Hearing Statement: 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?

Question 2.1 Is the preparation of the SHMA on the basis of a Housing Market Area (HMA) defined for Tandridge District justified? Is the definition of the HMA consistent with the Planning Practice Guidance?

1.1 Yes. The evidence shows that links with other local authorities are so minor that joint working, as part of a wider Housing Market Area, is not justified. Tandridge District did not work jointly with any other local authorities when preparing the SHMA nor does Tandridge District appear in the HMA evidence for any other local authorities.

1.2 A number of the SHMAs and Local Plans for neighbouring authorities (e.g. Croydon, Crawley, Mid-Sussex, Sevenoaks, Wealden) were produced in parallel with the Tandridge Local Plan. The Duty to Cooperate Scoping Statement (SDTC15) explains that these local authorities were first approached about joint-working in early 2014 and this is also explained in the September 2015 HMA Study paragraph 5.42 (HNS20)

   Opportunities to prepare a joint assessment were explored by the Council, through an approach to all neighbouring authorities which did not identify any potential partners

   Sufficient opportunity was provided but connections were too marginal to justify joint working with any other authority.

1.3 Any HMA “links” asserted, albeit weakly, in the SHMA are driven by migration flows, which, as explained in our Regulation 19 submission (Section 11.1 of Chapter 11), have been artificially stimulated. As explained in Appendix 2 of our 2016 Collective Regulation 18 submission (Appendix 11-B in our Regulation 19) the evidence that Tandridge is not part of the HMA for any other local authority is considerable. It is noteworthy that none of the adjoining districts have included Tandridge in their examined HMA evidence because the figures are small in the context of their Districts. Most of these Plans have now been adopted and so should be given substantial weight.
**Question 2.3 Is the 20% Market Signals adjustment justified?**

1.4 No. The vast majority of the SNPP standard population projection results is comprised of inward migration from outside of the Tandridge HMA. Adding 20% to those projections simply sucks in more inward migration and makes affordability worse. Even more inward migration seems likely to exacerbate the local wage disparity described in the 2015 SHMA: Analysis of Market Signals paragraphs 3.30 and 3.31 (HNS19).

1.5 The concept of attracting even more “unmet need from elsewhere” is also accepted in the most recent OAN paper (HNS5) where, in paragraphs 5.5 – 5.18 NMSS discusses the affordability uplift and explains the consequences of it for the District. In Paragraph 5.15, NMSS states that by attracting more unmet need “.... the net result would be to allow more people to move into Tandridge with little or no impact on affordability–which in turn means that the objective of a market signals uplift is most unlikely to be achieved.” HNS5 post-dates the Regulation 19 consultation and so this is the first time we have been able to comment on it.

1.6 While we recognise the government’s emphasis on affordability, we believe that this should not come at the expense of robust evidence showing that any OAN increase may add to net inward migration and exacerbate the affordability problem locally. Local people would be priced out of their home area by those moving into the area with higher paying jobs outside of the District.

**Question 2.4 Is the approach to defining affordable housing needs justified?**

1.7 No. The SNPP population/household projections are used as the baseline for calculating the affordable housing need. This means that about 90% of the affordable housing “need” figure is comprised of net inward migration, which contextually is the result of unmet need arising in other districts and from wider housing demand in the form of “lifestyle choice” (SCON5, page 1282/paragraph 32) and should not be included in the total.

1.8 The interpretation of the affordable needs assessment in both Policy TLP12 and TLP13 is not consistent with the PPG. Paragraph 18.11 of the Local Plan wrongly asserts that eligibility for affordable housing is “determined with regard to local incomes and house prices” when that is the definition of the “affordability ratio” in the PPG. The Housing Register criteria contain no reference to house prices, and instead include a specific list of eligibility criteria including the requirement to demonstrate a “local connection”. However, there is no mention of “local connection” anywhere in TLP12. The requirement for a local connection is
also not reflected in how the 2018 and 2015 Affordable Housing Needs Technical papers (HNS11 and 18, Section 2 Calculating Affordable Housing Needs, paragraphs 2.6 and 2.7) have been used in either TLP12 or TLP13. A local connection is likely to exclude most of those who have moved recently into Tandridge (i.e. inward migration).

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

1.9 No. Our Regulation 19 submission concludes that the 2015 AECOM Economic Needs Assessment (ECRT9) is the more reliable because it cross-checks each step in the process with “reality”, and so the results more closely align with the characteristics of Tandridge. The 2017 GL Hearn ENA (ECRT4) does not do this, and so, given the unique characteristics of Tandridge, circularity, double-counting and other assumptions and mathematical flaws that are exposed, are embedded in the projection results.

1.10 This is also relevant because allocating employment land where there is no realistic prospect of it being used as employment land is contrary to the NPPF (2012). Over-estimating local employment growth as is done in the GL Hearn ENA (for details see our response to question 5.1) means that too much land is being allocated for “employment”. Any such misallocation would contribute to more Green Belt release than would otherwise be necessary. It may be more appropriate that this land is allocated for housing, for example regarding site SES04: Westerham Road Industrial Estate, Tatsfield.

