

## Stevenage Local Plan Examination: Stage 1

### Matter 2 – Objectively Assessed Needs for Housing and Employment Land

**1. Is the identified objectively-assessed need (OAN) for housing of 7,600 new dwellings, as set out in policy SP7, soundly based and supported by robust and credible evidence?**

***In particular:***

**(a) Has account been taken of the 2014-based DCLG Household Projections? If so what were the findings?**

The DCLG 2014-based Household Projections indicate that some 400 households will form per year (8,000 over the plan period 2011-2031). This compares to the 325 households per annum that the Council has projected will form (see Figure 25 on page 32 of the SHMA Update 2015).

Both the 2012 and the 2014 DCLG Household Projections suggest higher rates of household formation than is being projected by Stevenage Council (380 hpa and 400 hpa respectively).

The Council released an update in August 2016 titled *Updating the Overall Housing Need*. This considers the implications of the DCLG 2014-based Household Projections. This report does not state what the unadjusted DCLG projection is for Stevenage on its own. It only shows what the implications are with its favoured 10 year migration trend (337 households per annum – see Figure 1). Overall for the HMA the effect of applying the 10 year migration trend is to depress the starting point by 2,431 dwellings compared with the DCLG 2014 projections (see Figure 2).

**(b) Does the OAN appropriately consider the likelihood of past trends in migration and household formation continuing in the future?**

The HBF is becoming seriously concerned by the size of the downward adjustments being made to the DCLG Projections in this part of the country. It has become common practice to adjust the official household projections downwards. ORS as the consultants have applied similar adjustments for the Luton and Central Bedfordshire HMA, and the West Essex and East Herts HMA. The consequence is a downwards adjustment compared to the DCLG projections that is very sizeable as the tabulation below illustrates:

#### West Essex and East Herts HMA

DCLG	ORS
49,638	36,899

#### Stevenage and North Herts HMA

DCLG	ORS
21,280	19,213

Luton and Central Bedfordshire HMA

DCLG	ORS
53,336	41,345

Totals

124,254	97,457
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Collectively, this part of the country (or sub-region) is assuming that 26,797 fewer households will form over roughly the next twenty years than is suggested by the DCLG projections (we say roughly because the dates of the plan periods differ slightly between the three HMAs – some are planning for 20 years, some are planning for 22 years).

This is a material difference that needs to be justified.

We are concerned about the size of the downwards adjustments being made by the various local authorities. We find these downward adjustments doubly alarming because this part of the country is very strongly influenced by its connectivity with London. The NPPG advises that the official DCLG projections are robust and based on nationally consistent assumptions but sensitivity testing can be considered but needs to be robustly justified. Instead, the authorities of the HMA are routinely making sizeable downward adjustments based on the wishful thinking that fewer people will move into this region than has been projected by the ONS and the DCLG.

We need to be careful about assuming that a 10 year migration trend is always more robust than the ONS's use of five year trends derived from the period 2007-12. The advantage of the 2012 projections is that they make fuller use of data from the 2011 Census (as MacDonald and Whitehead observe in their paper for the TCPA (*New Estimates of Housing Requirements in England, 2012 to 2037*, Neil McDonald and Christine Whitehead, TCPA, November 2015). Therefore, drawing upon data that predates the 2011 Census could fail to capture a turn of events, such as increased out-migration from London owing to growing affordability and supply problems. The authors Simpson and McDonald in an article for the TCPA titled *Making Sense of the New English Household Projections* (in *Town & Country Planning*, TCPA, April 2015) observe about the DCLG 2012 Household Projections, the following:

"The current uncertainty is more than usual and irritating, but is no reason to reject the projections as a starting point for planning. They incorporate the evidence we know."

They then go on to recommend, among other things, a range of trend scenarios. They do not, however, explicitly endorse the use of a 10 year migration trend as always being more reliable as a forecast of the future.

We note paragraph 16 of the Council's response to our earlier representations (dated June 2016). The Council refers to a meeting that it has had with the GLA in which the GLA, post the adoption of the London Plan, now claims that its 5% and 3% migration adjustments were 'arbitrary' ones. Also, that the GLA were 'lobbying' ONS to produce a variant of the Sub-National Population Projections which used 10-year domestic migration trends

Firstly, there is no formal record of this meeting. Nor, more importantly, has there been any publication released into the public domain stating the GLA's view on demographic trends in London and the wider south east. We are not sure that one can accept as 'robust evidence' undocumented meetings. These are closed meetings between the GLA and local authorities. As such, any conclusions from these meetings can only be given very limited weight.

