

## **Housing needs in Hart – update**

**Final Report**

**To Winchfield Parish Council**

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## 1 Introduction

### This commission

- 1.1 My previous report<sup>1</sup> examined the December 2014 Strategic Housing Market Assessment (SHMA), commissioned from Wessex Economics Ltd (WEL) for the three local authorities comprising the Housing Market Area (Hart and Rushmoor (Hants) and Surrey Heath (Surrey)). This report updates my original critique in the light of the revised SHMA, dated November 2016 (referred to hereafter as the HRSH HMA or WEL2) and other more recent information.
- 1.2 This report is intended to assist Winchfield Parish Council in making their input to current decision-making on the Hart Local Plan (HLP). Although the HLP website does not state the intended plan period, it is assumed to be the same as that covered by the latest SHMA (2014-2032). It is designed to be reasonably free-standing, though there are references both to my earlier report (referred to as URP1) and to the previous SHMA (referred to as WEL1).
- 1.3 My experience relevant to this commission is summarised in Appendix 4.

<sup>1</sup> Urban & Regional Policy (November 2015), *Critique of Hart, Rushmoor & Surrey Heath SHMA*

## 2 Policy context

### National context

- 2.1 The top level national policy context for present purposes is the National Planning Policy Framework (NPPF) approved by Parliament in 2012. At a lower level Planning Policy Guidance (PPG) is provided by the Department for Communities and Local Government (DCLG) on the technical application of NPPF to housing. These national policy sources were discussed in URP1, and main points from each source relevant to this report are summarised in Appendix 1. In essence they require the Local Plans within an HMA to make provision for ‘objectively assessed housing needs’ (OAHN) unless this is incompatible with the principles of sustainable development. There is a duty on individual local authorities within an HMA to co-operate in distributing OAHN so as to achieve this result.

### Local context

- 2.2 The current and previous SHMAs both estimated the share of HMA housing needs arising from within Hart as being 7,500 additional dwellings over the period 2011-2032. An HLP consultation paper (Feb 2016) reports a gap of 2,500 dwellings between this figure and the 5,000 already built or for which land is available<sup>2</sup>. In addition to this 2,500 there is a possible requirement to accommodate a 1,600 shortfall from Rushmoor.
- 2.3 The consultation paper considers options for additional greenfield housing sites. Although objecting to the Rushmoor proposal, but apparently anticipating a further ‘overspill’ from Surrey Heath, Hart District Council has consulted on ways of meeting needs for up to 4,750 new homes. The options under consideration include dispersal, extensions to one or more main settlements, and focusing growth on a new settlement for up to 5,000 dwellings at Winchfield (of which 2000 might contribute to needs before 2032). Clearly this last would only make sense if Hart’s share of the OAHN for the whole HMA is at least as high as 7,500, and is further weakened to the extent that further suitable brownfield sites come forward.
- 2.4 During the currency of the ‘brownfield first’ policy at national level (1997-2007) the proportion on brownfield sites rose from about 60% to nearly 80%, while output increased to the highest levels since 1990. Over the same period the supply of brownfield land suitable for housing actually increased<sup>3</sup>. Excessive allocations of greenfield land inhibit the process of urban renewal that this represents.
- 2.5 Because of the interdependence of more localised housing markets, OAHN is only meaningful in policy terms when applied to the HMA as a whole. This means that the nature of the agreements with neighbouring authorities under the duty to co-operate is what matters in terms of making provision for housing land in Hart. The judgement to be made is whether making provision within Hart is more or less ‘sustainable’ in terms of NPPF criteria than alternative provision would be if made elsewhere in the HMA. This judgement cannot be made on the basis of the Hart Local Plan alone. The key issues are:
- a) the extent of the environmental damage arising from the alternatives,
  - b) the extent and nature of resulting demands for services and infrastructure, and
  - c) the scale of car-dependent transport demands arising.
- 2.6 The first two of these issues are beyond the scope of the present commission. The third depends on the interactions between local housing provision and jobs, and some limited comments can be made on the basis of the evidence reviewed here.

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<sup>2</sup> The consultation paper includes 450 dwellings on known brownfield sites. Brownfield land is in its nature a flow not a static stock, and since then a further brownfield site at Pyestock (Hartland Village) has come forward, and more may be expected over the plan period as part of the normal process of change and renewal.

<sup>3</sup> CPRE (2011) *Building in a small island? Why we still need the brownfield first approach*. Report by Green Balance

### 3 The current SHMA (WEL2)

#### Study structure and results

- 3.1 URP1 criticised WEL1 for the use of out-dated DCLG household projections, for the scale of ‘adjustments’ to these to allow for projected economic growth, and for the absence of meaningful conclusions on meeting social housing needs. Table 1 below summarises the WEL2 results and compares them with the current DCLG baseline, both for the 3-District HMA and for Hart alone.

