

# **Welwyn Hatfield Technical OAN Paper**

The implications of the 2016-based SNPP and SNHP on the Welwyn Hatfield OAN

June 2019

# Contents

---

Executive Summary	i
1. Introduction	1
2. Summary of the Evidenced OAN Position	6
3. The Household Projections – ‘Starting Point’	8
4. Projected Population Growth	10
5. Projected Household Growth	15
6. Implications for Housing Need	20
Appendix 1: Size and Type of Housing Needed	25
Appendix 2: Older Persons Housing Need	27

---

**Client**

Welwyn Hatfield Borough Council

**Our reference**

WELM2000

June 2019

# Executive Summary

1. This technical note has been prepared at the request of Welwyn Hatfield Borough Council ('the Council') to consider the implications of the publication of the 2016-based population and household projections (2016-based SNPP/ SNHP) which were released in May and September 2018 respectively.
2. This technical note provides supplementary information to that contained in the previous note published in March 2018 and titled '*Responding to the Inspector's Observations through the Stage 2 Hearings*'. This is included in the examination library as document reference **EX/82**. This note made reference to the release of the 2016-based SNPP and the need for the Council to consider these separately with regards the detailed consideration of the appropriate demographic starting point to be used in the calculation of the objectively assessed need<sup>1</sup> (OAN).
3. In the intervening period since the publication of the previous note (EX/82) in March 2018, it is acknowledged that the Government published a new iteration of the National Planning Policy Framework (NPPF) in July 2018, with further '*very minor changes*' made in February 2019<sup>2</sup>. It has also replaced the Planning Practice Guidance (PPG) covering the calculation of housing need to reflect the revised NPPF<sup>3</sup>.
4. However, the revised NPPF includes transitional arrangements for the implementation of its policies for the purpose of plan-making. Its Annex 2 confirms that plans submitted before 24 January 2019 will be examined on the basis of the previous iteration of the NPPF and associated guidance.
5. This is important with regards to the calculation of housing need, as it requires the Council to continue to evidence and justify its OAN in the context of the methodology previously prescribed under the PPG rather than basing it upon the standard method referenced at paragraph 60 of the revised NPPF.
6. The relevant PPG<sup>4</sup> requires the '*latest available*' household projections to be used as the '*starting point*' when assessing housing needs<sup>5</sup>. It recognises that new information may signal a '*meaningful change in the housing situation*' which must be considered in this context, albeit the guidance states that assessments are not '*automatically...rendered outdated every time new projections are issued*'<sup>6</sup>.
7. The analysis presented in this report is therefore intended to ensure that the Council's evidence of housing need has been updated to consider the implications of the latest available household projections. This includes considering the extent to which the new

---

<sup>1</sup> EX/82 – Paragraph 3.33

<sup>2</sup> MHCLG (2019) National Planning Policy Framework

<sup>3</sup> MHCLG (2019) Planning Practice Guidance 'Housing and economic development needs assessment'

<sup>4</sup> Archived version accessible at

<https://webarchive.nationalarchives.gov.uk/20180310103648/https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<sup>5</sup> PPG Reference ID 2a-015-20140306 and 2a-016-20150227

<sup>6</sup> *Ibid*

information available constitutes a meaningful change to that informing the latest concluded OAN, which is 800 homes per annum (2013 – 2032) as identified within the 2017 SHMA Update<sup>7</sup>. This OAN was based upon the 2014-based household projections with an allowance for vacancy and a cumulative 19% adjustment to allow for improvement in younger household formation and to respond to evidence of worsening market signals.

8. The 2016-based household projections suggest a lower level of household growth in Welwyn Hatfield over the plan period than the 2014-based dataset (11,082 and 12,345 households respectively). This represents a 10% reduction which is acknowledged to represent what could be viewed as a meaningful change.
9. Significantly, however, when looking at the scale of projected **population** growth under both datasets, this indicates a **small but positive variance (a 0.6% increase) between the latest and previous dataset as shown at Table 1 below.**

**Table 1: Projected Population Change (2013 – 2032)**

	Projected change	Proportionate change	Annual change (%)
2014-based	26,790	23.5%	1.1%
2016-based	27,267	24.1%	1.1%
Variance	+477	+0.6%	0.0%

Source: ONS<sup>8</sup>

10. The previous technical note (EX/82) considered the appropriateness of the official 2014-based SNPP, taking account of historic population evidence – including newly revised post-Census estimates, released by the ONS – and factors which could have shaped past growth, such as the development of the Hatfield Aerodrome site. In the context of a detailed presentation of variant demographic-based projections and historic rates of population growth, it was concluded that the 2014-based SNPP represented a reasonable trend-based projection for Welwyn Hatfield.
11. This report recognises that the 2016-based population projection integrates the ONS's revised mid-year population estimates, which indicated that population growth in Welwyn Hatfield had been slightly overestimated since 2011<sup>9</sup>. Given the use of revised population estimates within the latest projection, and notwithstanding the very modest difference between the two projections, it is suggested that the OAN for Welwyn Hatfield can reasonably integrate the latest official population projections, were there to remain concerns around the accuracy of the population estimates that formed the basis of the 2014-based SNPP. Recognising the degree of alignment between the population projections, however, this does not in itself signal a meaningful change in the housing situation for Welwyn Hatfield, and equally would not undermine the retention of the earlier population projection.

<sup>7</sup> Welwyn Hatfield Borough Council Strategic Housing Market Assessment Update 2017 (HOU/21)

<sup>8</sup> Note for the historic period of each projection the population counts are drawn from the official population mid-year estimates (MYE) that informed their respective development.

<sup>9</sup> The population estimate for 2016 was revised downwards by 989 persons, or 0.8% (paragraph 3.26 of EX/82)

12. In this context, it is apparent that the scale of difference in the projected growth in households under the 2016-based household projections can be attributed almost entirely to **the different assumptions made by the ONS around the formation of households**. When considering this aspect, it is important to recognise that the latest dataset has been based upon the ONS's implementation of a new methodological approach to projecting forward household formation rates. The consequences of these methodological changes have been closely scrutinised by the Government as it has been acknowledged that at a national level they have resulted in a significantly different projection of household growth<sup>10</sup>.
13. For the purposes of calculating housing need under the standard method, the Government has confirmed that local authorities should not use the 2016-based SNHP, as a result of concerns around the extent to which they adequately reflect housing need. Specifically, this reflects concerns – **identified by the ONS themselves** – that the methodological changes implemented through the 2016-based household projections could:
- 'result in a downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people'*<sup>11</sup> (emphasis added)
14. It is acknowledged at a local level that the overall supply of new housing in Welwyn Hatfield since 2001 has not been sufficient to avert a worsening in the rate of younger household formation, as shown by the historic deterioration previously identified in the SHMA evidence<sup>12</sup>. On the basis of the Government's clear stance regarding the 2016-based SNHP, it is therefore concluded that it is not appropriate at this point to directly apply the headship rate assumptions in the 2016-based SNHP to calculate an updated OAN for Welwyn Hatfield.
15. On this basis, whilst the relevant PPG requires the latest projections to be used as a starting point, it is concluded that this could, for Welwyn Hatfield specifically, be limited to the use of the 2016-based SNPP, with the application of 2014-based SNHP headship rate assumptions. With the application of a consistent vacancy rate assumption, this indicates a *'starting point'* need for 658 homes per annum in Welwyn Hatfield. This shows a **strong degree of alignment with the 'starting point' previously used in the derivation of the latest OAN** (670 homes per annum, derived from the 2014-based SNHP) and is therefore **not considered to represent a meaningful change** for the purposes of assessing housing need in Welwyn Hatfield.
16. Equally, the relationship between the supply of housing and reducing formation rates of younger households in particular – which has been acknowledged by the ONS / MHCLG in deriving household formation rates within the official datasets – also reinforces the importance, in the context of the relevant PPG, of considering the need for adjusted rates to reflect local historic under-supply. It is considered that the adjustment currently applied in the Council's OAN, which assumes a gradual return to the younger household formation rates seen in 2001, remains an appropriate and reasonable response to local evidence in this regard.

<sup>10</sup> MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance

<sup>11</sup> ONS (2018) Methodology used to produce household projections for England: 2016-based

<sup>12</sup> Figure 5.10 of the 2015 SHMA Partial Update (HOU/15)

17. In combination with an acknowledged recognition of evidence of a worsening of market signals – previously identified within the SHMA evidence base, and discussed through the hearing sessions in the examination – it is equally considered that the cumulative adjustment (c.19%, allowing for an increase in younger household formation and addressing general market signals) applied to arrive at an OAN of 800 homes per annum over the period from 2013 to 2032 remains broadly appropriate in accordance with the relevant PPG.
  
