), need increased to 475 dpa.

2.5 Given that the underlying population projection is the 2016-based SNPP in both GBC-LPSS-004 and GBC-LPSS-033b, the level of demographic housing need varies significantly (396 dpa versus 475 dpa). All of the difference is attributable to the household formation assumptions applied.

2.6 As was shown in Figure 1 for 25-34 year olds, the 2016-based HFRs project significantly lower household formation than the 2014-based series. This is the case in general when comparing the 2014-based and 2016-based HFRs across all ages as shown in Figure 2 (below).

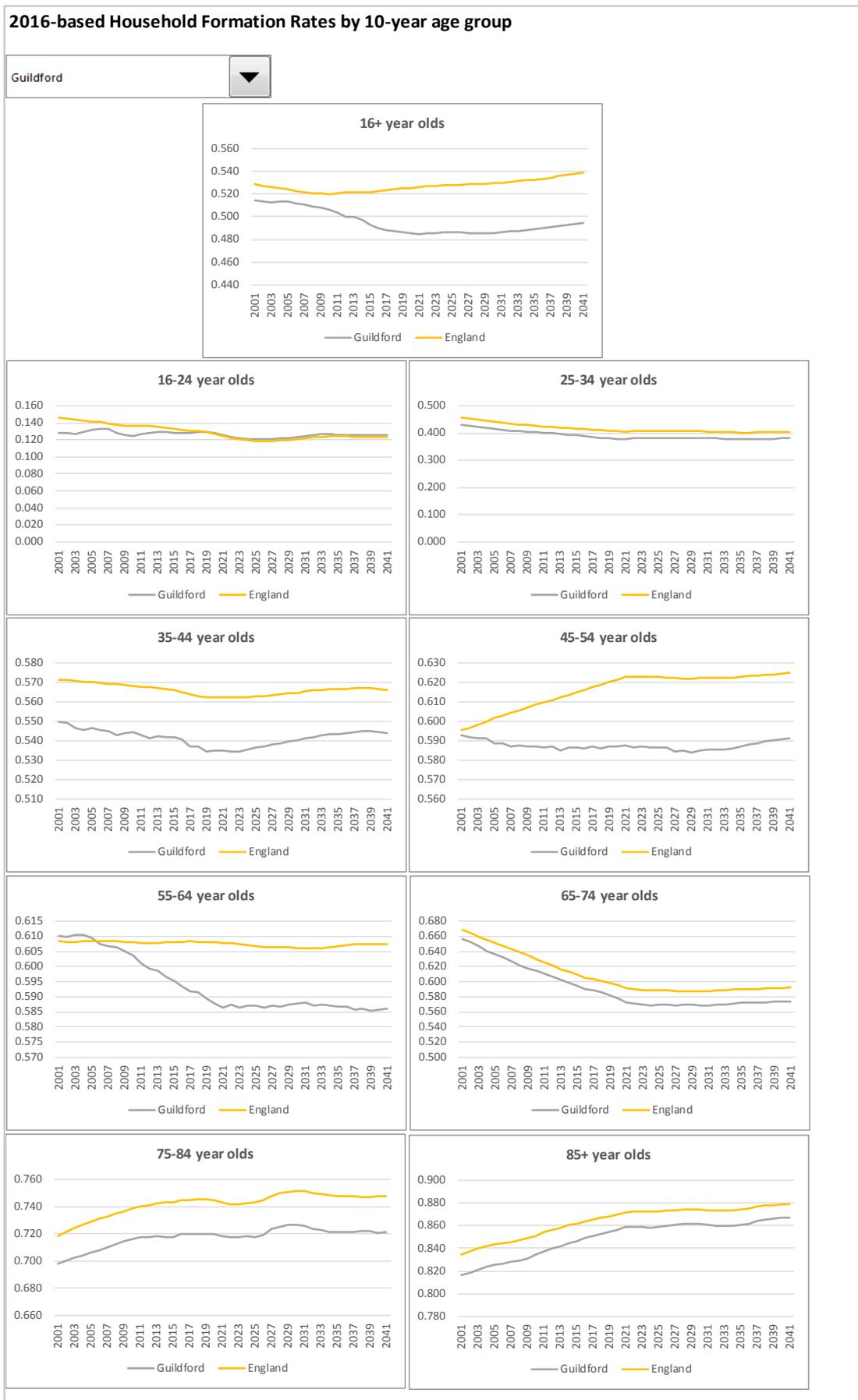
Figure 2: Comparison of 2014-based and 2016-based HFRs – All ages



2.7 Therefore, despite GBC-LPSS-033b making an adjustment to the 2016-based HFRs for 25-44 year olds, the HFRs remain significantly below the 2014-based HFRs. Given the reasons we've outlined in response to Question 1, this is not considered appropriate.

2.8 A further issue with the 2016-based HFRs for Guildford is that they are lower than the national 2016-based HFRs as is shown in Figure 3 (overleaf).

Figure 3: 2016-based HFRs – Guildford versus National



- 2.9 Even with the adjustment applied by GBC-LPSS-033b to the HFRs for 25-44 year olds, which returns the HFRs for this age group back to levels seen in 2001, this would still mean that Guildford's adjusted HFRs remain below the national HFR levels seen in 2001.
- 2.10 This is not considered appropriate as a basis for planning housing need in the context of housing affordability in Guildford being significantly worse than the national average (median house prices in Guildford in 2017 are 12.53 times median workplace earnings compared to 7.91 times for England).