Secondly, while the GLA and the authorities of the East of England may have a legitimate point about the use of longer term migration trends, their concerns do not necessarily trump national planning policy and guidance. Both the NPPF and NPPG consider the DCLG projections to provide a perfectly robust basis for the calculation of the OAN. National policy requires local authorities to meet the household projections taking account of migration (paragraph 159) and the NPPG considers that plan-makers should default to the household projections unless there is 'robust evidence' suggesting that an alternative projection may be appropriate. It is our view that the London migration trends accepted by the inspector examining the London Plan is robust evidence to suggest that the DCLG household projection is a very valid starting point, and that to assume much lower migration would be a reckless decision by the Council.

We note paragraph 16 of the Council's response to the HBF. What Stevenage Council is arguing, is that the Mayor of London, having based his London Plan on a shorter time frame (see paragraph 15) and which has higher out migration and lower in-migration assumption built into it for the period beyond 2017 – a scenario which resulted in a much lower demographic projection for London of 39,500 households per annum for London compared with the DCLG 2011-interim Household Projection (the projection available at the time when the London Plan was being prepared) that projected that 52,000 households would form – Stevenage is arguing that the GLA, post-adoption of its Plan now disowns its own demographic modelling. That may well be the case. The problem is, as planners, we are left with the consequences – the fact that the London Plan now plans for far fewer houses than all the DCLG projections from 2011 onwards indicate. This cannot be altered. Unfortunately, this means that the wider south east will have to deal with the consequences whether they like it or not.

#### The impact of London's unmet need

This is another factor that will tend to fuel the pace of inward migration in the HMA. Despite the Mayor of London's assertions that he will close the gap between the lower end OAN of 49,000 dpa and the identified capacity figure of 42,000 dpa, the London boroughs have shown themselves incapable of doing so.

The table below shows the results to date of the new London Borough plans that have been examined or are being prepared and how many homes they are planning for:

	<b>Borough Plan</b>	<b>London Plan</b>	<b>Increase/Shortfall</b>
Bromley	641	641	0
Camden	1120	889	231
Croydon	1592	1435	157
Enfield	798	798	0
Ham' & Ful'm	1100	1031	69
Haringey	1502	1502	0
Hounslow	822	822	0
Lambeth	1195	1559	-364
RBKC	535	733	-198
Southwark	2000	2736	-736
Tower Hamlets	2885	3931	-1046
Wandsworth	1812	1812	0
<b>Totals</b>	<b>16002</b>	<b>17889</b>	<b>-1887</b>

The results to date show that the London boroughs are failing to lift supply above the 42,000 dpa benchmark baseline. Indeed, there is a shortfall of 1887 dpa against the benchmark baseline. The scale of the undersupply in London against the OAN of 49,000 dpa will tend to fuel the pace of outward migration and discourage people from moving to London as suitable accommodation will not be available in the capital.

The effect of London's inability to accommodate its own OAN – even an OAN that is heavily discounted compared to the official projections to reflect the Mayor's alternative migration assumptions – will affect future levels of housing demand in Mid Sussex. The increase in the cost of housing in London as a consequence of scarcity will mean that there are more opportunities for relatively more affluent households in London to trade in their flats that they have bought in Lambeth or Lewisham, for houses in Mid Sussex.

### National Infrastructure Commission

The National Infrastructure Commission has also registered a concern about the OAN assessments in this part of the country.