18. In the context of the minor difference implied in the starting point projections, and when taking account of the above factors, it is concluded that **the publication of the 2016-based population and household projections does not suggest that the OAN of 800 homes per annum identified in the submitted SHMA evidence should be revised.** It is considered to remain a reasonable and appropriate OAN for Welwyn Hatfield following the applicable PPG and NPPF.

# 1. Introduction

- 1.1 This technical note has been prepared at the request of Welwyn Hatfield Borough Council ('the Council') to consider the implications of the publication of the 2016-based population and household projections (2016-based SNPP/ SNHP) which were released in May and September 2018 respectively.
- 1.2 This technical note provides supplementary information to that contained in the previous note published in March 2018 and titled '*Responding to the Inspector's Observations through the Stage 2 Hearings*'. This is included in the examination library as document reference EX/82. This previous note made reference to the release of the 2016-based SNPP and the need for the Council to consider these separately with regards the detailed consideration of the appropriate demographic starting point to be used in the calculation of the OAN<sup>13</sup>.

## Implications of new official demographic projections for the OAN

- 1.3 The relevant PPG requires the '*latest available*' household projections to be used as the '*starting point*' when assessing housing needs<sup>14</sup>.
- 1.4 It makes clear that '*local needs assessments should be informed by the latest available information*' where possible<sup>15</sup>. This recognises that the datasets which inform the OAN are regularly updated.
- 1.5 New information may signal a '*meaningful change in the housing situation*' which must be considered in this context, albeit the guidance states that assessments are not '*automatically...rendered outdated every time new projections are issued*'<sup>16</sup>.
- 1.6 The analysis presented in this report is therefore intended to ensure the Council's evidence of housing need has given appropriate consideration to the implications of the latest available household projections. This includes considering the extent to which the new information available constitutes a meaningful change to that informing the latest concluded OAN, which is 800 homes per annum (2013 to 2032) as identified within the 2017 SHMA Update<sup>17</sup>. This OAN was based upon the 2014-based household projections.

## Factoring in the wider national policy / guidance changes

### ***Transition to a new NPPF***

- 1.7 In the intervening period since the publication of the previous note (EX/82) in March 2018, the Government published a new iteration of the National Planning Policy Framework (NPPF) in July 2018, with further '*very minor changes*' made in February

---

<sup>13</sup> EX/82 – Paragraph 3.33

<sup>14</sup> PPG Reference ID 2a-015-20140306 and 2a-016-20150227

<sup>15</sup> PPG Reference ID 2a-016-20150227

<sup>16</sup> *Ibid*

<sup>17</sup> Welwyn Hatfield Borough Council Strategic Housing Market Assessment Update 2017 (HOU/21)

2019<sup>18</sup>. It has also replaced the Planning Practice Guidance (PPG) covering the calculation of housing need to reflect the revised NPPF<sup>19</sup>.

- 1.8 However, the revised NPPF includes transitional arrangements for the implementation of its policies for the purpose of plan-making. Its Annex 2 confirms that plans submitted before 24 January 2019 will be examined on the basis of the previous iteration of the NPPF and associated guidance.
- 1.9 This is important with regards to the calculation of housing need, as it requires the Council to continue to evidence and justify its OAN in the context of the methodology previously prescribed under the PPG rather than on the basis of the standard method referenced at paragraph 60 of the revised NPPF.

### ***Treatment of the latest household projections***

- 1.10 In the implementation of the standard method and the updating of the PPG, there has been a process of scrutiny regarding the 2016-based projections and their inclusion within the standard method. In October 2018 MHCLG launched a *‘Technical consultation on updates to national planning policy and guidance’*<sup>20</sup>, which ran until 7 December 2018. This consultation specifically addressed changes to planning practice guidance relating to the standard method for assessing local housing need.
- 1.11 The need for such changes stem from the significant difference between the projected household growth at a national level under the latest 2016-based household projections and the preceding 2014-based projections. The consultation document confirmed that the latest projections nationally *‘reduce the projected rate of household formation compared to the previous projections by 53,000 a year between 2018 and 2028’*<sup>21</sup>. At a national level, the integration of the new dataset would imply a reduction in the calculated housing need following the standard method from 269,000 to 213,000 homes per annum. For Welwyn Hatfield, the respective figures were 867 and 740 homes per annum (2018 to 2028).
- 1.12 Acknowledging concerns with regards the implications of such a change on the need for housing implied by the standard method, the consultation set out MHCLG’s recommendation that the latest projections are disregarded, with the 2014-based projections retained for the purposes of calculating housing need. Reference is made to statements from the ONS relating to the 2016-based projections, including an acknowledgement that:

***“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***

---

<sup>18</sup> MHCLG (2019) National Planning Policy Framework

<sup>19</sup> MHCLG (2018) Planning Practice Guidance ‘Housing need assessment’

<sup>20</sup> MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance

<sup>21</sup> *Ibid*, paragraph 10



*also true – if fewer homes are built then fewer households are able to form*<sup>22</sup>  
(emphasis added)

1.13 Within the consultation, MHCLG proposed a change to the current PPG to make clear that *‘lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology’*<sup>23</sup>.

1.14 The Government formally responded to the consultation in February 2019, confirming that it considered this to be *‘the most appropriate approach for providing stability and certainty to the planning system in the short-term’*<sup>24</sup>. It reaffirmed that:

***“...the 2016-based household projections should not be used as a reason to justify lower housing need. We understand respondents’ concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term”***<sup>25</sup>  
(emphasis added)

1.15 Reflecting its response to the consultation, the Government updated the PPG in February 2019. This confirmed that the **2014-based household projections form the baseline for the standard method**, in order to:

*“...provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes”*<sup>26</sup>

#### **Relevance to the submitted plan for Welwyn Hatfield**

1.16 Through its consultation proposals – since implemented – it is also of relevance to note that MHCLG was explicitly seeking to avoid the *‘delays and uncertainty’* which had already been caused by often significant changes between the 2014-based and 2016-based household projections. Reference was made to the 62 strategic plans that were currently being examined under the transitional arrangements – including the draft Local Plan for Welwyn Hatfield – when stating that:

*“...in cases where the minimum annual housing need figure calculated using the standard method, is identifying a number below the proposed figures being taken forward by plan-making authorities, the standard method is being used as the basis to challenge previous conclusions. Considering this challenge is likely to have resource implications and has the potential to cause delays”*<sup>27</sup>

1.17 Whilst the issue has clearly been identified and raised by MHCLG in the context of the standard method, the views expressed by the Government are considered to provide important context when arriving at a view on the implications of integrating the latest

---

<sup>22</sup> ONS (2018) What our household projections really show

<sup>23</sup> MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance, paragraph 19(2)

<sup>24</sup> MHCLG (2019) Government response to the technical consultation on updates to national planning policy and guidance: a summary of consultation responses and the Government’s view on the way forward, p6

<sup>25</sup> *Ibid*, p7-8

<sup>26</sup> PPG Reference ID 2a-005-20190220

<sup>27</sup> MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance, paragraph 22

2016-based household projections into a calculation of OAN at this stage of the Local Plan Examination for Welwyn Hatfield.

- 1.18 MHCLG has itself described the consultation as providing '*relevant background to the level of weight that should be afforded to the revised household projections*' within its representations to the London Plan Examination, which was similarly submitted before the implementation of the revised NPPF<sup>28</sup>.
- 1.19 As such, while the relevant PPG requires the '*latest available*' projections to be taken into account, the concerns expressed by MHCLG strongly indicate that any lowering of need resulting from their integration would need to be very carefully considered and justified.
- 1.20 This view was implicit in a recent newsletter to have been issued by the Planning Directorate of MHCLG, which reaffirmed that '*Plans submitted on or before 24 January can be based on **existing assessments** of housing need*'<sup>29</sup> (emphasis added). In the context of Welwyn Hatfield, this would take the form of the 2017 SHMA Update and its concluded OAN.

## Report Structure

- 1.21 This report is structured as follows:
- **Section 2: Summary of the Evidenced OAN Position** – a concise summary of the OAN concluded in the 2017 SHMA Update, to provide context for the subsequent sections which consider the implications of the latest household projections;
  - **Section 3: The Household Projections – 'Starting Point'** – a comparison of the household growth suggested by the latest 2016-based projections and the earlier 2014-based projections;
  - **Section 4: Projected Population Growth** – the 2016-based sub-national population projections (which underpin the household projections) are compared to the previous projections of population growth used in the derivation of the OAN;
  - **Section 5: Projected Household Growth** – analysis and comparison of the projected household formation rates within the 2016-based household projections and the preceding 2014-based projections as well as the adjusted formation rates used within the concluded OAN;
  - **Section 6: Implications for Housing Need** – consideration of the implications of the latest household projections for the concluded OAN;
  - **Appendix 1: Size and Type of Housing Needed;** and

---

<sup>28</sup> London Plan Written Representation by the Ministry of Housing, Communities and Local Government (Reference ID 2631 – Housing Requirement, matter 17s)

<sup>29</sup> MHCLG (November 2018) Planning Update Newsletter

- **Appendix 2: Older Persons Housing Need.**

## 2. Summary of the Evidenced OAN Position

2.1 The OAN concluded within the 2017 SHMA Update<sup>30</sup> is summarised below, replicated from Table 6.1 of this document. This shows the adjustments applied to its ‘starting point’ of the 2014-based household projections.

