Strategic Planning & Research Unit

For and on behalf of
Bayard Developments Ltd. and
Wattsdown Developments Ltd

Matter 1-3
Examination of the
Welwyn Hatfield Local Plan 2011 – 2033
Representor Numbers:
ID:544489
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Prepared by

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MATTER 1 – HOUSING MARKET AREA

What is an appropriate HMA on which to base objectively assessed need calculations for this LP

1.1 SPRU consider that the definition of the Housing Market Area (HMA) is less important than the understanding of the gross and net flows into and out of the area. Even in those HMA's which are considered self-contained there can be important gross and net flows outside of these boundaries.

1.2 In general, SPRU consider an approach which excludes or disaggregates migration to and from London and ignores commuting to London to a large extent is a false construct and while claimed levels of self-containment are arrived at by statistical manipulation such approaches ignore the unmet needs of the capital. This appears contrary to the stated principles of the Framework – notably meeting the housing needs of the country.

1.3 Guidance Paragraph: 2a-007 makes clear that LPAs should assess their development needs working with the other authorities in the relevant HMA or functional economic market area in line with the Duty to Cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries.

1.4 The approach taken in the HMA's that support this Plan is that the projections have been undertaken at the local authority level and then amalgamated to reach conclusions regarding the overall level of need in the HMA.

1.5 The SHMA 2015 paragraph 6 outlines that the 2014 SHMA highlighted the complexity of housing market areas in Welwyn Hatfield and the wider area, encompassing a much larger area of the London commuter belt. This previous assessment highlighted two housing market areas – centred around Welwyn Hatfield – with a wider housing market area based on local authority boundaries and a more tightly defined boundary, which identified those sub local authority areas with which Welwyn Hatfield shares the strongest relationships.

1.6 While the SHMA 2015 undertakes an assessment of OAN without modelling the needs of the wider area it nevertheless makes a specific provision to accommodate unmet need for London of an additional **56 dwellings a year** (Figure 3.9: London Sensitivity Scenario and SNHP 2012 Scenario 2013 – 2032). This is in the context of the statement in paragraph 11 which states that in the context of the complexities of defining appropriate HMAs within this wider area it will be important for Welwyn Hatfield Borough Council to engage with other authorities in the wider housing market area through the Duty to Co-operate process to ensure that housing needs are met in full at a strategic level. In particular it highlights the need to the engage with the Greater London Authority given the evident links between London and the south of the borough.

1.7 The table 2 page 26 of the OAN reported submitted in support of our Reg19 objection illustrates selected flows between the neighbouring authorities and Welwyn and Hatfield, this demonstrates the strong relationship between the borough and London with a net inflow of over 1,300 persons. In light of this and other evidence the OAN report reconsiders the appropriateness of the estimate of 63 additional dwellings to address London's unmet need.

MATTER 2 – FULL OBJECTIVELEY ASSESSED HOUSING NEED

Are the council's successive forecasts of housing need robust and reliable?

2.1 The forecasts that use the most up-to-date data should be preferred as such an approach is in accordance with the Framework and the Guidance.

2.2 The table accompanying the present DCLG consultation "Planning for the right homes in the right places" suggests that OAN using the suggested approach would **877 dpa**. This is based upon the 2014 DCLG household projections plus an uplift for affordability (Application of proposed formula for assessing housing need, with contextual data).

2.3 This does suggest the direction of travel in terms of Government policy

Is its methodology for calculating FOAHN sound?

Demographic forecast of households. Is it unduly influenced by untypical historic circumstances?

2.4 Migration

2.5 There are two issues regarding migration. One is the actual recorded level of 10 year average migration and the discounting of average levels of past migration due to claimed issues with under recording emigration.

2.6 The table below summarises the data from the 2016 Mid-Year Estimates (MYE).

Table 1 The implication of the 2016 Mid Year Estimates to average levels of migration

Welwyn Hatfield	Internal	International	Total	Other change	Adjusted Migration
2002	378	901	1,279	-818	461
2003	981	778	1,759	-827	932
2004	762	1,158	1,920	-803	1,117
2005	1,798	1,524	3,322	-831	2,491
2006	1,305	1,060	2,365	-817	1,548
2007	684	1,426	2,110	-856	1,254
2008	97	1,075	1,172	-834	338
2009	265	1,153	1,418	-858	560
2010	212	1,364	1,576	-883	693
2011	2	1,514	1,516	-881	635
2012	-161	941	780	-8	772
2013	188	1,344	1,532	25	1,557
2014	-50	1,557	1,507	-7	1,500
2015	784	1,856	2,640	1	2,641
2016	1,229	1,287	2,516	1	2,517
5 year average	398	1,397	**1,795**	2	**1,797**
10 year average	325	1,352	**1,677**	-430	**1,247**
15 year average	565	1,263	**1,827**	-560	**1,268**