The National Infrastructure Commission in its Interim report on the Cambridge – Milton Keynes – Oxford corridor, has identified that the corridor is bounded on its southern fringe by Luton, Stevenage and Aylesbury Vale (paragraph 1.3). The report describes the HMA and commuting geography. There is no coherent HMA or Travel to Work Area but the report concludes that the corridor comprises a number of overlapping Travel to Work Areas, one of which is Stevenage (paragraph 1.5). In paragraph 2.6 the Commission observes the following:

*“Objective assessments of housing needs for each local authority are, under current planning policy, determined through Strategic Housing Market Assessments (SHMAs). However, the assessment methodologies adopted by local authorities can be conservative and can mask high levels of unmet need. Local authorities are often not consistent in their approach to calculating need and many run modest economic and household projection scenarios that result in lower assessments. This is a national issue, but of particular*

*relevance to the study area given high levels of demand for housing.”*

*(Paragraph 2.6 National Infrastructure Commission Interim Report | Cambridge – Milton Keynes – Oxford corridor).*

The National Infrastructure Commission has identified what is a troubling tendency for the local authorities of the East of England region to downplay future household formation.

It is the HBF's view that the OAN must be re-based using the DCLG 2014-based Household Projections as the starting point. Even this may be a conservative projection of need given the affordability problems in the HMA, the degree of past under-delivery, the Mayor of London's migration assumptions, plus London's unmet need against its own already heavily discounted OAN.

There are also duty to cooperate issues raised by the use of lower migration assumption in this HMA. The NPPG states at ID 2a-018 that:

Any cross-boundary migration assumptions, particularly where one area decides to assume a lower internal migration figure than the housing market area figures suggest, will need to be agreed with the other relevant local planning authority under the [duty to cooperate](#). Failure to do so will mean that there would be an increase in unmet housing need.

Stevenage and North Herts will need to demonstrate that they have agreed their lower migration assumption with neighbouring HMAs who will have to accommodate bigger populations as a consequence of Stevenage and North Hert's decision to plan for fewer migrants.

**(c) Has account been taken of migration to the borough from London and the assumption in the London Plan about outward migration? Should a 5 or 10 year migration rate be used?**

See our response above.

It would be far more prudent for the Council to plan on the basis that the DCLG 2014 Household Projections probably provide a more accurate picture of what might happen in the future. In their report for the TCPA (*New Estimates of Housing Requirements in England, 2012 to 2037*, Neil McDonald and Christine Whitehead, TCPA, November 2015) MacDonald and Whitehead observe:

*"Likely changes in internal migration would be expected to lead to more pressure in the South outside London as more Londoners move out"*

The following article from the local Comet newspaper from April this year indicates that some Councillors in Stevenage recognise that this is already happening - there is a problem of increased demand originating from London.

**News article from *The Comet*, 7 April 2016**

**Stevenage is facing a housing crisis and it's increasingly difficult to find enough accommodation for the homeless or those in desperate need, leading councillors warned this week.**

Despite the opening of the new 40-bed town centre Haven hostel before Easter, Stevenage Borough Council says it is struggling to cope with spiralling numbers of homeless people and families in crisis needing temporary accommodation.

At a meeting of the council's executive on Tuesday, councillors said they are having to resort to using expensive private landlords to meet their legal obligations.

The numbers of households in temporary or emergency accommodation in the town increased from 40 in 2012 to 101 in the current year, and the number of homeless people accepted into temporary accommodation doubled from 46 to 90 over the same period.

Council leader Sharon Taylor said: "It's very difficult for us to keep up with the level of demand.

"It's a problem all over the country but particularly in the south and in areas of high demand like Stevenage.

"It's not helped by the increasing disparity between wages and house prices.

"The Haven doesn't meet the full demand. They have been turning away about 500 applications each year."

Councillor Taylor blames the government's housing policy for preventing the council building new social housing while demanding it accepts more homeless people.

"The government's housing policy is in a complete muddle," she said.

"It is taking housing away from our stock by encouraging Right to Buy on the one hand, and giving us more duties to house people on the other.

"There are 2,500 families on the waiting list so every time we give someone temporary accommodation they have to wait even longer."

She says putting people in privately rented homes will simply mean the council has to shell out more in housing benefit to help them out at a time when it cannot afford to do so.

She called a special meeting of the executive to try to work out a solutions to the growing problem.

Councillor Simon Speller, who represents the Pin Green ward, said: "We're facing a housing crisis caused by the overheating of the housing market locally and in London."

He expressed frustration that some London boroughs are contributing to hikes in private rents by arranging accommodation for their tenants in Stevenage and not informing the council when they do so.

Our emphasis

An assumption that only 325 households will form per year compared to the 380 hpa projected by the DCLG in the 2012 projections and 400 hpa by the 2014 projections represents too great a difference.

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