Tandridge District Council ‘Our Local Plan: 2033’ Examination Hearing Statement in response to the Inspector’s Initial Matters, Issues and Questions, Document ID/5 V3 submitted by the Woldingham Association

Matter 2: The provision of housing

A. Calculation of the Objectively Assessed Need for Housing (OAN)

Issue: Is the basis for establishing the OAN for Tandridge consistent with national policy and guidance?

2.4 Is the approach to defining affordable housing needs justified?

2.1 No, for three reasons:

a. The “future affordable housing need” component of the affordable housing needs assessments in HNS11 (paragraphs 2.19-2.20, 2.31-2.33, 2.41), and HNS18 (paragraph 2.27) is intended to calculate the future numbers that will qualify for affordable housing in Bands A-C – all of which require a “local connection.” This local connection requirement is to either currently live in the district for at least one year, or to have previously lived in the district for three out of the five years immediately preceding.

However, the vast majority of this future affordable housing need component is comprised of net inward migration because that is by far the largest component of the projected population growth that underpins the household projections used in the assessments. These inward migrants are highly unlikely to meet the “local connection criteria” necessary to qualify for Bands A-C. This means that the affordable housing needs assessment does not represent affordable housing need in Tandridge and so the figures are not justified.
2.2 The PPG (2a-004-20140306) requires councils to only consider future scenarios that “could be reasonably expected to occur” and so the approach to affordable housing needs is also contrary to the PPG\(^1\) because it is unrealistic for the assessment to assume that the future net inward migrants will meet the requirement for a location connection as defined in Bands A-C.

2.3 The approach then goes on to incorrectly apportion these unrealistic figures to each Parish (HNS11: Chapter 3 starting on page 13), which is not part of the PPG approach. These Parish-level figures are also mostly comprised of net inward migration because the figures are based on the affordable housing need assessment, and so they cannot represent genuine local parish-level housing need. Although paragraph 3.4 of HNS11: Affordable Housing Needs Assessment explains that

“It is therefore advised that the disaggregated calculation is used for illustrative purposes only and is not used to present alternative need figures at a local level for the considerable of affordable housing requirements”

the figures have been copied into the adopted HNS1(E): 2019 Housing Strategy (pages 34-35) as if they genuinely represented parish-level affordable housing need, when the figures do not.

2.4 There are two further consequences of using the standard population/household projections to calculate future affordable housing need:

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\(^1\) We believe there is a fundamental difference between a projection and a scenario that could reasonably be expected to occur in the case of Tandridge. A projection mechanically projects the past into the future and so assumes that past circumstances will continue into the future. However, a scenario that could reasonably be expected to occur more closely resembles a “forecast”. Although some of the evidence documents use the two words interchangeable, they are two fundamentally different concepts as illustrated in this weather analogy. If it has rained the last two days, a projection assumes that it will rain every day into the future. However, a forecast will take past, current and future conditions into account which means that even if it has rained the last two days, a forecast can realistically predict that it will be sunny tomorrow. A projection cannot do this.
a. The demographics of the net inward migrants (e.g. age) which comprise the vast majority of the “future” need figure swamp those with a local connection, which are a tiny proportion of the total. This means that any policy based on these affordable housing figures will not be effective because the tenure/mix requirements are skewed by the very high proportion of net inward migration.

b. Wider non-Tandridge-specific housing “demand” and unmet affordable need arising in other districts will be re-allocated to Tandridge and so away from much larger adjoining districts and boroughs, such as Croydon. These larger districts all have employment, public transport, services, infrastructure etc, while Tandridge has very little in comparison. This cannot be consistent with the aim of achieving sustainable development.

2.5 We agree with the view put forward in the 2016 Collective Representation on the Tandridge District Local Plan – Issues and Approaches Regulation 18 Consultation\(^2\) that the SNPP population projections themselves are inflated by the circumstances of Tandridge and weaknesses in the population projection model.

2.6 Consequently, the figures are not reliable indicators of future population change in Tandridge. Both the household projections and affordable housing need calculations are based on these unreliable population projections, and so they are, in turn, unreliable.