**Table 1: WEL2 outputs – adjustments to housing needs in Hart and HMA 2014-2032**

	HMA				Hart		
	2014	2032	dpa <sup>2</sup>	% uplift <sup>7</sup>	2014	2032	Dpa <sup>2</sup>
DCLG 2014-based household projection <sup>1</sup>	108,682	120,693	691	Starting point	36,644	40,367	207
Step 1: WEL2 households ('demographic starting point') <sup>2</sup>	108,697	122,250	778	+13%	36,603	41,045	254
Step 2: Market signals uplift <sup>3</sup>	108,697	125,951	903	+31%	36,603	41,859	292
Step 3: Affordable housing – concealed households. <sup>4</sup>	108,697	127,412	985	+43%	36,603	na	Unallocated
Step 4: Extra for employment trends <sup>5</sup>	108,697	128,448	1135-1254	+64-82%	36,603	42,925	361
Step 5: Objectively Assessed Needs (OAN) <sup>6</sup>	108,697	130,297	1200	74%	36,603	43,479	382

**Notes/Sources:** 1. DCLG (2016), Table 406 (see Appendix 2, plus allowance for vacancy); 2. WEL2 Tables 8.23, 8.24 (Including allowances for vacancy (Hart 2.9%, Rushmoor 3.8%, Surrey Heath 3.6%); 3. +15% for market signals and affordable housing, (WEL2 paras 9.60-9.76, Table 9.22); 4. A further 79 dpa on to Step 2 (WEL2 para 10.128), 5. WEL2 Tables 11.13, 11.14 ; 6. WEL2 para 12.31; 7. Cumulative % increase in dpa from row 1 (DCLG households + vacancy)

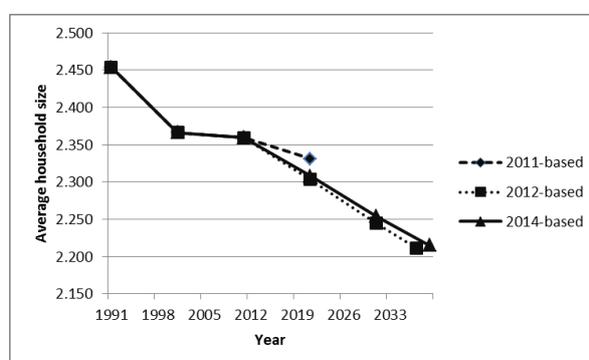
- 3.2 The defects noted in URP1 remain:
- WEL2 uses DLG’s 2012-based household projections, even though these were superseded in July 2016. The proposed adjustments add 13% to the appropriate baseline (DCLG 2014-based).
  - WEL2 identifies high requirements for social, and intermediate housing within the ‘objective assessment of needs’, and proposes an additional 15% without offering a coherent account of how this would help to meet these needs or reduce prices to more affordable levels. This adds an additional 18% to the proper baseline.
  - A further adjustment for making up the backlog of need adds a further 12%, again without a clear indication of how this can be implemented.
  - A ‘cross check’ with employment forecasts justifies an OAN incorporating all the above, cumulatively adding 74% to the current DCLG projections. However (as discussed in URP1 – see 4.14 below) the employment forecast is inflated, both by the projection procedures adopted by their originators and by the sectional interest of businesses in ambitious figures.
- 3.3 As discussed below (paras 4.18-4.22), there is no evidence, and little likelihood, that those working in local jobs would form a significant component of the demand for new housing in the area. In the absence of a stronger connecting rationale additional housing provision would be likely to lead to additional commuting traffic without necessarily improving local labour supply. This would be contrary to the sustainable development provisions of NPPF.

## 4 Critique of WEL2 estimate of housing needs (OAHN)

### Caveats on apparent precision

- 4.1 The 2011 Census signalled an abrupt halt to the long-term trend of steady decline in household size indicated in successive Censuses from 1971 to 2001 (ie more households for a given population). There can be little doubt that this represented the impact of the 2008 financial crisis on new household formation. The key question since then has been whether this is temporary ‘blip’, after which there will be a return to trend, or whether this is the ‘new normal’. DCLG takes the view that a return to trend will occur, the only question being the rate at which this will happen.
- 4.2 Figure 1 shows that the 2014-based DCLG household size projection is higher on this account than the previous 2012-based version (leading to lower numbers of households), but continues to presume a return to close to the pre-2001 rate of change. WEL2 mounts a long and convoluted argument for preferring the 2012 rate of change, even though this is in direct contravention of PPG.

**Figure 1: Household size trends in DCLG projections**



- 4.3 Evidence for changes since the 2011 Census depends on data derived from ONS’s sample annual population survey. The annual sample for Hart is around 170 households (and about 500 for the whole HRSH HMA). This means that if a population characteristic (an age-specific headship rate for example) is found in 10% of the HRSH sample, the standard deviation is about 1.3%: the actual proportion thus has a two-thirds chance of being somewhere between 8.7% and 11.3%. For Hart alone, because of the smaller sample size, the confidence interval is 2.3%, and for the same statistic the range would be 7.7-12.3%.
- 4.4 Such wide confidence intervals mean that the detailed examinations in WEL1 and WEL2 of possible changes to the ‘demographic baseline’ are not valid. This is not only because of small sample sizes, but also because it is the trends in the youngest age groups that are most critical, as will be seen in the next section. These age groups are the most difficult to contact, as well as the most challenging to interpret in terms of the definition of a household<sup>4</sup>. This means that the evidence for a ‘return to trend’ is weak, even at national level<sup>5</sup>, and virtually non-existent at local level.
- 4.5 The period under consideration has been extended from 2031 in WEL1 to 2032 in WEL2, ostensibly to ensure that there is a 15-year forward view from 2017, when the Local Plan should be in place. The implication is that further annual reviews would be necessary indefinitely, both for this reason and because of successive DCLG projections are produced every second year. This rationale is a recipe for perpetual confusion.