1.11 In July 2013, the same consultant, GL Hearn, carried out a Locally-Generated Housing Needs Assessment which was received by the Council. This is not in the Examination Library, but the document explains that nearly half of the projected employment growth is in sectors driven by population growth. As set out in our Regulation 19 submission, this means one must be very careful of circular issues. GL Hearn has carried out the most recent ENA (ECRT4) but that report does not mention the circular relationship and neither does the November 2018 DLP study (ECRT1). The 2013 GL Hearn Assessment sounded a note of caution about the use of the Experian figures. We believe that is an important point given those same figures have been used without qualification in the 2017 GL Hearn ENA. We have copied here the first page of the 2013 study for source reference, followed by some of the content. OLRG can provide the Inspector with the entire document if he wishes.
All of these scenarios fall below the projected increase in employment numbers in PROJ A derived from the Experian model. We do however need to be cautious about circular issues here; in that 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.\(^1\)

\(^1\) Education, health, accommodation & food, recreation, retail, residential care & social work. These sectors combined account for forecast growth of 4,900 jobs between 2011-31 (44% of jobs in growing sectors).
**Question 2.6 Are there other relevant factors to be taken into account in calculating the OAN?**

1.12 Yes. The vast majority – more than 90% - of the SNPP standard population projection results for Tandridge District is comprised of inward migration from outside of the Tandridge HMA.

1.13 Chapter 11, paragraphs 11.9 – 11.10, of our Regulation 19 submission explains that Tandridge has a very unusual set of circumstances. It is the combination of these circumstances that makes the use of the SNPP “one size fits all” population and household projection models to be unreliable indicators of population change and household projections in Tandridge. The circumstances include:

- Tandridge District is essentially a piece of Green Belt Land. It is the hole in the doughnut, surrounded by large, built up, and economically far more powerful neighbours. Its distinctive characteristics are open countryside, high quality landscapes, small rural settlements and long-standing businesses. It has a very small population, is predominantly rural, but is located adjacent to districts with very much larger populations which have recognised economic centres and a critical mass of employment, services and infrastructure.
- Tandridge has very low levels of housing and economic self-containment – only 37.3% of moves are within Tandridge and only 28.4% of all employed residents live and work in Tandridge.
- Very low levels of natural change, despite the average age of the population being similar to other Surrey districts.
- Despite the very low levels of natural change, Tandridge has had exceptionally high rates of house-building compared to England as a whole, as well as to the SEP figure of 125 dpa. This has been combined with significant housing underprovision in other districts.

1.14 Inward migration was artificially stimulated due to the high rate of house-building because house-building and inward migration are linked (HNS22 Annexe A paragraphs 1-3 and chart A1). This rate of house-building has only been possible because of the release of a number of large brownfield sites, including redundant former public sector and other employment sites. There are no genuine reasons for net inward migration into Tandridge except these past high rates of house-building. Given that 94% of Tandridge is in the Green Belt, this inward migration would not have occurred if it were not for the (entirely fortuitous)
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release of these large sites. In some years, net migration into Tandridge has been more than 9x the quantity of natural change.

1.15 Migration data is based on GP registrations (HNS22, paragraph 18) and other NHS data which does not explain the reasons why people move, so we must rely on contextual evidence. Historically, unmet need indicators in surrounding districts, particularly Croydon, are either higher or have increased while Tandridge indicators (mostly) have not. This indicates Tandridge has met unmet need arising in these other districts.

1.16 The high rate of house-building inadvertently met the unmet needs of other districts and boroughs in the past. This past is projected into the future in all of the SNPP projections. However, Tandridge is not required to meet unmet need that arises outside of the HMA, and so this unmet need should not be included in the OAN.

1.17 The Statement of Consultation response to our 2016 Collective Regulation 18 submission (SCON5, page 1282/paragraph 32) asserts that the reason for the inward migration is a “lifestyle choice to move to the countryside while keeping a job in London”. This element of the projected population increase should not be included in the OAN because it is “demand” and not housing “need”.

1.18 Given that the SNPP standard projections are both unreliable and unrealistic for Tandridge due to the unique combination of circumstances, the question arises what to do instead because the NPPF requires an OAN figure and so we next explore alternative methods set out in our Regulation 19 response.

Alternative calculation methods

1.19 “Natural change” scenario (OLRG commissioned Zero Net scenario – Appendix A Chapter 11 Regulation 19 submission) is mathematically suspect and so also not reliable because the unusual characteristics of Tandridge reveal weaknesses in the models and demographic scenarios that are not apparent in the results for other districts that do not have the unusual combination of characteristics found in Tandridge.

1.20 National baseline growth rate (this is the “calibration section”): For New Homes Bonus, the government has set a “business as usual” house-building rate of 0.4%, which is equal to 142 dpa in Tandridge.
1.21 Previous analysis shows that the historic rate of 258dpa has met unmet need and wider housing demand arising in other districts. Even at 258 dpa, unmet need from other districts as well as wider housing demand ("lifestyle choice") is included in the OAN. Neither are attributable to Tandridge and so should not be included in the OAN. The higher the OAN figures, the more unmet need and wider housing demand is included.