\(^2\) The Collective Representation on the Tandridge District Local Plan – Issues and Approaches Regulation 18 Consultation was supported by 11 Parish Councils and 9 local organisations, including the Woldingham Association. It was submitted in the first Regulation 18 consultation. This 92-page document included a detailed critique of both the assumptions and the modelling presented in HNS22: The Objectively Assessed Housing Needs of Tandridge 2015. The most recent updates (HNS5 and HNS11) have not addressed the fundamental issues raised by the Collective Representation regarding the population and household projections results for Tandridge.
2.7 These flawed affordable housing need assessment figures are then used incorrectly in the Local Plan and in evidence documents such as the Sustainability Appraisal policy assessments, as if the figures were a separate affordable housing delivery requirement completely independent of the demographically driven OAN scenarios or the housing requirement, which is contrary to the PPG (2a-029).

2.8 For example:
   a. as explained above, the demographically driven OAN is comprised mostly of net inward migration (HNS5:paragraph 3.8) and the implications of that on the affordable housing needs assessment should be recognised.
   b. Paragraphs 18.26 and 18.28 of MD1 assumes that the affordable housing needs assessment represents those with an “established local connection” when, as explained above, it does not.

2.9 For the reasons above and in paragraphs 18.20 to 18.29 of our Regulation 19, we conclude that the figures on which the affordable housing need is calculated are not realistic and so neither the method nor the results comply with the PPG.

2.10 In summary, the affordable housing needs assessment is neither robust nor justified. This means that policies such as TLP12 and TLP13 are neither justified, effective or consistent with national policy and guidance because they are underpinned by both unrepresentative figures and the incorrect use of them.

Comments on documents published after Regulation 19

2.11 Since the Regulation 19, the Council has adopted HNS1(E):Housing Strategy 2019 which use the unreliable affordable and Parish-level
housing needs figures (HNS1: paragraphs 2.98 to 2.105) to justify the
tenure/mix policies for market and affordable housing. These policies
cannot simply be copied into the Local Plan because for the reasons
given above, they are also not justified, effective or consistent with
national policy and guidance.

2.5 Are the assumptions made in respect of employment growth realistic?

2.12 No. We answer this question because these figures underpin the
employment spatial strategy and site allocations which result in policies
such as TLP20 and IES06: Paddock Barn Farm, both of which we
comment on in Chapter 23 of our Regulation 19.

2.13 The assumptions and the scenarios that underpin the employment
growth figures in ECRT4: Tandridge Economic Needs Assessment Update
2017 (Chapter 4) are not realistic. The consequence of this is that
there is an over-allocation of both employment designations and sites,
as we explain in more detail in Matter 7.

2.14 ECRT4 relies on the figures generated by the Experian model (ECRT4:
Chapter 4, paragraphs 4.4-4.25) and uses them to generate employment land needs. A similar exercise was undertaken in 2013
(also by GL Hearn which are the authors of ECRT4) for Tandridge
District Council which was made public and received by the Council.

2.15 This 2013 GL Hearn report includes a number of cautions regarding the
use of Experian economic and employment projections in the case of
Tandridge that are not in ECRT4, the most important of which are
(emphasis added):

2.36 It should be recognised that economic forecasts at a
district level are subject to a considerable error margin, linked
to difficulties associated with accurately forecasting national or sectoral performance, and the susceptibility of local forecasts to
specific business or investment/disinvestment decisions. The forecasts effectively provide one scenario for what might happen should historical relationships hold true.\(^3\)

There are some downside risks associated with delivering economic growth in the District, particularly set against the loss of a number of major employers in recent years (at a local level)\(^4\) and uncertainty (sub-regionally) regarding the future role of Gatwick Airport….. In reality we consider that should job creation fall short of economic forecasts, it is likely that the London jobs market will continue to create pressure for additional homes….\(^5\)

4.10 All of these scenarios fall below the projected increase in employment number in PROJ A derived from the Experian model. We do however need to be cautious about circular issues here, in that the population projections are one of the inputs to the economic model and around 45% of the forecast increase in employment is in sectors which are influenced by population. (Footnote 3: Education, health, accommodation & food, recreation, retail, residential care & social work. These sectors combined account for forecast growth of 4,000 jobs between 2011-2031 44% of jobs in growing sectors.)