<sup>4</sup> DCLG (2016) 2014-based household projections: Notes. A household is defined as one person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping – that is, sharing either a living room or sitting room or at least one meal a day

<sup>5</sup> DCLG (2016) *Household Projections 2014-based: Methodological Report*.

- 4.6 Development interests are better-placed to exploit such confusion than local authorities or residents' groups are to resist it. At each Local Plan Inquiry (LPI) within the HMA, the SHMA is the starting point, but because it is not particular to the individual Local Plan it effectively escapes proper scrutiny. Compounding this problem, the housing needs sessions of LPIs are packed with development interests, meaning that other local voices are drowned out. This runs directly contrary to the intention expressed by the then Secretary of State in his Foreword to NPPF<sup>6</sup>. The result is that Inspectors reports tend to focus on whether the procedural steps in PPG have been followed, not on whether the underlying policies are well-founded in any broader sense.

#### **Step1: Revised demographic starting point**

- 4.7 National PPG requires the use of the most recent DCLG household projections. The current (2014-based) series was published in July 2016, so it is unclear why a report published in November 2016 could not have taken this as its starting point. This would have obviated the need for the long and intricate examination 'unattributed population change, which is redundant following ONS's report on issues arising from the 2011-based series'<sup>7</sup>. As noted above there is no adequate evidential basis for proposing a variant rate of household formation. Taking these two points together, there are no grounds in terms of PPG for proposing a 'demographic starting point' that is different from the DCLG 2014-based series.

#### **Steps 2, 3: Market signals and affordability**

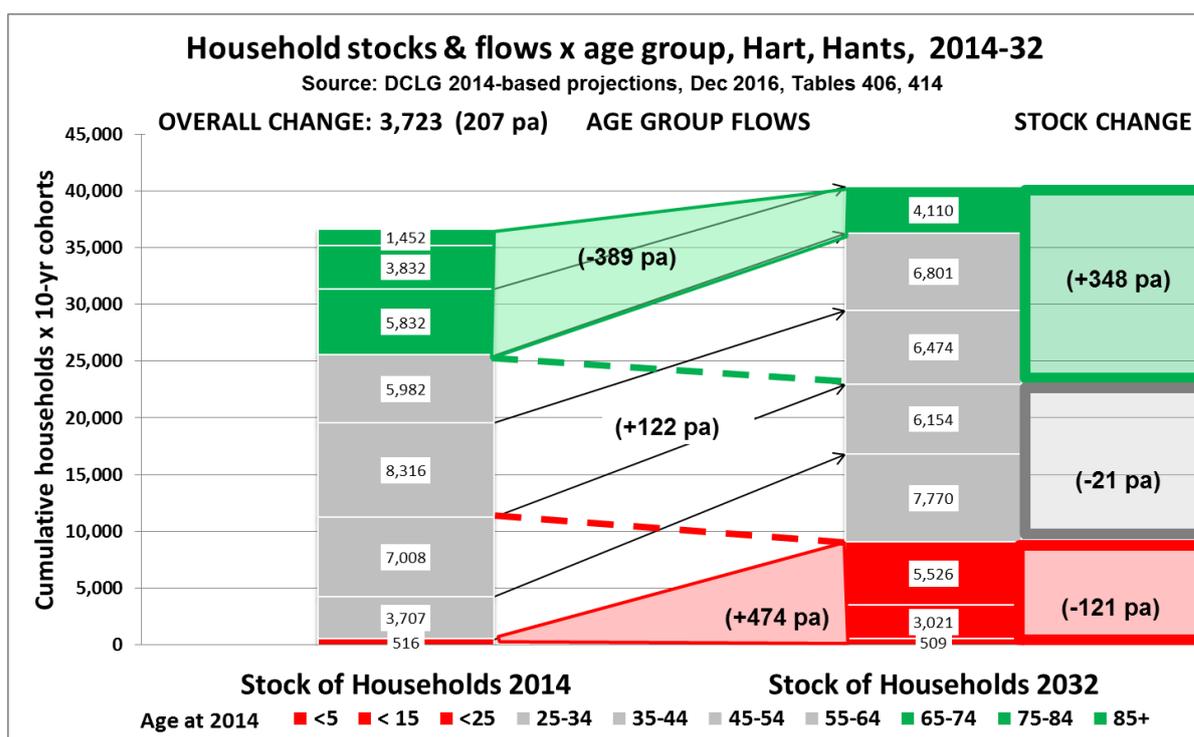
- 4.8 The WEL2 analysis arrives at its numbers by examining 'snapshots' of need at its beginning and end dates (2014 and 2032), comparing the profile of households (by age, income, tenure, etc) at the two dates and quantifying the net change between them. For example the under 25s in 2014 are compared with the completely different group of people who will be under 25 in 2032 (the original group will have aged in the intervening 18 years and will then be under 43). This gives no idea of the actual volume of newly forming households over this 18-year period, or their socio-economic characteristics.
- 4.9 Net change is the conventional approach, but is a useful guide to action only if social processes such as household formation do not vary significantly over the period. In the context of the socio-economic changes since the financial crisis of 2008, this is seriously misleading. A truer understanding of the problems faced by newly-forming households is given by following each age group through from 2014 to 2032. Appendix 2 analyses the same DCLG projections in terms of both the net change in the *stock of households* between dates and the *flows of households* during this period. Figure 2 represents the results of both forms of analysis in graphical form.