2.7 The migration levels that have been modelled in the Edge Analytics report July 2017 are between **545 persons per year** for the PG-Long-Term-Adjusted (UPC) Scenario to **990 persons per year** for the PG-Short-Term-X Scenario. This compares with the recorded average over the last 5, 10 and 15 years of between **1,677 and 1,827 persons per year.**

2.8 Even taking the view that the "Other Changes" as recorded by the 2016 MYE all relate to issues with migration the average levels of migration recorded over the last 5, 10 and 15 years of between **1,247 and 1,797 persons per year**.

2.9 There is a substantive mismatch between the modelled levels of migration and those which have been recorded to have occurred in the past according to the MYE.

2.10 Modelling these lower average levels of migration still result in a higher level of housing requirement than that projected in the SHMA update 2017.

Table 2 Implication of 2016 MYE to average migration projections

Dwelling change	2011-2016	2016-2021	2021-2026	2026-2031	2031-2036	Total 2013 - 2032	Annual Average
SNPP	727	660	630	687	657	12,721	670
Mig 5 year Average (2016) minus "Other changes"	886	1,055	1,181	1,282	1,348	21,599	1,137
Mig 10 year Average (2016) minus "Other changes"	686	804	897	981	1,035	16,504	869
Mig 15 year Average minus "Other changes"	694	814	908	993	1,047	16,698	879
Mig 5 year Average (2016) full	886	1,054	1,180	1,281	1,347	21,581	1,136
Mig 10 year Average (2016) full	843	1,000	1,119	1,217	1,280	20,487	1,078
Mig 15 year Average (2016) full	897	1,069	1,196	1,299	1,365	21,877	1,151

2.11 The above modelling all suggest that the more recent demographic indicators strongly suggests a substantial upward adjustment to the 2014 Household projection to better reflect both the past and future levels of migration.

2.12 The issue of the use of migration or migration minus the UPC. It is postulated in Section 2 and paragraph 5.10 of the Edge Analytics report that emigration has been under estimated.

2.13 SPRU Reg19 page 65 sets out the ONS assessment of the impact of different factors in explaining the differences between the 2001 and 2011 census. This does not suggest that migration estimates are the most influential on the changes it highlights that some of the overestimation might be due to the discrepancy between the 2001 census and the MYE. It further suggests that while internal migration might explain some of the overestimate in the 25 to 34 age groups that there is also a potential underestimation due to internal migration for the age groups 30 to 39. This highlights the complexity of the issue and the danger of assuming that all of the difference is due to the over estimation of migration.

2.14 In using the more recent MYE there are no UPC adjustments to apply as the advice form the ONS is that the issues have now been addressed (see appendix 1 of SPRU Reg19).

2.15 Modelling these most recent average levels of migration but removing the “Other Changes” element still suggest an OAN substantially higher than the 800 dpa suggested by the 2017 SHMA update.

Economic adjustment

2.16 The SPRU OAN report (Reg 19 Submission) undertook employment led projections based upon an average level of 872 jobs per year. The details of these projections are set out in section 6 of the SPRU “Report on the OAN for Welwyn and Hatfield Council” October 2016. This explains that the average of 872 jobs per year is an average of 4 different economic projections from well-respected economic projection companies.

2.17 Depending upon a range of assumptions regarding changes to unemployment and activity rates this level of employment growth would require between 748 and 498 dwellings a year.

2.18 This suggests that there is no requirement to increase the level of housing to meet these current projections above that which has been calculated as necessary to meet the SPRU 10-year migration led projection (2005 to 2015) of 1,088 dpa.

2.19 Similarly, the levels of dwellings being projected utilising the latest average levels of migration would in the view of SPRU meet the needs of the local economy.

Market signals

Are the FOAHNs being met within the relevant HMAs?

2.20 No London is not planning to meet its OAN.

2.21 The SPRU Reg19 report modelled the impact of both the continuation of past build rates in London and the implications of it actually delivering the average housing requirement as set out in the FALP.

Is the assessment and provision for affordable housing sound?

2.22 The SPRU Reg19 submission highlights the issues of affordability including the high level of unmet need for housing as represented by the council waiting list which comprises of 1,700 households even after the changes have been made to regarding the acceptability of those who might register.

2.23 The 2015 SHMA Partial Update included a revised calculation for affordable housing which concluded that 755 affordable homes are needed annually over five years before falling to 539 affordable homes annually once the backlog is cleared.