**Table 2.1: Adjustments to the ‘Starting Point’ in Arriving at the OAN**

	Adjustment <i>dwelling per annum</i>	Dwellings per annum <i>2013 – 2032</i>	% uplift from <i>‘starting point’</i>
The ‘starting point’ – 2014-based SNHP		670	
Adjusted demographic projection	+51	721	8%
Supporting likely job growth	+0	721	8%
Market signals adjustment (+10%)	+72	793	18%
<b>Objectively assessed need rounded</b>	<b>+130</b>	<b>800</b>	<b>19%</b>

Source: Turley; Edge Analytics

2.2 In summary, the 2014-based official projections were used within the 2017 SHMA Update as the ‘starting point’ for the calculation of the OAN for Welwyn Hatfield. This incorporated an allowance for vacancy to suggest a baseline need for 670 dwellings per annum between 2013 and 2032.

2.3 This fell midway within a range of alternative demographic projections that were developed by Edge Analytics, which considered the implications of basing future trends on a longer-term historic period. The impact of unattributable population change (UPC) was also explored. These alternative projections suggested that between 607 to 736 dwellings per annum could be needed in Welwyn Hatfield. While uncertainty in estimating future population growth in the borough was recognised, the official 2014-based projections were considered to represent a reasonable projection of population growth for Welwyn Hatfield.

2.4 In accordance with the PPG, however, the 2014-based projections were adjusted to reflect the consequences of ‘under-supply and worsening affordability of housing’ and to ‘reflect appropriate market signals’<sup>31</sup>. These adjustments were applied as follows:

- In order to account for the **historic suppression in the rates of younger household formation** in Welwyn Hatfield, an allowance was made to return to the higher rates recorded when affordability issues were less pronounced<sup>32</sup>. This

<sup>30</sup> HOU/21

<sup>31</sup> PPG Reference ID 2a-015-20140306 and 2a-019-20140306

<sup>32</sup> The 2017 SHMA Update assumed that the household formation rates of those aged 15 to 34 gradually returned to their respective 2001 levels by 2024. At the Inspector’s request, alternative methodologies have also been explored (EX/82) which had a marginal impact on the outcome of the modelling

would require 8% more homes in Welwyn Hatfield than suggested by the unadjusted 2014-based household projections (721dpa); and

- This adjusted demographic projection was further uplifted by 10% to **respond to an evidenced long-term worsening of market signals**. This responds to the PPG which requires a reasonable '*supply response*' beyond the household projections, and suggested a need for 793 dwellings per annum in Welwyn Hatfield.

2.5 No adjustment was required to support future employment growth, due to the size of the labour force suggested by the 2014-based SNPP. It was also recommended that no further uplift to the OAN was required to meet affordable housing needs, given that the adjustments applied would themselves facilitate the provision of a significant number of affordable homes.

2.6 The rounded OAN of 800 dwellings per annum was therefore derived from the 2014-based household projections, **with a cumulative 19% adjustment** to allow for improvement in younger household formation and respond to market signals.

### 3. The Household Projections – ‘Starting Point’

- 3.1 The 2016-based household projections were released on 20 September 2018. This is the first such projection to have been developed by the Office for National Statistics (ONS), having previously been the responsibility of the former Department for Communities and Local Government (DCLG).
- 3.2 As shown in the following table, the 2016-based projections suggest that 10% fewer households will form in Welwyn Hatfield over the period covered by the SHMA evidence (2013 – 2032), relative to the preceding 2014-based iteration. As a starting point, housing need is therefore lowered by 10% when consistently allowing for vacancy<sup>33</sup>.

**Table 3.1: 2014-based and 2016-based household projections (2013 – 2032)**

	Households	Dwellings	Dwellings per annum
2014-based	12,345	12,730	670
2016-based	11,082	11,425	601
Variance	-10%	-10%	-10%

Source: ONS; DCLG

- 3.3 The relevant PPG states that the ‘*latest available*’ household projections should form the ‘*starting point*’ when assessing housing needs<sup>34</sup>. A direct interpretation of this guidance would lead to the adoption of the 2016-based household projections as a new ‘*starting point*’. However, for the reasons set out in section 1 of this paper, the Government’s decision to explicitly not use this dataset in the current PPG makes the appropriateness of this literal translation less clear.
- 3.4 Where they are assumed to have merit as a new ‘*starting point*’, and though the PPG also specifies that previous assessments are not automatically outdated following the release of new projections, the suggestion that 10% fewer homes are needed in Welwyn Hatfield could reasonably be interpreted as representing a ‘*meaningful change*’ from the previous projections.
- 3.5 The scale of this change is considered to warrant further consideration, not least because household projections require a critical review. The relevant PPG recognises that official projections may require adjustment to ‘*reflect factors affecting local demography...which are not captured in past trends*’, including the ‘*consequences of past under delivery of housing*’<sup>35</sup>. This is also echoed with regards the 2016-based SNHP specifically in the Government’s highlighted concerns as to their applicability for directly informing housing need as considered in section 1.

<sup>33</sup> A 3% vacancy rate has been applied

<sup>34</sup> PPG Reference ID 2a-015-20140306 and 2a-016-20150227

<sup>35</sup> PPG Reference ID 2a-015-20140306

3.6 The following sections of this report therefore seek to isolate and appraise the factors that have caused this lowering of projected household growth in Welwyn Hatfield. Reflecting the underlying components of the projections, this relates both to:

- Population growth, given that the household projections are underpinned by assumptions on the scale and profile of population change. This is explored in **section 4**; and
- Household formation, recognising the application of assumptions on how the population live in households. This is explored in **section 5**.

## 4. Projected Population Growth

4.1 **The 2016-based household projections are underpinned by the 2016-based sub-national population projections (SNPP)**, which were released by the ONS in May 2018.

4.2 The 2016-based SNPP draw upon population trends within the preceding five year period (2011 – 2016). This incorporates the revised population estimates released by the ONS in March 2018, which were based on an improved methodology and took full account of previously unavailable data<sup>36</sup>.

4.3 Table 4.1 compares the population growth projected in Welwyn Hatfield by the 2014-based and 2016-based SNPP, over the period covered by the SHMA evidence (2013 – 2032). The population at the start of this period is drawn from the official population mid-year population estimates (MYE) that informed their respective development<sup>37</sup>.

**Table 4.1: Projected Population Change (2013 – 2032)**

	Projected change	Proportionate change	Annual change (%)
2014-based	26,790	23.5%	1.1%
2016-based	27,267	24.1%	1.1%
Variance	+477	+0.6%	0.0%

Source: ONS

4.4 The 2016-based SNPP suggest that the population of Welwyn Hatfield will grow by circa 24.1% over the period from 2013 to 2032. This represents only **a modest increase from the 2014-based SNPP**, such that the population of Welwyn Hatfield would be fewer than 500 persons larger by 2032 compared to the 2014-based SNPP. It does not change the average annual growth rate when rounded to a single decimal place<sup>38</sup>.