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<sup>6</sup> DCLG (March 2012) "*Yet, in recent years, planning has tended to exclude, rather than to include, people and communities. In part, this has been a result of targets being imposed, and decisions taken, by bodies remote from them.... people have been put off from getting involved because planning policy itself has become so elaborate and forbidding – the preserve of specialists, rather than people in communities.*"

<sup>7</sup> ONS (2014) *Report on Unattributable Population Change*

**Figure 2: Household stocks and flows by age-group, Hart 2014-2032**



- 4.10 Within an overall increase of 207 households pa between 2014 and 2032, the main change in distribution of the *stock* of households by age group is an increase in the over 65 age group (+348 pa), with much smaller net changes in other groups, though a significant decline (-121 pa) amongst the under 45s. The picture for *flows* of households is almost diametrically opposite to the stock changes: at the younger end of the age range there is an annual flow of 474 new households per year as the under 25s of 2014 become the under 43s of 2032. Meanwhile at the older end of the age range there is an annual decline of nearly the same (-389 pa) as over 65s become over 83s. In between these groups there is a significant increase of 25-65 year olds becoming 43-83 (+122 pa).
- 4.11 The implicit assumption of the SHMA is that as long as the net change in the stock of households is matched by building additional new homes, overall housing needs will be met. What Figure 2 shows is that the flow of new households has very different characteristics from the net change in the stock of households. In particular:
- a) The annual rate of formation (*inflow*) of new young households (474 pa) is more than double the overall net change (207 pa)
  - b) The housing being relinquished by *outflow* of elderly (-389 pa) is not necessarily relevant to the *inflow* of new young households, either in terms of price or type;
  - c) The expanding number (*stock*) of elderly households (+348 pa) implies a need for downsizing, and for provision for housing supported by care.
- 4.12 OAHN purports to be an objective measure of housing needs. However, because of these disparities the provision of new homes in line with OAHN does not mean that the needs it is supposed to measure will in fact be met. As we have seen the overwhelming majority of new households forming will be young, and their ability to buy or rent new will be extremely limited. The underlying economic reality (intensified since the financial crisis of 2008) is that there is a squeeze on disposable incomes of younger workers, both from the downward pressure on wages of changing conditions of employment (eg zero hours contracts, automation and the gig economy), increasing indebtedness (unsecured credit

card debt and student loans) and rising living costs that particularly impact on this age group (eg childcare costs).

- 4.13 If homes are built and sold in line with the OAHN, it will be to a different set of people than that assumed by the projection process.
- a) Unless a large part of the new provision is social rented housing, the new homes would not meet the needs of the newly-forming households that form the bulk of the flow of projected need. While planning obligations may succeed in securing a proportion of ‘affordable housing’ for sale or shared equity in new developments, at 80% of market prices only a small proportion of new households will be able to take advantage<sup>8</sup>, and similar comments apply to the proposed ‘Starter Homes’<sup>9</sup>. This is not contested by the SHMA (WEL2, Section 10).
  - b) Around 90% of housing choices are provided through turnover of the existing stock of homes (‘churn’), and the cheaper end of the existing stock is where most newly-forming households will look for accommodation. If their needs are to be a priority, it is to the existing stock that a corresponding proportion of housing policy attention should be directed<sup>10</sup>.
  - c) Those who are able to afford new housing will mainly be those with a house to sell – by definition not forming part of the housing need projection. This will include higher paid commuters to jobs elsewhere and retirees with a wide range of alternative locational choices available to them. At the same time employment growth in local firms would depend on in-commuting from elsewhere. Even if there was a balance in numbers of new jobs and new homes, both in- and out-commuting flows would grow, increasing travel demand, congestion and greenhouse gas emissions.
  - d) The Hart Local Plan may well seek developer contributions to affordable and social housing, as well a local infrastructure and services. However, the pressure to secure viability means that such contributions are likely to fall short of actual needs and costs<sup>11</sup>, increasing the call on existing public resources and pre-empting the regeneration and renewal of the existing lower-priced housing areas that actually meet the OAHN.
- 4.14 In Steps 2 and 3 the SHMA proposes an uplift of 15% to address the general problem of affordability, plus a further 82 dpa to meet the backlog of needs (‘concealed households’), on the assumption that the additional supply will lead to lower prices. This betrays a lack of understanding of the operation of housing markets:
- a) Because 90% of the market is churn, prices are very insensitive to the volume of new housing that is built. The Barker Report<sup>12</sup> estimated that a 50% increase in building for sale (+70,000 dpa at that time) would only ‘price into the market’ an additional 5,000 households pa – and then only after 10 years at this rate. The ‘trickle down’ of benefit to new households from higher rates of housebuilding is thus extremely limited.

<sup>8</sup> First time buyers in the South East paid an average £246k compared with £406k by former owner-occupiers and £365k for new houses in 2015(Q2): Table 12, ONS House Price Index (Sept 2015))

<sup>9</sup> The Starter Homes initiative will only benefit a small proportion of current private renters, as the income needed would be £46,800 (GL Hearn SHMA for Adur, Sussex, 2016).