2.16 In other words, the Experian model relied on in ECRT4 is no more than a mechanical projection of the past into the future which takes no account of:

a. future local or wider employer and employment trends and instead mechanically projects the past into the future,

b. the circularity of the model because 45% of the projected increase in employment is in sectors that are themselves driven by population growth. Population growth is both an input and an output to the Experian model. The Planning Advisory Service Objectively Assessed Needs Technical Note describes this

\(^3\) Even though it is called a “forecast” in the text, this sentence indicates that the Experian model is a projection because it mechanically projects the past into the future.

\(^4\) One list of lost employers is included in HNS22: pages 19-20.

\(^5\) Attempting to justify these inherently unrealistic employment growth projections by relying on London-based employment as fallback confirms that the employment growth assumptions generated by the Experian model are unrealistic for Tandridge and so employment land needs based on these projections are an unrealistic scenario.
circularity as a “self-defeating prophecy.” Population is both an input and an output to the model and so the model cannot produce a valid result because its logic is circular, and so faulty.

c. nearly all of the projected future population growth is comprised of net inward migration, which is, itself, unreliable due to the unusual circumstances of Tandridge and the way the SNPP model projects future migration flows.

2.17 Further, the addition of vast tracts of land, particularly industrial land, projected in ECRT4 (paragraphs 4.51-4.54) are completely contrary to the stated intentions of the micro and small rural businesses that the sectoral data shows comprise the vast majority of businesses in the district. (ECRT4: Chapter 5)

2.18 For these reasons and those in Chapter 23 of our Regulation 19, we conclude that the employment scenarios in ECRT4 are based on unrealistic assumptions and a flawed model and so the policies and employment land allocations based on these figures are neither justified nor consistent with national policy.

Suggested alternative

2.19 The above does not mean that there is no employment growth in Tandridge. We believe that for any employment growth scenario to be realistic, it must take into account the fact that:

a. Tandridge is a rural district with predominately small businesses and micro-enterprises,

b. local employment growth will be inherently constrained by competition from nearby, larger, well-established economic centres that already have a critical mass of employment and services that are expanding, and
c. Tandridge has neither a sizeable specialist skills base on which to build or other unique locational advantage.

2.20 Any realistic scenario must also incorporate the inevitable loss of employment due to much wider business trends outside of the control of Tandridge, such as industry consolidation and businesses of all types reducing their physical space requirements. To do otherwise risks over-allocation of employment land which would be contrary to paragraph 22 of the Framework. Over-allocation also creates pressure to release Green Belt – perhaps unnecessarily – for housing or infrastructure.

2.21 We also believe that no weight should be to the output of flawed computer models and instead more weight should be given to the views of local businesses as expressed through the various surveys because they will make investment decisions that may actually create local employment.

2.6 Are there other relevant factors to be taken into account in calculating the OAN?

2.22 Yes. The population and household projections underpin the key strategic aspects of the Local Plan: employment, market and affordable housing. Therefore, we believe that it is crucial that a thorough understanding of both the composition of the population and household projections and the limitations of these projection models in the case of Tandridge is fully recognised at the outset. This understanding should then be reflected throughout the formulation of the Local Plan.

2.23 In our view, without this understanding, the fundamental quantitative information will not be representative of genuine needs attributable to or arising in Tandridge. This means that these three elements of the Plan will never be effective – i.e deliverable over the Plan period -
because they were based on completely unrealistic and unrealisable figures that have been used incorrectly throughout the formulation of the Plan.

2.24 As explained in our answers to questions above, and in our Regulation 19, we conclude that such an understanding is not reflected in the Local Plan.

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2.25 No, because in calculating “future affordable housing need”, the approach (HNS11, paragraphs 2.20, 2.30-2.33) does not recognise that the vast majority of this figure is comprised of net inward migration. This means that there is no realistic prospect that these future inward migrants will meet the “local connection” criteria identified for Bands A-C in the Tandridge Housing Register. This eliminates the vast majority of the inward migrants that comprise the “future” affordable housing need on which the calculations are based.