### Historic population evidence

4.5 It has previously been concluded that:

*“The scale of growth projected under the 2014-based SNPP shows a strong alignment with the rate of growth evidenced by historic counts, which have been fully validated by the 2011 Census”<sup>39</sup>*

4.6 The inherent consistency in the rate of annual population growth projected in Welwyn Hatfield (1.1%) means that this conclusion remains valid. This is reaffirmed by the

<sup>36</sup> The release of revised population estimates was acknowledged in the March 2018 Technical OAN Paper (EX/82)

<sup>37</sup> The 2014-based SNPP incorporated the *original* MYE for 2013, given that they were released prior to the revision of population estimates in March 2018. The publication of the 2016-based SNPP in May 2018 means that the *revised* estimates were used in their trend period

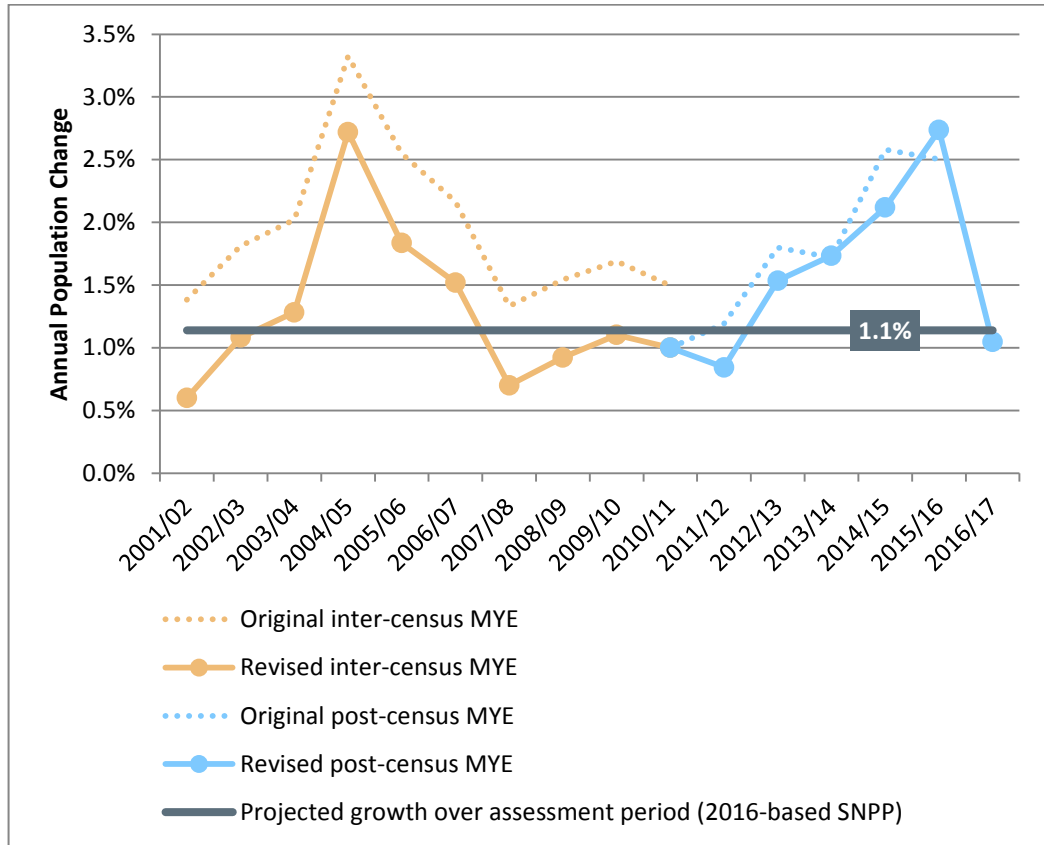
<sup>38</sup> When rounded to two decimal places, a difference of only 0.02% per annum is suggested between the 2014-based SNPP (1.12%) and 2016-based SNPP (1.14%)

<sup>39</sup> Paragraph 3.34, EX/82



following chart, which – like Figure 3.4 of the Technical OAN Paper – compares the projected growth rate to the historic annual change recorded in Welwyn Hatfield up to 2017. The original time series of mid-year estimates (MYE) that were subsequently revised by the ONS are also shown for contextual purposes.

**Figure 4.1: Historic and Projected Population Growth Rates**



Source: ONS

- 4.7 It remains the case that the 2016-based official projection does not sustain the highest rates of population growth recorded historically in Welwyn Hatfield, with the projected annual growth rate less than half recent peaks (2.7% in 2004/05 and 2015/16).
- 4.8 As previously noted, the earlier peak coincided with the redevelopment of the former Hatfield Aerodrome site<sup>40</sup>, providing assurance that the 2016-based SNPP are not implying a continuation of the higher levels of population growth that occurred as this site was developed. This is reinforced when considered that this development was fully completed *before* the trend period for the 2016-based SNPP (2011 – 2016).

<sup>40</sup> Paragraph 4.33 of the 2017 SHMA Update (HOU/21)

- 4.9 As with the 2014-based SNPP, the latest population projections suggest an annual level of growth, in absolute terms, which is only slightly higher than the average recorded between the Census years<sup>41</sup> (2001 – 2011). In addition, the issue of UPC – a ‘*specific quality issue*’ which arose following the 2011 Census, that was ‘*unlikely to be replicated in continuing subnational trends*’<sup>42</sup> – is of more limited relevance, given that the trend period (2011 – 2016) now entirely postdates the 2011 Census.
- 4.10 The ONS’s revised mid-year population estimates now form the basis for the projections. As explained in the 2018 Technical OAN Paper, these revisions seek to address any concerns the ONS may have had with regards to the accuracy of their ongoing process of population estimation in advance of the 2021 Census, insofar as ‘*there is quantifiable evidence that new or alternative methods are more accurate*’<sup>43</sup>.
- 4.11 The projections suggest a growth rate which is not dissimilar to that which was estimated for the latest available year (1.0%; 2016/17), which itself is notably slower than the preceding year (2.7%; 2015/16). This year-on-year change may be influenced by the introduction of a new method for estimating internal migration<sup>44</sup>. While this year falls outside of the trend period for the 2016-based SNPP, modelling by Edge Analytics confirms that its integration within a rebased official projection would not lead to a markedly different rate of population growth in Welwyn Hatfield<sup>45</sup>.

### **Variant trend-based projections**

- 4.12 The appropriateness of the official projections for Welwyn Hatfield has also been consistently explored through Edge Analytics’ development of alternative demographic trend-based projections<sup>46</sup>, as summarised in section 2.
- 4.13 The 2017 SHMA Update illustrated the range of potential projected population growth scenarios modelled by Edge Analytics. This analysis is replicated at Figure 4.2 with the addition of the 2016-based SNPP. This clearly shows that the latest official population projection continues to occupy a position that is broadly midway within the range of variant projections produced previously. It is notable that official variants now produced by the ONS, released in April 2019, further reinforce this range<sup>47</sup>.

---

<sup>41</sup> Figure 4.1 of the 2014 SHMA (HOU/14) shows that the population of Welwyn Hatfield grew by 12,984 persons, or 13.3%, between Census years (2001 – 2011). This equates to circa 1,298 persons per annum. The 2016-based SNPP suggest that the population of the borough will increase by 1,435 persons per annum, which is only slightly higher in absolute terms and *lower* in proportionate terms (1.1%). This is comparable to the average (1,410) suggested by the 2014-based SNPP and referenced at paragraph 3.23 of the Technical OAN Paper (EX/82)

<sup>42</sup> ONS (2018) Subnational population projections QMI. A full explanation of the issue relating to UPC in Welwyn Hatfield is included at Appendix 2 of the 2018 Technical OAN Paper (EX/82)

<sup>43</sup> ONS (2014) Population, migration and life events statistics revisions policy

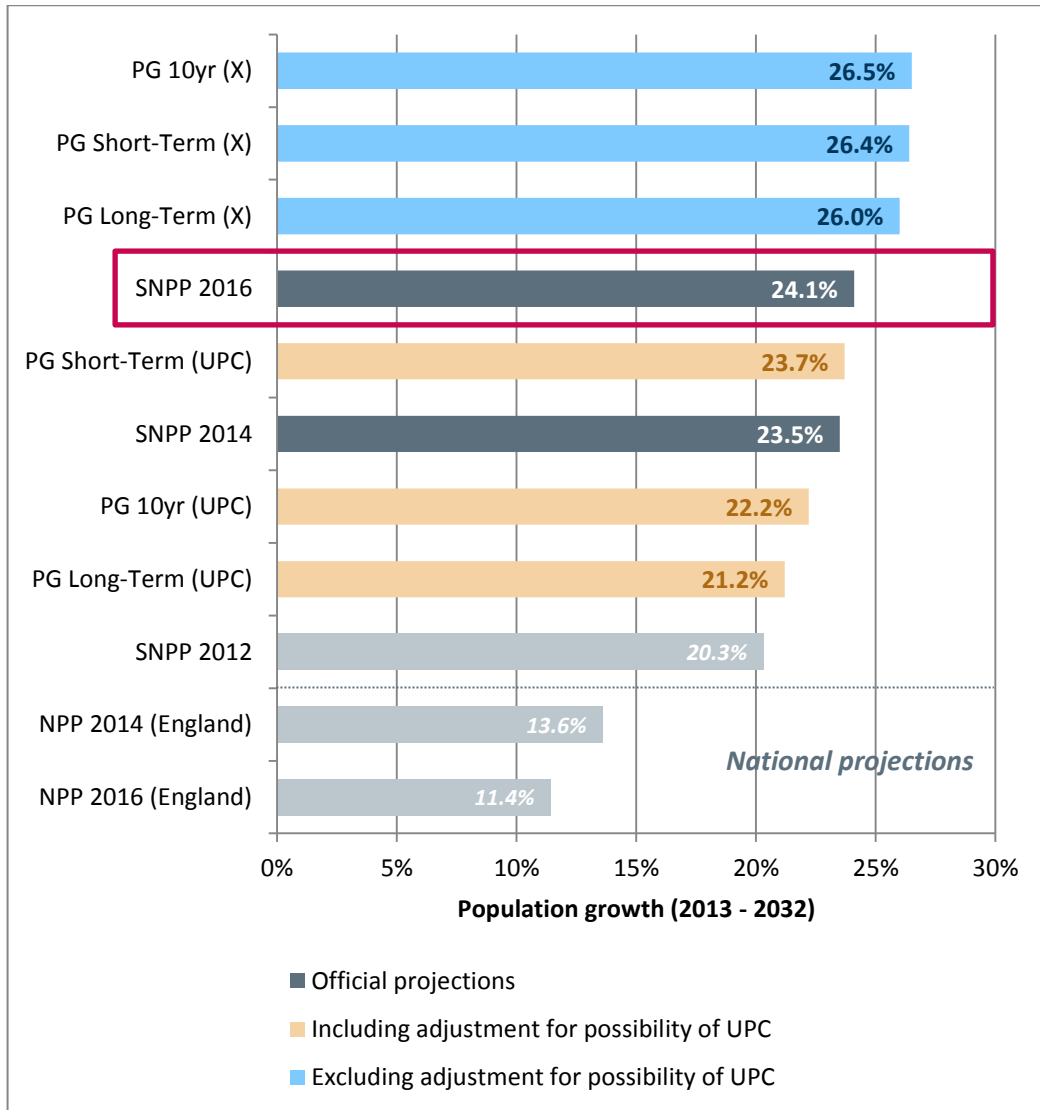
<sup>44</sup> ONS (2018) Methodology guide for mid-2017 UK population estimates, England and Wales