<sup>10</sup> Before 2007 planning policy for housing was framed in terms of the whole stock, and the concept of SHMAs as a means of mediating the relationship between market and social housing originated there. After the Barker Report and the 2007 Housing White Paper the policy priority shifted to the volume of new building, but a whole stock perspective nevertheless remains valid.

<sup>11</sup> Developers have for some years been seeking to negotiate such obligations downwards on grounds of viability. In pursuit of increasing output numbers they are (with tacit Government support) increasingly succeeding.

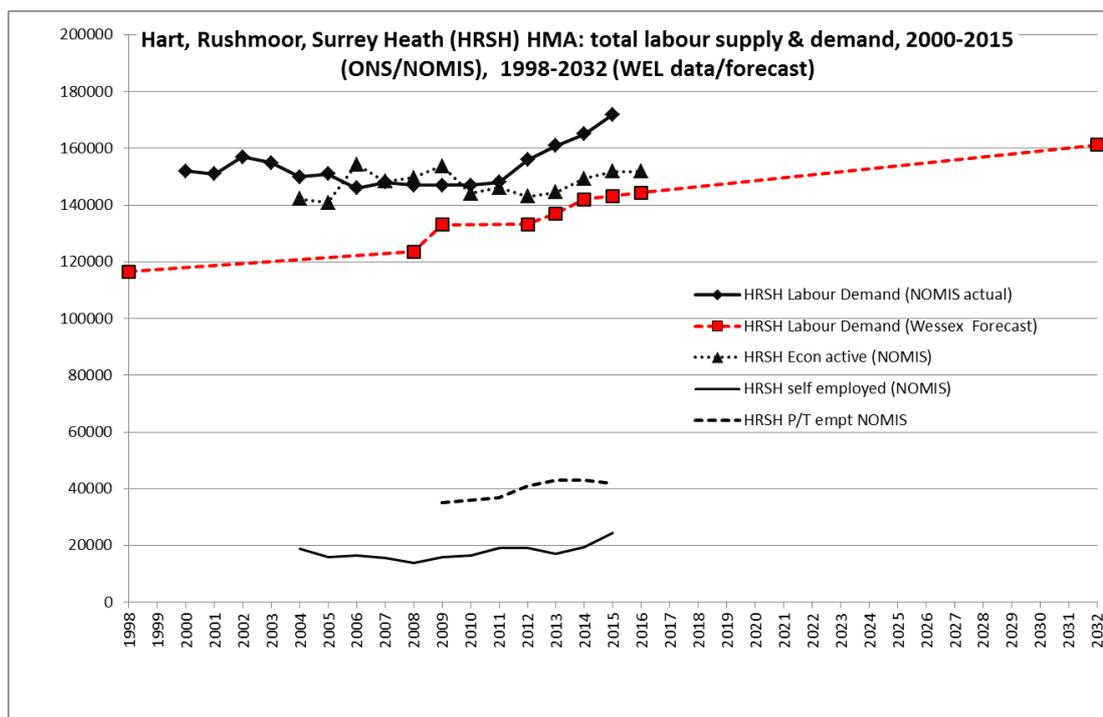
<sup>12</sup> HM Treasury (2004) *Barker Review of Housing – Final Report*, Table 1.1

- b) If the general level of house prices did decline (or even level off) as result of the volume of new building, one of the first effects would be that builders would stop building.
- 4.15 In an area like Hart, where there is ready demand for new housing from existing owners across the region, an increase in OAHN to accommodate non-market needs may well increase housing provision, but not to the benefit of the target groups.

#### **Step 4: Employment trends**

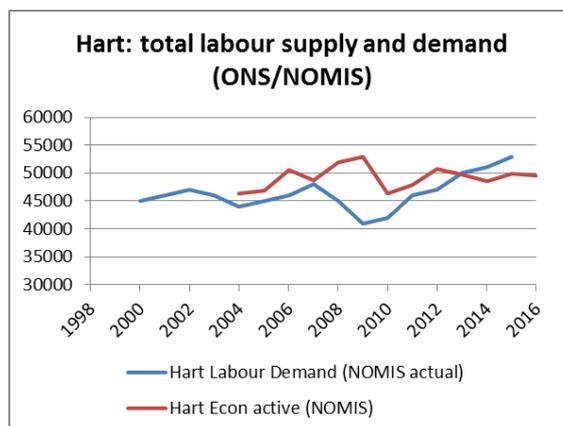
- 4.16 A large proportion of WEL2 (like WEL1) is devoted to consideration of employment projections. As with the demographic sections of the reports the analysis is hugely over-complicated, both in terms of its purpose (seeking consistency between housing and employment provision), and in terms of what the data can bear. My previous report (para 3.7) pointed out a number of deficiencies in the economic scenarios:
- a) The 'historic trend' is already optimistic, given low growth in the area since 2000. The recovery was heavily dependent on Surrey Heath, while the other districts in the HMA continued to lose jobs (Appendix 3).
  - b) There seems to have been pressure from business consultees favour optimistic views of future growth, as this both flatters their power and provides a platform for seeking funding (usually public funding) to bring the projections about. While rightly rejecting the extreme projection, this also compromises the 'Central' scenario.
  - c) The 'historic trend' relates to a period in which there was a very active regional policy, even in the relatively prosperous South East, funded by Government through Regional Development Agencies. Only about a quarter of the resources applied by RDAs have been transferred to LEPs, and local authorities were also more active then than they can be now.
  - d) It seems highly unlikely that much better results than 1998-2008 will be achieved in future with reduced resources for infrastructure, services and training, even before considering the more challenging national and global context.
- 4.17 The WEL reports use data from a multiplicity of disparate sources, making a clear understanding of what has happened difficult, even before moving on to future prospects. For this report I have examined the records assembled by ONS on the NOMIS system, operated by Durham University which now provide labour supply and demand information on a consistent basis at a broad level from 2000, and with more detail from 2004 and 2009 (see Appendix 3). This allows the WEL projections of employment to be examined in a clearer context than that provided by the SHMAs, as shown in Figure 3.