2.26 More details can be found in our answer to question 2.4 above and paragraphs 18.22-18.25 of our Regulation 19.

2.27 In addition, the demographics of the net inward migrants are likely to swamp any tenure/mix assessment and so the results are unlikely to reflect the needs of those who have a realistic prospect of qualifying for Bands A-C. This means that any policies specifying tenure/mix (whether they are in the Local Plan or HNS1(E): 2019 Housing Strategy) will not be effective at meeting local affordable housing needs.
2.21 Policy TLP12 sets affordable housing requirements for developments within the Tiers 1 and 2 of the settlement hierarchy, in respect of sites from the Green Belt and elsewhere. Would the policy be effective in ensuring the OAN for affordable housing is met?

Considerations include:
• Are the affordable housing requirements set at levels which maximise the delivery of affordable housing whilst not affecting the deliverability and viability of the Plan?

2.28 No, for two reasons:
   a. Tier 1: the justification for the 20% threshold for Tier 1 settlements in TLP12 is incorrect because it confuses a site being located in the built-up area with factors that may or may not affect its viability. There are also number of sites in Tier 1 in INF15, the Tandridge Viability Assessment (such as CAT007, OXT67, CMP1) that could accommodate 40%. On that basis, a threshold of 20% is not justified.
   b. Greenfield sites: The viability study also shows that greenfield sites can comfortably accommodate more than 40% and so this threshold should also be increased.

2.29 More details on why INF15: Tandridge Draft Local Plan: Viability Assessment supports increasing the thresholds in TLP12 can be found in paragraphs 18.13-18.15 of our Regulation 19 representation.

• Is there a need to increase the housing requirement to help deliver more affordable housing?

2.30 No, for five reasons:
   a. The affordable housing assessment grossly over-states the future affordable housing need as explained in our answers to Q2.4 and Q2.20.
   b. At the historic average completion rate of around 250dpa, the construction sector has already become double the size in
Tandridge than elsewhere in Surrey (ECRT9, Table 3-8). This extremely high percentage has occurred even without building new infrastructure, as almost none has been built under the Core Strategy. On that basis, the very high proportion of construction that already exists calls into question the deliverability of the housing requirement proposed in the Local Plan, and so increasing it even further only increases the undeliverability of it.

c. The thresholds in TLP12 are too low in Tier 1 and increasing them will deliver more affordable housing in the more built-up areas.

d. The affordable thresholds now apply to sites outside of Tier 1 and so more sites will be required to provide affordable housing at a higher percentage than under the Core Strategy, which will provide more affordable housing.

e. Increasing the housing requirement will only import more unmet need and wider housing demand from other districts and boroughs all of whom are much better served with employment, services, infrastructure and public transport than Tandridge. We believe that importing even more “need” from these much better resourced areas is not compatible with achieving sustainable development.

- The Policy states that the tenure and size split will be determined by the Council’s most up to date Housing Strategy. Is the Policy, in requiring compliance with the Housing Strategy consistent with national policy given that the Housing Strategy is not part of the development plan?

2.31 No, it is not consistent with national policy for tenure/mix to be determined by documents not in the development plan.

2.32 MD1 includes changes to the wording of TLP12 which no longer require compliance with the Housing Strategy. However, this change now
means the policy would now not be effective because there would be no
tenure/mix requirements set out in any development plan document.

| 2.22 Are the proposed Modifications to Policy TLP12 necessary for soundness? |

2.33 No, because the proposed modifications do not make TLP12 sound. We include a list of suggested modifications after paragraph 18.15 on page 4 of our Regulation 19, the most important of which we have included here:

a. Tier 1 threshold should be changed to the 20% threshold to 40% because that is where the greatest demand is,
b. Publicly-owned sites: The starting threshold for these sites should be to provide 100% affordable housing.
c. Any reductions to these thresholds would be subject to viability as it would be with any other site.

2.34 The affordable housing assessment should be changed to represent a realistic scenario and then that scenario used consistent with the PPG. This will require revisiting all of the policies and all of the SA assessments that relied on these figures.