<sup>45</sup> When the 2016-based SNPP is “rebased” to include the 2017 MYE, population growth of 23.8% is projected in Welwyn Hatfield over the assessment period (2013 – 2032). This is within 0.3 percentage points of the official 2016-based projection

<sup>46</sup> Page 8 of the Technical OAN Paper (EX/82) summarises the demographic scenarios developed by Edge Analytics

<sup>47</sup> An official “ten year” variant of the 2016-based SNPP suggests population growth of 22.9% in Welwyn Hatfield over the plan period. Low and high international migration variants respectively suggest growth of 21.0% and 27.1%

**Figure 4.2: Comparing Projected Population Growth (2013 – 2032)**



Source: ONS; Edge Analytics

- 4.14 As explained within the 2018 Technical OAN Paper (EX/82), the positioning of the official population projection – then the 2014-based SNPP – at a broad mid-point within the range of variant projections led to the conclusion that it can be reasonably retained as an appropriate trend-based projection of population growth for Welwyn Hatfield. This recognised that the development of a range of projections reflected a number of complex demographic issues relating to historic estimates and projections in Welwyn Hatfield, with further detail on this issue set out in the 2018 Technical OAN Paper.
- 4.15 The strong alignment between the 2016-based and 2014-based SNPP does not suggest a meaningful change in this regard, or justify an alternative conclusion as to their application in assessing housing needs in Welwyn Hatfield. In this context, as referenced in this section, the 2016-based SNPP also have the benefit of being based

upon revised estimates of historic population change published by the ONS, and therefore reflect the latest validated demographic datasets as required in the PPG.

### Summary and implications

- 4.16 While section 3 identified the prospect of a meaningful change in the *'starting point'* for Welwyn Hatfield (in the context of household projections), the further analysis within this section does not suggest a significant change in the underlying projection of population growth when compared with the 2014-based projections used to underpin the latest OAN.
- 4.17 Indeed, **a notably close alignment between the 2014-based and 2016-based SNPP is evident**, with no change in the average annual growth rate over the assessment period when rounded to a single decimal place (1.1%). As per the conclusions of the 2017 SHMA Update, such a rate of growth appears reasonable when compared to historic and recent trends, and would not represent a continuation of the peak rates of growth recorded over the period since 2001.
- 4.18 The 2016-based SNPP also continues to fall midway within the range of variant trend-based projections developed by Edge Analytics to inform the 2017 SHMA Update, as well as other variant projections published more recently by the ONS and based on the latest demographic data.
- 4.19 The analysis in this section therefore suggests that **the use of the 2016-based SNPP can be justified to draw upon the latest available demographic information, but does not in itself signal a meaningful change in the housing situation for Welwyn Hatfield or a significant departure from the preceding 2014-based SNPP.**

## 5. Projected Household Growth

- 5.1 In converting projections of population growth into a household growth estimate, the official projections apply age-specific assumptions around the rate of future household formation. This section explores these assumptions in further detail.

### Methodological changes

- 5.2 As referenced in section 2, the 2016-based SNHP have been produced by the ONS, where previously the ONS-produced population projections were translated into household projections by DCLG (now MHCLG).
- 5.3 Following the release of the new projections, the Government's consultation on associated changes to the PPG directly referenced '*methodological changes*'<sup>48</sup>. These are principally understood to be in reference to the changed approach adopted by the ONS in the development of the latest household projections.
- 5.4 In producing the 2016-based household projections, the ONS has implemented a new approach to household formation rates. This draws upon trends in household formation within a shorter ten year period (2001 – 2011) than was previously the case, with the 2014-based projections building household formation rate trends over a period which stretched back to 1971. The Government has specifically warned that:
- "Reducing the historic period of household formation on which the projections are based from five census points to two...focuses it more acutely on a period of low household formation where the English housing market was not supplying enough homes"*<sup>49</sup>
- 5.5 This concern is locally relevant to Welwyn Hatfield when considered in the context that the overall supply of new housing in the borough since 2001 has not been sufficient to avert a worsening in the rate of younger household formation, as shown by the historic deterioration previously identified<sup>50</sup>.
- 5.6 In another methodological change, the latest projections also fix household formation rates after a five year projection period (i.e. from 2021 onwards), which risks entrenching suppressed rates and removing the prospect of future improvements. Preceding datasets applied assumptions through to the end of their projection periods, albeit remaining prone to extrapolating worsening trends.
- 5.7 The ONS has acknowledged that the methodological changes implemented through the 2016-based household projections could '*result in a downward trend in household formation for the younger age groups, which in turn would downplay the need for housing for younger people*'<sup>51</sup>. It recognises that '*users [may] wish to investigate the impact of the change in the...methodology on the household projections*'. It has equally

---

<sup>48</sup> MHCLG (October 2018) Technical consultation on updates to national planning policy and guidance, paragraph 11

<sup>49</sup> *Ibid*, paragraph 11

<sup>50</sup> Figure 5.10 of the 2015 SHMA Partial Update (HOU/15)

<sup>51</sup> ONS (2018) Methodology used to produce household projections for England: 2016-based

committed to itself releasing a variant projection in the future in which household formation rates for younger adults are higher to ‘illustrate the uncertainty in the projections around the future household formation patterns of this age group’<sup>52</sup>.

- 5.8 In a blog post following the release of the new household projections, the ONS also cautioned that they only show:

*“...the number of households there would be **if a set of assumptions** based on previous demographic trends in...household formation **were to be realised in practice**”<sup>53</sup>  
(emphases added)*

- 5.9 Equally, it acknowledged that:

*“They do not take account of how many people may want to form new households, but for whatever reason aren’t able to, such as young adults wanting to move out of their parents’ house, or people wanting to live on their own instead of in a house share. Therefore, household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue”<sup>54</sup>*

- 5.10 It confirms that the projections:

*“...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”<sup>55</sup>*

- 5.11 The above reinforces the need to interpret 2016-based assumptions on household formation rates with caution, with any marked reduction potentially being a simple consequence of methodological changes that have been intensely scrutinised since their release.

### Impact of methodological changes in Welwyn Hatfield

- 5.12 In Welwyn Hatfield, the changes to the methodology have had a direct impact, and indeed are almost the sole cause of a ‘starting point’ that is 10% lower than previously (Table 3.1). This is further illustrated in Table 5.1, which presents the 2016-based projections alongside a scenario modelled by Edge Analytics which applies the 2014-based household formation rates directly to the 2016-based SNPP. This variant lowers the previous ‘starting point’ by only 12 dwellings per annum, which equates to a change of less than 2%.