2.24 Paragraph 6.25 of the SHMA 2017 update states that there is a substantial need for affordable housing in Welwyn Hatfield, which would require a level of housing provision far in excess of that needed to accommodate demographic growth in the population and respond to worsening market signals if this need were to be met in full.

2.25 It is not considered that the proposed uplift in response to market signals is a reasonable response based upon both the need for affordable housing and other market indicators.

Other comments regarding response to Market Signals

2.26 The evidence on affordability is set out in section 5 of the SPRU Reg19 submission. This review highlights the very high affordability ratios both for house price (Median ratio of 10.69 in 2015 paragraph 5.33) and renting (Rental Affordability Ratio 70% table 13 page 44).

2.27 The chart on p40 of the SPRU Reg19 submission illustrates that there was a steady rise in house prices to 2008 at which point it fell. Although prices quickly returned they remained relatively stable to 2013 but from 2014 prices have increased very dramatically. This is a clear indication that the level of supply is not meeting demand.

2.28 This evidence indicates clearly that Welwyn Hatfield is one of the less affordable locations in the country. Affordability is a major issue across all indicators.

2.29 In considering what weight one might attribute to such a conclusion, the quote in the Housing demand and need (England) House of Commons Library Standard Note: SN06921 (23rd June 2014 pages 17 and 18) from the “Barker Review: a decade on” (March 2014) is noted as commenting on current levels of affordability in the housing market, stating:

‘Despite the best efforts and intentions of successive ministers, the 10 years since the Review has ultimately been a lost decade in terms of addressing the shortcomings of the housing market. There can be no doubt that the housing crisis facing the country in 2014 is far greater than that discussed by Barker in 2004.’

2.30 The same document also quotes the findings of DCLG published research on the impact of restricted housing supply on prices (DCLG “The impacts of restricting housing supply on house prices and affordability” November 2010 page 61) as follows:

‘Our findings point to the planning system as an important causal factor behind the ‘affordability crisis’. … To the extent that the latter is true, our findings imply that housing affordability problems may become even worse during upswings and house price booms in the future, especially in highly urbanised areas, where the ratio between house prices and income may rise even more dramatically than elsewhere.’

2.31 In light of these findings it is considered that the evidence suggests there should be a positive response to the evidence of the doubling of affordability ratios. Such a response would meet the guidance in paragraph 17 and 50 of the Framework, by providing an increased level of housing supply above the DCLG projections the HMA will secure improvements in affordability and widen access to home ownership.

2.32 The NHPAU previously recommended a range of between 11 and 28%.

2.33 The LPEG proposed modifications would suggest an increase of 25% when measured against its criteria.

2.34 The SHMA Update 2017 suggests a total uplift of 18% but we consider that a suitable response to market signals would be an uplift of 25% on the DCLG assessment of 670 dwellings a year would result in a requirement of 837 dwellings a year. This however takes no account of a migration that reflects long term trends. Applying the 25% uplift to the 10-year average migration trend requiring 1,078 dwellings a year would result in a OAN of some 1,350 dwellings a year.

MATTER 3 – EMPLOYMENT FORECASTS

Are the employment forecasts and targets appropriate?

3.1 The SPRU OAN report (Reg 19 Submission) contains job projections that underlie the employment led projections. These averaged an average level of 872 jobs per year and are based on 4 different economic projections from well-respected economic projection companies.

Are they unduly influenced by one-off historic circumstances?

3.2 Chart 14 in SPRU's Reg 19 submission (page 49) shows the changes in employment growth that have been taken into account in the Cambridge Econometrics and EEFM modelling. Although different neither suggest that there has been a single one off event than required to be addressed.

3.3 The advantage of using an average rate of employment growth from different forecasting houses (Cambridge Econometrics, East of England Forecasting Model and Experian) is that these will tend to moderate the impact of any single event due to their different approaches to modelling future economic growth.