**Figure 3: Labour supply and demand in the HRSH HMA 1998-20032**



4.18 The WEL data and forecast appears to cover only part of the HMA workforce, hence the difference from the ONS/NOMIS data. Both sources cover both full-time and part-time workers, but the WEL material seems to exclude all or most of the self-employed. Since about 2011 the NOMIS data shows local labour demand appearing to pull away from labour supply, which could be interpreted as representing an increasing labour shortage. Because of the sample basis, too much should not be read into this, and we should also note the following:

- a) Part-timers have become a more significant component of the local workforce since 2008/9, altering the relationship with population.
- b) Self-employment has also increased: some of this may represent new entrepreneurial activity, but some could well represent involuntary under-employment.
- c) Within Hart the relationship between overall labour supply and demand has been closer (see Figure in text).



**Step 5: Objectively Assessed Need (OAHN)**

4.19 In arriving at a figure for OAHN, the employment forecasts are decisive. All the other components discussed above are retrospectively justified as being consistent with these figures.

4.20 My previous comments on the optimistic nature of the employment forecasts (4.14 above) remain valid. However, the search for precision in quantifying the relationship between local labour demand and supply is in any case misguided: the HRSH HMA is a small part of a wider, and highly inter-dependent, labour market in the whole south west quadrant extending from London. While there is an approximate balance between numbers working and numbers living in the HMA (135,000 and 145,000 respectively), there are 115,000

commuters (58,000 commute out of the HMA and 47,000 commute in (WEL2 Table 11.1)). For Hart, out of 48,000 resident workers, 26,000 commute out, and out of 40,000 local jobs, 19,000 are filled by in-commuters.

- 4.21 The economy of an area depends on attracting and retaining a skilled and varied workforce. Education and training help create skills amongst people already here, but we live in a highly mobile society. Persuading people to stay (and attracting others from elsewhere) depends on the quality of life offered. 'Home' in this respect means more than just a house: a place's attractions depend also on environmental quality, social fabric, services and infrastructure at all scales from neighbourhood to village, town and region. The place making role of planning is essential to realising the potential of a place to attract an appropriate workforce.
- 4.22 Local transport systems are particularly important: people commute to find the best match for them between the type and quality of job, and the type and quality of home they are looking for. Reducing travel demands requires much more than simple matching of numbers of homes and jobs (still less new homes and new jobs). While higher-paid workers can choose from new as well as existing homes, lower-paid workers depend on the cheaper end of the existing stock.
- 4.23 Net commuting (the *difference* between in- and out-commuting) will be reduced by matching the number of homes in an area with the number of jobs, but the amount of traffic – and hence sustainability – depends on gross commuting (the *sum* of in- and out-commuting). 'Place-making' is thus not a simple 'numbers game': it is the ability to put these factors together so that labour markets and quality of life give each other mutual support. The HRSH HMA is too small and open an area to provide a valid platform for setting housing requirements that arise at a much larger scale. In this case their top-down imposition is likely to prevent the Hart Local Plan from fulfilling its place-making functions in the manner prescribed by NPPF.

## 5 Conclusions

- 5.1 The HRSH SHMA proposes an OAN which is 74% greater than the current (2014-based) official projection (Table 1). PPG states that *“The household projections produced by DCLG are statistically robust and are based on nationally consistent assumptions. However, plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates.”* (para A1.4). There is thus no licence for the wholesale replacement of official projections in the manner of WEL2.
- 5.2 None of the steps proposed in WEL2 has a sound rationale or evidence base, so the OAN for the HRSH HMA should remain at the level of the current official household projection (691 dpa – Table 1). The share of this to be taken by Hart Local Plan should be decided under the ‘Duty to Co-operate’, taking account of the relative performance in terms of the sustainable development criteria in NPPF of different locations across the HMA (para 2.3). The starting point for this consideration should be 207 dpa in Hart (Table 1).
- 5.3 Unless heavily weighted towards genuinely affordable provision (eg social renting), new housing is only directly relevant to the needs of a small proportion of newly-forming households. Most will depend on the turnover of existing stock in cheaper areas and private renting. The extreme insensitivity of existing property prices to the volume of new build means that indirect benefits through ‘trickle down’ are also severely limited (paras 4.6-4.12).
- 5.4 The level of effective demand in Hart could well be sufficient to support the share of OAN proposed by WEL2 (382 dpa – Table 1). However, this would not be meeting the needs suggested by the OAN calculations, but rather the area’s ability to attract additional in-migration unrelated to local household formation or labour market needs. This would be reflected in additional out-commuting and retirement flows (para 4.14).
- 5.5 Meeting the very real needs of newly-forming households depends on the quality of environment, services and infrastructure in existing cheaper areas, and on the provision of genuinely affordable alternative forms of new housing (4.10-4.12). High levels of OAN divert attention and limited resources from such purposes. The exaggerated level of OAN proposed by WEL2 is perverting the planning processes, putting the cart before the horse by promoting housing numbers above place-making (4.19-4.21).
- 5.6 The case for a major new settlement in the Winchfield area cannot be made on the basis of the needs of the HRSH HMA. Such a proposal could only be justified on a much wider subregional or regional basis, and after systematic analysis at this scale of alternatives in terms of the sustainable development criteria of NPPF (4.21).
- 5.7 In summary the proposed OAHN is not in conformity with PPG, and the consequences of its application to the Hart Local Plan would run directly counter to the sustainable development requirements of NPPF.