**Table 5.1: Impact of Revised Household Formation Rates in Welwyn Hatfield**

Population	Household	Household	Dwellings per	Relative to
------------	-----------	-----------	---------------	-------------

<sup>52</sup> *Ibid*

<sup>53</sup> ONS (October 19 2018) What our household projections really show

<sup>54</sup> *Ibid*

<sup>55</sup> *Ibid*

projection	formation rates	growth 2013 – 2032	annum 2013 – 2032	previous 'starting point'
2014-based	2014-based	12,345	670	–
2016-based	2014-based	12,125	658	-2%
2016-based	2016-based	11,082	601	-10%

Source: ONS; Edge Analytics

- 5.13 The overview of the Government's consultation on the methodology for calculating housing need in section 1 highlighted its registered concerns as to the extent to which the 2016-based SNHP formed an appropriate basis for calculating housing need. Its proposals have since been formally reflected in official guidance, relating to the revised NPPF.
- 5.14 The revised assumptions on household formation rates have a clear impact in Welwyn Hatfield. When reflecting further on Table 5.1, **there is clearly a prospect that the 2016-based assumptions will underestimate the household growth that will result from future change in the population (2016-based SNPP)**, where household formation continues at the rates envisaged in the 2014-based SNHP.
- 5.15 There are outstanding concerns around the reliability and applicability of the new assumptions, which have led at least one neighbouring authority (Broxbourne) to attribute limited weight to lower 2016-based household projections in an approach that has been endorsed by the Inspector examining their Local Plan<sup>56</sup>. The latest projections have also been disregarded in a number of other Local Plan Examinations over recent months<sup>57</sup>, and have been significantly adjusted in those isolated instances where they were taken into account for the purposes of establishing an OAN<sup>58</sup>.
- 5.16 Within this context, there would appear to be significant merit in retaining the previous 2014-based rates for the purposes of assessing housing needs in Welwyn Hatfield at the current point in time. These assumptions have been widely used since their release in July 2016, albeit there has remained acknowledgement that they also build in issues of potential household suppression and therefore require consideration as to the need for positive adjustments where necessary. This is explored further below.

### Adjustment for suppressed household formation rates

- 5.17 The OAN for Welwyn Hatfield considered in detail the extent to which the official household projections – most recently the 2014-based projections – reflected the impact of a constraint on the formation rates of younger households. The ONS has conceded that this is an issue affecting trend-based household projections.

<sup>56</sup> Broxbourne Borough Council response to supplementary questions on Matter 3 – Housing Need and Supply; the Inspector's Post Hearings Advice (10 December 2018) confirms that the submitted housing requirement is '*justified and consistent with national policy*'

<sup>57</sup> Kirklees, South East Lincolnshire, Stockton-on-Tees and Poole, for example

<sup>58</sup> In Guildford, the '*starting point*' of the 2016-based household projections was elevated by 27% to adjust household formation rates, with the Inspector subsequently endorsing a series of further adjustments which produced a housing requirement that was some 79% higher than the projections

- 5.18 The impact of an assumed recovery of younger household formation rates to the levels recorded in 2001 has been explored numerous times within the evidence base. This has been considered to represent a point at which such households were less restricted from accessing houses as a result of escalating affordability issues.
- 5.19 The 2018 Technical OAN Paper (EX/82) took account of comments made by the Inspector by presenting analysis of variant adjustments being applied to the household formation rates of younger households within the 2014-based SNHP. Each assumed a full return to 2001 rates by the end of the plan period, albeit the point at which this recovery begins was varied. These sensitivities were found to have a ‘*marginal*’ impact on the modelling that informed the OAN, which assumed a recovery over ten years commencing immediately<sup>59</sup>.
- 5.20 While Table 5.1 shows the impact of applying 2014-based headship rates to the 2016-based SNPP, further modelling has been produced by Edge Analytics to positively adjust the assumed rate of younger household formation. This recovery is assumed to occur over the plan period, commencing from 2019<sup>60</sup>.

**Table 5.2: Impact of Variant Household Formation Rates (2016-based SNPP), 2013-2032**

Household formation rates	Household growth 2013 – 2032	Dwellings per annum 2013 – 2032
2014-based SNHP <i>return</i>	13,130	712
2014-based SNHP <i>unadjusted</i>	12,125	658
2016-based SNHP <i>unadjusted</i>	11,082	601

Source: ONS; Edge Analytics

- 5.21 The modelling indicates that the application of adjustments to address the evidenced consequences of suppressed younger household formation (the scenario referenced ‘*return*’) would lead to a higher level of household growth, and housing need. The suggested need for 712 dwellings per annum closely aligns with the previously adjusted demographic projection (721dpa; Table 2.1), which was based on the 2014-based SNPP and forms the basis of the concluded OAN.

## Summary and implications

- 5.22 The 2016-based household projections imply a notably lower level of household formation in Welwyn Hatfield over the period for which the OAN has previously been calculated (2013 – 2032).
- 5.23 This is almost entirely caused by new assumptions on household formation, which reflect methodological changes made by the ONS. The Government has expressed concern around these methodological changes, with the ONS itself highlighting the limitations of its assumptions and the impact of the changes for younger households in

<sup>59</sup> Paragraph 3.47 of the Technical OAN Paper (EX/82)

<sup>60</sup> The Edge Analytics modelling assumes a recovery over fifteen years from 2019 to 2034



particular. These concerns have led to the latest projections being disregarded for the purposes of presenting an updated calculation of housing need in a number of recent Local Plan Examinations.

- 5.24 Within the context of these outstanding concerns around the reliability and applicability of the new assumptions, there is considered to be merit in retaining the previous 2014-based rates for the purposes of assessing housing need in Welwyn Hatfield at the current point in time. Modelling by Edge Analytics indicates that the 2016-based SNPP could generate a need for 658 dwellings per annum when 2014-based household formation rates are applied, which closely aligns with the former '*starting point*' for the OAN (670dpa).
- 5.25 This '*starting point*' did, however, assume a continued worsening of the situation for younger households, with household formation rates for these groups projected to fall and subsequently not improve (without intervention). The 2017 SHMA Update acknowledged evidence of such issues within the 2014-based SNHP in Welwyn Hatfield, and applied an adjustment to allow for a return to more positive conditions for these household groups. This was considered further within the 2018 Technical OAN Paper reflecting upon comments made by the Inspector during the hearings.
- 5.26 The application of comparably adjusted household formation rates to the *2016-based SNPP* suggests that **712 dwellings per annum will be needed in Welwyn Hatfield**. This closely aligns with the previously adjusted demographic projection (721dpa), which was based on the 2014-based SNPP and forms the basis of the concluded OAN.

## 6. Implications for Housing Need

### What are the implications of the 2016-based projections for the OAN?

- 6.1 The OAN of 800 dwellings per annum – concluded in the 2017 SHMA Update – was underpinned by the 2014-based household projections. The preceding sections have shown that the more recent 2016-based household projections suggest a level of household growth which is 10% lower than implied by the 2014-based projections, over a consistent time period (2013 – 2032).
- 6.2 In isolation, the scale of difference could be viewed as a meaningful change that warrants further consideration, in the context of the PPG. However, as set out in the PPG, it is important to arrive at a judgement as to the extent to which it indicates a departure from the calculated OAN in the context of evidence of a change in the housing situation and not just in the level of growth implied by the latest starting point demographic projections.
- 6.3 In firstly considering the underpinning 2016-based *population* projections, the analysis presented in section 4 confirms that the overall scale of population growth remains in very close alignment to that projected under the 2014-based SNPP.
- 6.4 Welwyn Hatfield’s SHMA evidence has consistently presented detailed analysis of datasets, and acknowledged that it is possible to evidence a comparatively broad range of potential demographic need as a result.
- 6.5 The more recent official projections fall broadly at the mid-range of the range created by these variants, and also suggest a rate of growth which is lower than recent peaks but not disproportionate to past trends. This has previously justified the retention of the official projection as the basis for calculating the OAN in Welwyn Hatfield.
- 6.6 In considering the 2016-based SNPP, it is recognised within this paper that this dataset also draws upon revised population counts produced by the ONS in 2018. On this basis – and recognising the consistent view of the SHMA evidence – it is considered reasonable to base the OAN on this new dataset, albeit it is recognised that it does not suggest any meaningful departure from the scale of growth projected by the 2014-based SNPP.
- 6.7 However, concerns raised by the Government as to the extent to which the *household formation rate* assumptions in the 2016-based SNHP are adequately robust for the purposes of evidencing housing need are noted, as are issues relating to the application of methodological changes identified by the ONS themselves. The revised rates are almost the sole cause of the 10% reduction between the former and latest household projections, such that a considerably more modest reduction of less than 2% is seen when applying the former 2014-based rates to the latest 2016-based SNPP.
- 6.8 Within the context of outstanding concerns around the reliability and applicability of the new assumptions, there is considered to be merit in retaining the previous 2014-based rates for the purposes of assessing housing need in Welwyn Hatfield at the current point in time.