APPENDIX 1: UPDATED DEMOGRAPHIC PROJECTIONS TAKING IN ACCOUNT THE 20176 MYE

Dwelling change	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	727	660	630	687	657	773	12,721	670
Mig 5 year Average (2016)	886	1,055	1,181	1,282	1,348	1,386	21,599	1,137
Mig 10 year Average (2016)	686	804	897	981	1,035	1,051	16,504	869
Mig 15 year Average	694	814	908	993	1,047	1,064	16,698	879
Mig 5 year Average (2016) full	886	1,054	1,180	1,281	1,347	1,385	21,581	1,136
Mig 10 year Average (2016) full	843	1,000	1,119	1,217	1,280	1,313	20,487	1,078
Mig 15 year Average (2016) full	897	1,069	1,196	1,299	1,365	1,404	21,877	1,151
Labour force change	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	833	495	434	524	374	452	10,140	534
Mig 5 year Average (2016)	1,081	1,152	1,208	1,296	1,320	1,387	22,841	1,202
Mig 10 year Average (2016)	737	769	812	897	899	942	15,497	816
Mig 15 year Average	751	783	827	912	915	959	15,777	830
Mig 5 year Average (2016) full	1,080	1,150	1,207	1,294	1,318	1,385	22,814	1,201
Mig 10 year Average (2016) full	1,006	1,068	1,122	1,208	1,228	1,290	21,238	1,118
Mig 15 year Average (2016) full	1,100	1,173	1,230	1,317	1,343	1,411	23,241	1,223

Population change	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	1,820	1,300	1,320	1,360	1,040	1,140	26,400	1,389
Mig 5 year Average (2016)	2,344	2,273	2,498	2,628	2,696	2,707	46,722	2,459
Mig 10 year Average (2016)	1,794	1,656	1,809	1,885	1,927	1,925	34,059	1,793
Mig 15 year Average	1,815	1,680	1,835	1,914	1,957	1,955	34,543	1,818
Mig 5 year Average (2016) full	2,342	2,270	2,496	2,626	2,694	2,704	46,676	2,457
Mig 10 year Average (2016) full	2,224	2,138	2,348	2,466	2,529	2,536	43,959	2,314
Mig 15 year Average (2016) full	2,374	2,306	2,536	2,669	2,738	2,749	47,413	2,495
Migration	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	1,273	829	751	808	517	674	16,278	857
Mig 5 year Average (2016)	1,797	1,797	1,797	1,797	1,797	1,797	34,143	1,797
Mig 10 year Average (2016)	1,247	1,247	1,247	1,247	1,247	1,247	23,693	1,247
Mig 15 year Average	1,268	1,268	1,268	1,268	1,268	1,268	24,092	1,268
Mig 5 year Average (2016) full	1,795	1,795	1,795	1,795	1,795	1,795	34,105	1,795
Mig 10 year Average (2016) full	1,677	1,677	1,677	1,677	1,677	1,677	31,863	1,677
Mig 15 year Average (2016) full	1,827	1,827	1,827	1,827	1,827	1,827	34,713	1,827

Workplace employment	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	1,806	578	507	612	436	528	14,345	755
Mig 5 year Average (2016)	2,097	1,345	1,411	1,513	1,542	1,619	29,179	1,536
Mig 10 year Average (2016)	1,695	898	948	1,047	1,050	1,101	20,600	1,084
Mig 15 year Average	1,710	915	966	1,065	1,069	1,121	20,928	1,101
Mig 5 year Average (2016) full	2,095	1,344	1,409	1,511	1,540	1,618	29,147	1,534
Mig 10 year Average (2016) full	2,009	1,248	1,310	1,412	1,434	1,506	27,307	1,437
Mig 15 year Average (2016) full	2,119	1,370	1,436	1,539	1,569	1,648	29,646	1,560
Resident employment	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	1,485	475	417	503	359	434	11,790	621
Mig 5 year Average (2016)	1,723	1,106	1,160	1,244	1,267	1,331	23,983	1,262
Mig 10 year Average (2016)	1,393	738	779	861	863	905	16,932	891
Mig 15 year Average	1,406	752	793	876	879	921	17,201	905
Mig 5 year Average (2016) full	1,722	1,104	1,158	1,242	1,266	1,329	23,957	1,261
Mig 10 year Average (2016) full	1,651	1,025	1,077	1,160	1,179	1,238	22,444	1,181
Mig 15 year Average (2016) full	1,741	1,126	1,180	1,265	1,289	1,354	24,366	1,282

Resident unemployment	**2011-2016**	**2016-2021**	**2021-2026**	**2026-2031**	**2031-2036**	**2036-2041**	**Total 2013 - 2032**	**Annual Average**
SNPP	-744	20	17	21	15	18	-1,926	-101
Mig 5 year Average (2016)	-734	46	48	52	53	55	-1,418	-75
Mig 10 year Average (2016)	-748	31	32	36	36	38	-1,711	-90
Mig 15 year Average	-747	31	33	36	37	38	-1,701	-90
Mig 5 year Average (2016) full	-734	46	48	52	53	55	-1,419	-75
Mig 10 year Average (2016) full	-737	43	45	48	49	52	-1,482	-78
Mig 15 year Average (2016) full	-733	47	49	53	54	56	-1,402	-74

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