Economic-led housing need

- 2.11 The issue with HFRs is carried forward into the assessment GBC-LPSS-033b makes in relation to economic-led housing need, whereby GBC-LPSS-033b applies adjusted 2016-based HFRs for 25-44 year olds to calculate economic-led housing need.
- 2.12 GBC-LPSS-033b assesses economic-led housing need to now be 539 dpa with the application of adjusted 2016-based HFRs, whereas previously (in position statement GBC-LPSS-SoCG-009) economic-led housing need was assessed as being 606 dpa with the application of adjusted 2014-based HFRs.
- 2.13 For the reasons outlined above, we consider the 2016-based HFRs (even with an adjustment) should not be used and a more robust assessment of housing need would be provided through the application of adjusted 2014-based HFRs as used in GBC-LPSS-004 and GBC-LPSS-SoCG-009.

Market signals

- 2.14 GBC-LPSS-033b does not provide a further market signals uplift to the revised economic-led OAN of 539 dpa stating that economic-led OAN provides a 72% uplift to the 2016-based starting point of 313 dpa. As stated in our previous submission in response to Matter 2, this uplift is to support economic growth, not to improve affordability. A further uplift to address affordability is required.
- 2.15 Again, as demonstrated in our previous submission, the level of housing need required to ensure no further deterioration of housing affordability in Guildford is significantly higher. We previously highlighted this need was equivalent to 1,119 dpa. However, taking account of more recent assumptions from the Office for Budget Responsibility (OBR) published within the October 2018 Economic and Fiscal Outlook in relation to forecast house price and earnings growth, we now calculate this need to be equivalent to 819 dpa.

2.16 Given the acknowledgement in GBC-LPSS-033b that "*market signals are poor and there is a notable level of affordable housing need*" (paragraph 13) we consider it inappropriate to reduce Guildford's OAN from 654 dpa (as in GBC-LPSS-SD-003) to 562 dpa (as in GBC-LPSS-033b).

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 We have no comments.

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 GBC-LPSS-033b and GBC-LPSS-033c considers Woking's housing need according to the Government's proposed Standard Method. However, the analysis presented bases the Standard Method calculation on application of the 2016-based household projections. The Government's 'Technical consultation on updates to national planning policy and guidance' proposed that the Standard Method calculation should revert to using the 2014-based household projections in Step 1 (setting the baseline) rather than the 2016-based household projections, for the reasons we presented in our response to Question 1.

4.2 Using the 2014-based household projections, we calculate Woking's housing need according to the Standard Method to be 431 dpa, significantly higher than the Standard Method need of 263 dpa presented in GBC-LPSS-033b (paragraph 17). Figure 4 (overleaf) summarises our calculation that results in need of 431 dpa.

4.3 Need of 431 dpa is marginally lower than Woking's economic-led housing need of 471 dpa as identified in the West Surrey SHMA 2015 (GBC-LPSS-SD-001) without any adjustment to HFRs. However, the PPG on Housing Need Assessment (13 September 2018) states that "*The standard method for assessing local need provides the minimum starting point in determining the number of homes needed in an area*" (ID 2a-010-20180913). An additional uplift to support economic growth is permitted.

4.4 Therefore, the evidence is not suggesting a downward trend in Woking’s housing need and therefore the issue of unmet need arising from Woking is likely to remain and needs to be planned for.

4.5 Moreover, an effective solution to Woking’s unmet need is long overdue and the need should, therefore, be dealt with now rather than deferred to a future review of the Local Plan.

Figure 4: Standard method calculation for Woking (Jan 2019)

SM based on October 2018 PPG consultation proposals	
	Housing need (pa)
Step 1: Baseline	
Average household growth 2019-2029 (2014-based household projection)	308
Step 2: An adjustment to take account of market signals	
2017 Median affordability ratio (workplace based)	12.21
Market signals uplift (number)	158
Market signals uplift (%)	51%
Uncapped local housing need (baseline + market signals uplift)	465
Step 3: Capping the level of any increase	
Adopted Local Plan number	292
Adoption date of Local Plan	2012
Plan adopted in last 5 years?	No
Cap applied?	Yes
40% cap applied to: Higher of either Baseline or Local Plan number	308
Capped local housing need	431
Local housing need according to proposed standard methodology =	
	431
Council's current OAHN assessment	
	517

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 Notwithstanding our comments above, if the Inspector is minded to insert a review mechanism into the Plan, we recommend that this could be best achieved through the identification of reserve sites in the Plan which could be brought forward.

5.2 In our view, such a mechanism would enable the Plan to progress to adoption in a timely manner and avoid the potential need for an immediate review of the Plan to identify additional allocations to help meet Woking's unmet need.

5.3 The adoption of the Local Plan has been delayed significantly as a result of the consideration of the implications of the 2016-based household projections. Due to this delay, housing delivery in the Borough has been adversely affected, particularly as a result of the delayed adoption of the Local Plan and the associated releases of land from the Green Belt. To ensure that sufficient housing is delivered to maintain sufficient supply and meet identified needs, it is imperative that the Local Plan is adopted as the earliest opportunity.