- 6.9 Modelling by Edge Analytics indicates that the 2016-based SNPP could generate a need for 658 dwellings per annum when 2014-based household formation rates are applied, which closely aligns with the former *'starting point'* for the OAN (670dpa).
- 6.10 This *'starting point'* did, however, assume a continued worsening of the situation for younger households, with household formation rates for these groups projected to fall and subsequently not improve (without intervention). The 2017 SHMA Update acknowledged evidence of such issues within the 2014-based SNHP in Welwyn Hatfield, and applied an adjustment to allow for a return to more positive conditions for these household groups. This was considered further within the 2018 Technical OAN Paper reflecting upon comments made by the Inspector during the hearings.
- 6.11 The application of comparably adjusted household formation rates to the *2016-based SNPP* suggests that 712 dwellings per annum will be needed in Welwyn Hatfield. This **closely aligns** with the previously adjusted demographic projection (721dpa), which was derived from the 2014-based SNPP and was subject to a subsequent market signals adjustment in arriving at the OAN concluded in the 2017 SHMA. **This does not suggest a meaningful change.**
- 6.12 As a result of this analysis, it is therefore considered reasonable and justified to retain the previously rounded OAN of **800 dwellings per annum**. As set out in section 2 of this paper, this is based on the adjusted demographic projection (721dpa) with a further 10% market signals applied before rounding.
- 6.13 The above OAN is presented solely for the borough. The 2018 Technical OAN Paper considered the need across the wider housing market area (HMA) on the basis of a direct request from the Inspector. An updated review in November 2018 has confirmed that there has been no change in the evidence base documents drawn upon to inform this analysis, with housing need in the wider HMA therefore remaining within the range previously calculated<sup>61</sup> (7,200 – 9,042dpa). Estimates produced for the defined HMA similarly remain up-to-date on the same basis.

### What are the implications for job growth?

- 6.14 The Inspector has expressed the importance of avoiding *'a situation where employment growth outstrips housing growth, such that the net inflow of commuters into Welwyn Hatfield increases'*<sup>62</sup>.
- 6.15 Throughout the development of the SHMA evidence base, the level of employment growth which could be supported by the OAN has been modelled. The 2017 SHMA Update concluded that likely job growth could be supported through the demographic projection, when assumed that the commuting ratio remains fixed throughout the plan period. As described by Edge Analytics, this ratio *'specifies the balance between the number of workers living in a district (i.e. the resident labour force) and the number of*

---

<sup>61</sup> St Albans is the only authority to have departed from the figures presented at Appendix 1 of the 2017 SHMA Update, through consultation on the publication version of its Local Plan. The draft Plan is, however, based on an annual need for 913 dwellings per annum which formed one of the two options presented in Appendix 1 (619dpa; 913dpa).

<sup>62</sup> Letter from the Inspector to Welwyn Hatfield Borough Council, 24 October 2018

*jobs available in the district*<sup>63</sup>. The ratio of 0.77 resident workers per job in Welwyn Hatfield confirms that the borough currently imports labour, as recorded by the 2011 Census<sup>64</sup>.

- 6.16 Consistency in the overall level of projected population growth has led to the retention of the OAN for 800 dwellings per annum, albeit it is important to recognise that the 2016-based SNPP infers a slightly different age profile. The labour force implications of this up-to-date 2016-based projection can therefore be considered, with reference to modelling developed by Edge Analytics. This applies up-to-date assumptions on labour-force behaviour<sup>65</sup>, and initially holds the commuting ratio fixed throughout the modelling period. To reflect the comments made by the Inspector, however, a further sensitivity has also been developed which holds the *absolute* net inflow fixed at its 2011 level. This is predicated upon a continued net inflow of 15,513 people into Welwyn Hatfield to access employment as recorded by the 2011 Census.

**Table 6.1: Jobs Supported by 2016-based SNPP**

	2013 – 2032
Fixed commuting <i>ratio</i>	23,374
Fixed commuting <i>inflow</i>	18,107

*Source: Edge Analytics, 2018*

- 6.17 The demographic modelling indicates that between 18,107 and 23,374 jobs could be supported over the plan period (2013 – 2032), depending upon the commuting behaviour assumed. With reference to the Council’s economic evidence, it is notable that each surpasses the 16,600 jobs suggested by the Hybrid scenario over this period<sup>66</sup>.
- 6.18 On this basis, the integration of the latest population projections confirm that the OAN will be able to support the scale of economic growth recognised in the Local Plan evidence base with no suggestion that it will result in an increase in in-commuters.
- 6.19 In reality, the opposite position could be expected to occur where housing is provided at the level implied by the OAN. Under this scenario, the labour force would be capable of supporting job growth beyond the level suggested by the Council’s economic evidence, thereby *reducing* the need to draw upon commuters from elsewhere. This could in turn therefore over time lead to a reduction in the net inflow of commuters to the borough and an increase in its level of self-containment.

<sup>63</sup> Appendix 1 to the 2017 SHMA Update, paragraph B.45

<sup>64</sup> *Ibid*, Table 17; derived from Census Table WU02UK – Location of usual residence and place of work by age

<sup>65</sup> The unemployment rate is fixed at its 2017 value; economic activity rates are adjusted in line with 2018 analysis by the Office for Budget Responsibility; and the proportion of people holding more than one is based on the average recorded over the past ten years (2009 – 2018)

<sup>66</sup> 2017 Updated Economic Analysis Note (Atkins) Table 4.1 (ECO/9)

## What are the implications for the size and type of housing needed?

- 6.20 The 2017 SHMA Update<sup>67</sup> presented updated analysis on the size of housing required to accommodate projected household growth. This was based on the existing tendencies of different types of households to occupy different sizes of housing, as recorded in Welwyn Hatfield by the 2011 Census. This remains the most comprehensive and local data available on households' occupancy patterns, with this data summarised at **Appendix 1**.
- 6.21 A comparable assessment has been undertaken to incorporate the 2016-based SNPP, when applying adjusted 2014-based household formation rates. As shown in the table below, the implied size of housing required *across all tenures* remains largely consistent, with only a marginal increase in the proportion of households requiring smaller homes and a slight reduction in the proportion of households requiring at least four bedrooms. The analysis continues to suggest that the greatest proportion of households will require three bedrooms.

**Table 6.2: Implied Size of Housing Required (2013 – 2032)**

	1 bed	2 beds	3 beds	4+ beds
2017 SHMA Update	13%	22%	41%	23%
2016-based SNPP*	14%	23%	41%	22%

Source: Turley analysis

\* 2014-based headship rates with "return" adjustment

- 6.22 The proportionate split between houses and flats that may be required to deliver such a mix can also be estimated, through reference to 2011 Census data which disaggregates different sizes of home by accommodation type. This indicates that around three quarters of households will require houses, with the residual requiring flats.

**Table 6.3: Implied Type of Housing Required (2013 – 2032)**

	Houses	Flats
2016-based SNPP	77%	23%

Source: Turley analysis

- 6.23 As highlighted in the 2017 SHMA Update, this modelling exercise represents an illustrative interpretation of available historic evidence, for the purposes of estimating the size and type of housing that may be required in Welwyn Hatfield. While it is appropriate to use this analysis to guide policy and monitoring at borough level, it is recommended that policies are not overly prescriptive in directly basing requirements for individual sites on the illustrative mix presented above. The individual mix of housing provided on a site-by-site basis will need to respond to the changing demands and needs of the market, and take account of local market evidence and viability considerations.

<sup>67</sup> Paragraph 5.4 – 5.20 of the 2017 SHMA Update (HOU/21)

## **What are the implications for older persons' housing need?**

- 6.24 Appendix 2 of the 2015 SHMA Partial Update provided a calculation of the potential need for additional specialist housing for older persons over the plan period, including residential care housing (Use Class C2). This was updated to reflect the 2014-based SNPP in section 5 of the 2017 SHMA Update.
- 6.25 A similar exercise has been followed at **Appendix 2** to take into account the 2016-based SNPP, when continuing to apply 2014-based household formation rate assumptions. This concludes that there is a need for:
- 31 specialist housing units for older households per annum (2013 to 2032). This need is included within the OAN; and
  - 13 bedspaces per annum required in C2 accommodation (2013 to 2032). This need is calculated as in addition to the OAN.

## Appendix 1: Size and Type of Housing Needed

Section 6 of this report presents an updated assessment of the size and type of housing needed in Welwyn Hatfield. This appendix summarises the data used to inform this exercise.

Table 1.1 summarises the size of housing occupied by different types of households in Welwyn Hatfield, as recorded by the 2011 Census.