## Appendix 1: National planning policies for housing provision

### National Planning Policy Framework (NPPF)<sup>13</sup>

- A1.1. The purpose of the planning system is to further the economic, social and environmental dimensions of *'sustainable development'* (paras 6 and 7). It stresses (para 8) that because of their mutual dependence, *'to achieve sustainable development, economic, social and environmental gains should be sought jointly and simultaneously through the planning system'* which *'should play an active role in guiding development to sustainable solutions'*. Within this general strategic orientation, policy for provision of land for housing through the local planning process is set out in Chapter 6 of NPPF. The relevant part for present purposes is that Local Plans should make provision for *'full, objectively assessed needs for market and affordable housing in the housing market area'* (usually abbreviated to OAN and HMA respectively).
- A1.2. NPPF requires a Strategic Housing Market Assessment (SHMA) to determine an appropriate Housing Market Area (HMA). This is an area which is reasonably self-contained in housing market terms, and generally covers a number of Local Plan Areas. The assessment of housing need for planning purposes is only meaningful at this level.

### Planning Policy Guidance (PPG)<sup>14</sup>

- A1.3. Planning Policy Guidance (PPG) on housing sets out the process for estimating OAN: as noted above PPG can change from time to time by administrative decision, and does not have the same status as NPPG. PPG specifies the latest official household projections by DCLG as the baseline for estimating OAN. These are based on subnational population projections (SNPPs) for local authorities by the Office for National Statistics (ONS).
- A1.4. PPG states *"The household projections produced by DCLG are statistically robust and are based on nationally consistent assumptions. However, plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates."* The latest projection at the time of writing was DCLG's 2014-based projection.
- A1.5. The ONS and DCLG projections are intended to be 'policy neutral': they take past trends and project them forward on the assumption that the same policies and processes are in place in both the past 'reference' period and the future 'projection' period. They do not estimate the impact of policies that have yet to take effect. Local adjustments may be proposed to the official projections but PPG states that they must be *'reasonable...consistent with the principles of sustainable development and ... be expected to improve affordability'*.

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<sup>13</sup> Proposals for revision are currently under consideration. These do not affect this report.

<sup>14</sup> The current guidance on *'Methodology for assessing housing need'* was issued in March 2014

## Appendix 2: Household projections

Table A2.1: Stock of households x age groups, Hart, 2011-2039

	Age group stocks 2011-39						Age group stock changes 2014-32			
	2011	2014	2021	2031	2032	2039	Net change	Nos	%	nos pa
<25	504	<b>516</b>	537	507	509	<b>525</b>	-7	-	-19.4	-121
25-34	3,620	<b>3,707</b>	3,860	3,006	3,021	<b>3,116</b>	-686			
35-44	6,843	<b>7,008</b>	7,298	5,500	5,526	<b>5,701</b>	-1,482			
45-54	8,120	<b>8,316</b>	8,660	7,733	7,770	<b>8,016</b>	-545	-373	-2.6	-21
55-64	5,841	<b>5,982</b>	6,230	6,125	6,154	<b>6,348</b>	172			
65-74	5,694	<b>5,832</b>	6,073	6,444	6,474	<b>6,679</b>	643	6,271	56.4	348
75-84	3,742	<b>3,832</b>	3,990	6,769	6,801	<b>7,016</b>	2,970			
85+	1,418	<b>1,452</b>	1,512	4,091	4,110	<b>4,240</b>	2,658			
<b>TOTALS</b>	<b>35,781</b>	<b>36,644</b>	<b>38,160</b>	<b>40,174</b>	<b>40,367</b>	<b>41,641</b>	<b>3,723</b>		<b>10.2</b>	<b>207</b>

**Notes:**

Figures in **bold** are direct from DCLG sources, *in italic* are derived from these.

2014 and 2039 age distribution direct from DCLG Table 414.

2011, 2021 apply 2014 age distribution to totals from DCLG Table 406.