1.22 The proposed OAN is more than 3x the business as usual rate, and so also incorporates unmet need/wider demand arising elsewhere. The figure is clearly unrealistic.

1.23 The 303dpa housing requirement also includes unmet need and wider housing demand, as well as being a multiple of the national baseline growth rate.

1.24 Tandridge is a rural district with a very small population, and has low genuine in-District economic growth prospects. There are much larger, recognised economic centres nearby that are expanding, and this will also limit genuine in-District economic growth.

1.25 This means that projected inward migrants are likely to keep their jobs elsewhere. The car is the dominant mode of travel in Tandridge, and so embedding even more inward migration into the OAN increases reliance on the car, which we do not believe is sustainable. There are further sustainability implications because these other districts have considerably more services, public transport, etc compared to Tandridge and so it seems contrary to the NPPF to include large amounts of inward migration from far better served districts than Tandridge.

B: The housing requirement

Issue: Is the plan positively prepared and justified given that the Plan provides for 6,056 homes in the Plan period, against the OAN of 9,400 as set out in the Publication Plan and the OAN of 7,960 set out in the document Updating the Objectively Assessed Housing Needs of Tandridge (HNS5)?

Question 2.7 Is the Plan justified in not meeting the full OAN for Tandridge and is it consistent with paragraph 14 of the Framework?

1.26 Yes, it is justified in not meeting the full OAN for the reasons given in our response to question 2.6 and amplified in Section 11.1 of Chapter 11 of our Regulation 19 submission and because the District is heavily constrained by Green Belt – 94% of the land is Green Belt. It is consistent with paragraph 14 of the Framework because the adverse impacts of meeting the full OAN would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole, and specific policies in
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the Framework which indicate development should be restricted, in particular land
designated as Green Belt.

E: TLP:12 Affordable Housing Requirement

Issue: Is the OAN for affordable housing justified and in line with national policy and
guidance?

Question 2.20 Does the SHMA’s approach to calculating affordable housing need,
comply with the stages set out in the Planning Practice Guidance?

1.27 No. The SNPP population/household projections are used as the baseline for
calculating the affordable housing need. This means that about 90% of the affordable
housing “need” figure is comprised of net inward migration arising from unmet need in other
districts and from wider housing demand in the form of “lifestyle choice”.

1.28 To qualify for affordable housing a “local connection” is necessary (criteria explained in
para 18.13 of Chapter 18 of our Regulation 19 submission). This excludes most of those
who have moved recently (i.e. inward migration) and so the affordable need figures are
hugely inflated.

Question 2.21 Policy TLP12 sets affordable housing requirements for developments
within the Tiers 1 and 2 of the settlement hierarchy, in respect of sites released from
the Green Belt and elsewhere. Would the policy be effective in ensuring the OAN for
affordable housing is met?

1.29 No. The Local Plan misinterprets a number of the conclusions in the 2018 Viability
Assessment (INF15) and so Policy TLP12 is not supported by it. This means that the
potential to deliver affordable housing is understated.

1.30 Our Regulation 19, Chapter 18 paragraphs 18.47-18.55, includes examples of sites
located in a Tier 1 settlement that our analysis shows are capable of delivering 40%
affordable housing instead of the proposed 20%. Regarding sites to be released from the
Green Belt, we have reviewed all of the Viability Assessment results (INF15 Appendix 7),
and it is apparent that a substantial number of these sites could support higher affordable
housing requirements and still leave a considerable viability “cushion.”

1.31 Policy TLP12 relies on the Housing Strategy (HNS1) which is an unexamined Council-
adopted document where there has been no opportunity for public scrutiny, examination or
testing of its “soundness”. The NPPF and the PPG both explain that it is the role of policies
in the Local Plan to define the amount, type, tenure and mix of housing needed, and not for
this to this to be delegated to a Housing Strategy document that is completely outside of the
planning system and that will be updated regularly so that it is “responsive”. The regular
updates of the Housing Strategy mean that it will be impossible for developers to plan over
the time horizon necessary to deliver even medium-sized schemes. Larger schemes require
even longer time horizons. This “responsiveness” risks undermining housing delivery.

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

1.32 No. The proposed modifications do not address the soundness issues.

**Suggested modification**

MD1 changes the wording of TLP12 from “will be determined by” the Housing Strategy to “is
set out in” the Housing Strategy. But the policy is still not effective because there are no
tenure/mix requirements set out in the Plan itself. These should be specified in TLP12.
The affordable housing assessment should be changed to be realistic and consistent with
the PPG – see our response to question 2.4.

Chapter 18 of our Regulation 19, paragraph 18.19 onwards and in particular paragraphs
18.67-18.75 suggest new wording and modifications – among them: the difference between
affordability and affordable housing should be made clear and the definition amended to
include a local connection; the threshold for larger sites in the built-up areas should be
increased from 20% to 40%; publicly owned sites should start with the assumption they will
deliver 100% affordable housing so that maximum public benefit is obtained from them. This
would allow more affordable housing to be delivered in the areas that the Local Plan
explains have the greatest affordable housing need; the wording on commuted sums should
explain how the funds are calculated and what happens to them.