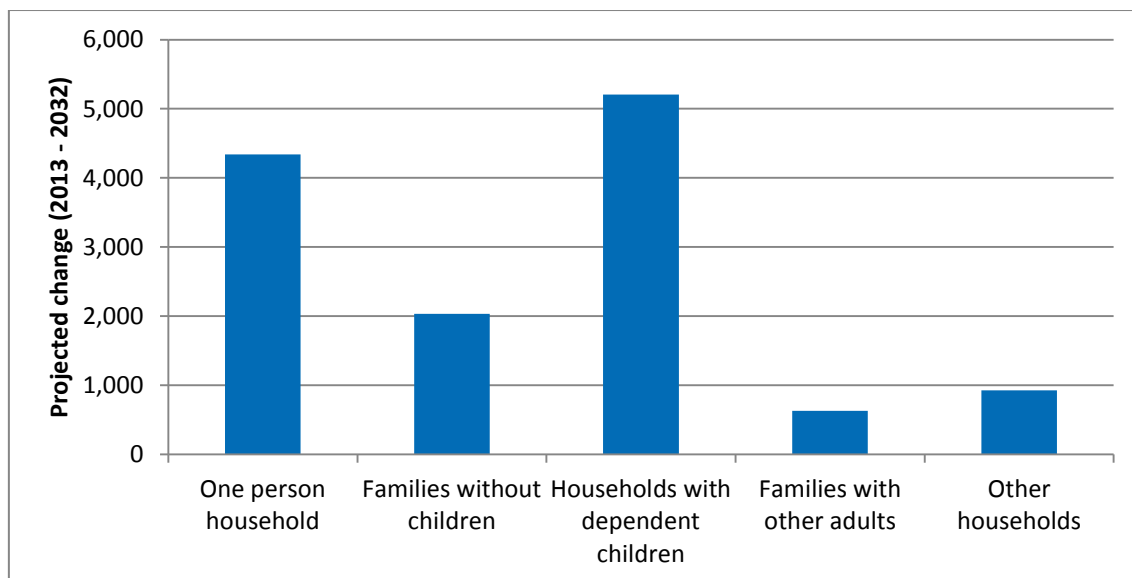
**Table 1.1 Size of Housing Occupied by Household Type (2011)**

	1 bed	2 beds	3 beds	4+ beds	Total
One person households	33%	29%	30%	8%	100%
Families without children	9%	24%	44%	23%	100%
Households with dependent children	3%	19%	49%	29%	100%
Families with other adults	1%	13%	55%	30%	100%
Other households	6%	19%	29%	45%	100%

Source: Census 2011

Figure 1.1 shows the growth projected amongst different types of households in Welwyn Hatfield, under the 2016-based SNPP scenario with adjusted 2014-based household formation rates. Change is presented over the period from 2013 to 2032.

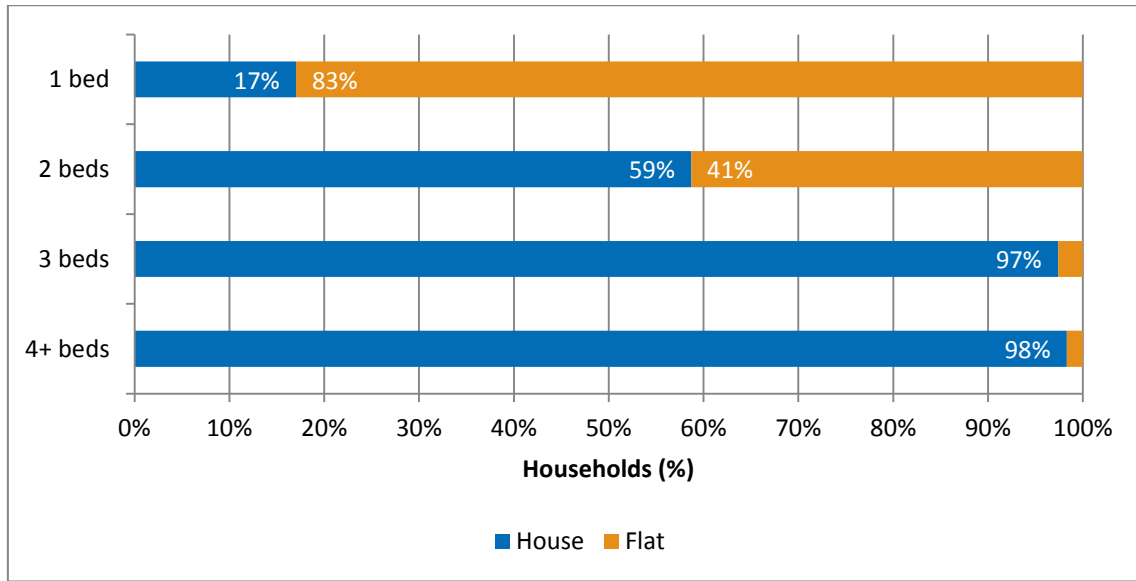
**Figure 1.1 Projected Change by Household Type in Welwyn Hatfield (2013 – 2032)**



Source: ONS; MHCLG; Edge Analytics

Figure 1.2 overleaf shows how the existing stock of homes in Welwyn Hatfield, of varying sizes, is split between flats and houses. This was recorded by the 2011 Census.

**Figure 1.2** Number of Bedrooms by Accommodation Type in Welwyn Hatfield (2011)





## Appendix 2: Older Persons Housing Need

Appendix 2 of the 2015 SHMA Partial Update provided a calculation of the potential need for additional specialist housing for older persons over the plan period, including residential care housing (Use Class C2). This was updated to reflect the 2014-based SNPP in section 5 of the 2017 SHMA Update.

Recognising the release of the 2016-based SNPP, this appendix considers their implications for the need for C3 housing specifically designed for older people and C2 (accommodation in communal housing). The modelling outputs presented herein are based on the application of 2014-based headship rates, to reflect the conclusions of this report.

Table 2.1 shows that the latest 2016-based SNPP continue to project a sizeable growth in the number of older people (65+) in the borough.

**Table 2.1 Change in Older Population under 2016-based SNPP (2013 – 2032)**

	2013	2032	Change
65 – 74	8,771	12,828	4,057
75 – 84	6,455	8,267	1,812
85 and over	2,799	4,657	1,858
<b>Total 65+</b>	<b>18,025</b>	<b>25,752</b>	<b>7,727</b>
Total 75+	9,254	12,924	3,670

Source: ONS

As in the 2015 SHMA Partial Update and the 2017 Update, the Strategic Housing for Older People Analysis (SHOP@) tool has been used to identify the prevalence of those aged 75+ to require different forms of specialist housing provision. These are unchanged from those applied in these updates, as follows:

- Demand for **125 sheltered housing units per 1,000 residents** aged 75+;
- Demand for **20 enhanced sheltered housing units per 1,000 residents** aged 75+; and
- Demand for **25 extra care units with 24/7 support per 1,000 residents** aged 75+.

The Edge Analytics modelling presented at Table 2.1 suggests a growth of the population aged 75+ of some 3,670 persons. The number of residents in this cohort living in private households is projected to grow by 3,422 over the period from 2013 to 2032, based on the application of assumptions from the 2014-based household projections<sup>68</sup>.

As explained within the 2017 SHMA Update<sup>69</sup>, the household projections incorporate this projected change in the older private household population, and the resultant need is **included**

<sup>68</sup> The comparable figure when applying assumptions from the 2016-based household projections is 3,375

<sup>69</sup> Paragraph 5.34

within the OAN for dwellings as considered at section 6 of this report. The additional demand for different types of specialist accommodation generated by this population growth is presented in Table 2.2.

**Table 2.2 Projected Need for Specialist Housing**

	Total additional demand	Average per annum
Sheltered housing	428	23
Enhanced sheltered housing	68	4
Extra care units with 24/7 support	86	5
<b>Total</b>	<b>582</b>	<b>31</b>

Source: ONS; Housing LIN

The modelling implies an annual demand for circa 31 specialist housing units in Welwyn Hatfield over the period from 2013 to 2032. This compares with 38 dwellings per annum in the 2017 SHMA Update<sup>70</sup>.

As referenced above, in calculating this need those **individuals projected to live in communal households were omitted**. Edge Analytics' modelling confirms that there is **a projected growth of 248 such residents over the period from 2013 to 2032**.

These persons are not assumed to live within dwellings, and are therefore **excluded from and additional to** the overall OAN presented for the borough. The modelling suggests that circa 13 additional bedspaces per annum are required to meet this projected need over the period to 2032. This compares with a need for 18 bedspaces per annum calculated within the 2017 SHMA Update<sup>71</sup>.

As per the previous analysis within the Council's OAN evidence, no subsequent adjustments are applied to take account of the potential for C3 housing to accommodate those suggested as being in need of C2 accommodation. This would need to reflect and strategy in this regard implemented by the Council and reflected in additional housing provision appropriate to meet these needs.

---

<sup>70</sup> Table 5.6

<sup>71</sup> Table 5.7

**Turley**  
1 New York Street  
Manchester  
M1 4HD

T 0161 233 7676

**Turley**