2031, 2032 apply 2039 age distribution to totals from DCLG Table 406

Table A2.2: Flows of households x age groups, Hart, 2011-32

Household stocks 2014-2032					Household changes 2014-32		
Household rep Age in 2014	Stock of Households 2014	Stock of Households 2032	Household rep age in 2032	Dynamic change 2014-2032*	Increase/decrease Nos	Increase/decrease %	Increase/decrease Nos pa
<5		509	Under 26	<b>509</b>	8,540	230.4	474
< 15		3,021	26-35	<b>3,021</b>			
<25	516	5,526	36-45	<b>5,010</b>			
25-34	3,707	7,770	46-55	<b>4,063</b>	2,187	8.7	122
35-44	7,008	6,154	56-65	<b>-854</b>			
45-54	8,316	6,474	66-75	<b>-1,841</b>			
55-64	5,982	6,801	76-85	<b>819</b>			
65-74	5,832	4,110	86+	<b>-1,721</b>	-7,005	-63.0	-389
75-84	3,832		[96+]	<b>-3,832</b>			
85+	1,452		[106+]	<b>-1,452</b>			
<b>Totals</b>	<b>36,644</b>	<b>40,367</b>		<b>3,723</b>		<b>10.2%</b>	<b>207</b>

**Notes:**

Source: As Table A2.1, cols 2 and 6

\*Flows: Each cohort in 2032 (col 3) is compared with the same cohort 21 years earlier/younger (Col 2)

### Appendix 3: labour supply and demand

**Table A3.1: Labour supply and demand, HRSH HMA**

	Labour Demand (NOMIS)	Labour Demand (WEL2)	Labour supply Econ active (NOMIS)	Self employed (NOMIS)	Part Time employment NOMIS
1998		116,500			
1999					
2000	152,000				
2001	151,000				
2002	157,000				
2003	155,000				
2004	150,000		142,200	18,700	
2005	151,000		140,800	16,000	
2006	146,000		154,300	16,500	
2007	148,000		148,300	15,700	
2008	147,000	123,600	149,700	14,000	
2009	147,000	133,100	153,800	15,900	35,000
2010	147,000		144,100	16,500	36,000
2011	148,000		146,100	19,000	37,000
2012	156,000	133,300	143,100	19,200	41,000
2013	161,000	137,000	144,600	17,200	43,000
2014	165,000	142,000	149,400	19,400	43,000
2015	172,000	143,200	151,900	24,400	42,000
2015/16		144,400	151,900		
2032		161,200			

*Source:* ONS/NOMIS online accessed 23-30 January 2017

*Notes:* NOMIS labour demand includes all jobs (full- and part-time, M&F) plus self-employed. Labour supply includes all economically active over 16; 2015/16 figures refer to period Oct 2015-Sept 2016

**Table A3.2: Labour supply and demand, by Districts (NOMIS)**

	Hart total jobs	Hart workforce	Rushmoor total jobs	Rushmoor workforce	Surrey Heath total jobs	Surrey Heath workforce
2000	45,000		54,000		53,000	
2001	46,000		55,000		50,000	
2002	47,000		59,000		51,000	
2003	46,000		57,000		52,000	
2004	44,000	46,400	56,000	51,400	50,000	44,400
2005	45,000	46,800	57,000	50,500	49,000	43,500
2006	46,000	50,600	52,000	52,900	48,000	50,800
2007	48,000	48,700	52,000	51,700	48,000	47,900
2008	45,000	51,900	54,000	51,900	48,000	45,900
2009	41,000	53,000	51,000	57,400	55,000	43,400
2010	42,000	46,400	50,000	53,000	55,000	44,700
2011	46,000	47,800	51,000	53,900	51,000	44,400
2012	47,000	50,800	52,000	49,600	57,000	42,700
2013	50,000	49,700	53,000	47,700	58,000	47,200
2014	51,000	48,600	53,000	53,600	61,000	47,200
2015	53,000	49,800	57,000	58,100	62,000	44,000
2015/16		49,500		57,000		45,400

*Source and Notes:* as above

## Appendix 4: Alan Wenban-Smith – experience relevant to this report

- A3.1. I am a Member of the Royal Town Planning Institute, was a member of its Policy and Research Committee from 2005-2015, and am its current representative on the Board of the Transport Planning Society.
- A3.2. I have extensive relevant professional experience in spatial planning in local government from 1967-1996, including leading development planning, housing, transport and economic development projects at local, city, conurbation and regional levels. I was responsible for planning and transport policy for Birmingham City Council from 1981 to 1996. I led conurbation- and region-wide collaboration on planning and transport issues, delivering national innovations in housing, planning and transport policy.
- A3.3. I have been a witness to several Commons Select Committee Inquiries on housing-related matters, both as a council officer and since 1996 as a consultant. In the latter capacity I set up the West Midlands Regional data observatory, was appointed a Special Adviser to the Commons Select Committee Inquiry into the South East Growth Areas (2003/4); and advised DfT on integrating transport planning with regional spatial policy (2004).
- A3.4. I have since led many projects touching on housing issues in the South East and elsewhere, including conducting regional case studies on land for affordable housing for the Housing Corporation (2008), chairing a Peer Review of London's land-use transport modelling for TfL (2008/9), and reviewing Strategic Housing Market Assessments for CPRE in Oxfordshire and West Midlands (2014 and 2016). I have represented CPRE at several Local Plan Inquiries, including Cherwell (2014), Horsham (2014) and West Oxfordshire (2016).