



**Hart Local Plan: Strategy and Sites 2016 – 2032**

**Council Response to  
Inspector's Matters and Issues for  
Examination**

## **Matter 3**

**Housing: the objectively  
assessed need for housing  
and the housing  
requirement**

25 October 2018

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### **3.1 Having regard to the transitional arrangements contained in the NPPF 2018 is the use of the standard methodology for calculating housing need justified?**

3.1.1 No. The transitional arrangements that are set out in paragraph 214 of the National Planning Policy Framework published in July 2018 states that the policies in the previous Framework will apply for the purposes of examining local plans submitted on or before 24 January 2019. Therefore, the determination of the full objectively assessed need for housing in its area falls to be determined in accordance with the paragraphs 47 to 55 of the previous Framework and the associated Planning Practice Guidance. That precludes the use of the standard method.

#### Background

3.1.2 The Council adopted the standard method following the Government's publication of "Planning for the right homes in the right places" in September 2017. That document stated that in the case of draft local plans which had not been published:

*"The new standardised method should be used, unless the plan will be submitted for examination on or before 31 March 2018, or before the revised Framework is published (whichever is later)"* (page 20 Table 1).

The Council followed that advice.

3.1.3 Following the standard method the Council took the following steps:

Step 1 - gave 209 homes per annum from 2016 (i.e. household growth between 2016 and 2026 was 2,089 additional h/holds which is 209 dpa)

Step 2 applied the affordability ratio which was 11.75. This results in need of 310 dpa

Step 3 was the cap at 40% over projected household growth = 292 dpa

3.1.4 The Council then applied an additional uplift to the 292 figure, first removing the cap (because deliverability is not an issue at this level of growth) which gets back to the 310 figure, and then a 25% uplift to the 310 figure. This resulted in 388 homes per annum. This higher figure would provide some contingency should the housing need figure change (at the time the method was in draft form) and it would provide a more robust response to the need for affordable housing in Hart (following Planning Practice Guidance Paragraph 029 Reference ID: 2a-029-20140306).

3.1.5 In March 2018 the Government published the draft revision of the NPPF. It recast the proposed transitional arrangements, advising that plans submitted up to 6 months after publication of the final Framework should continue to use the 2012 NPPF (draft paragraph 209). The Council had already published its Submission Draft Plan, which derived the full objectively assessed the need and requirement for market and affordable housing from the standard method. However, the Council decided not to re-publish the plan. It was keen to get a Plan in place quickly and indications from MHCLG appeared to support this approach. The Council was satisfied that the housing requirement in the Plan (388 homes per annum) was essentially the same as the OAHN derived from the joint Strategic Housing Market Assessment, which had

followed the methodology that was specified by the original version of the NPPF and the PPG. The Council also sought to ‘future-proof’ the Plan by adopting the most up-to-date approach for calculating the OAHN. This first point merits further explanation as follows:-

- (i) In April 2017 the Council published the draft Local Plan for consultation under regulation 18 of the Local Plans Regulations. It identified a OAHN of 8,022 dwellings, equivalent to 382dpa (page 32, paragraph 95). However, the Council proposed to specify a requirement of 10,185 dwellings, equivalent to 485 dpa.
- (ii) The OAHN of 382 dpa was “controlled” by an upward adjustment that sought to ensure economic growth would not be constrained by insufficient homes to meet the needs of those people of working age who were required to fill the jobs that were forecast to arise in the district over the plan period. That adjustment accommodated and thus made provision for a significant uplift of the amount of affordable housing that would be provided as a component of all new housing development.
- (iii) Against that background, several objectors observed that the proposed uplift from 382 to 485 dpa effectively double counted the need to boost the supply of affordable housing. The Council accepted that criticism of its draft requirement and resolved to amend the housing requirement when it published the draft plan under regulation 19 of the Local Plans Regulations.
- (iv) Subsequently, the standard methodology indicated a capped minimum housing need figure of 292 dpa. The Council applied a substantial (33 per cent) upward adjustment to that figure to make a significant but realistic contribution towards the need for affordable housing. That produced a figure of 388 dpa. This figure was adopted as the requirement of the Regulation 19 version of the Local Plan.
- (v) In reverting back to the OAHN derived from the SHMA the Council drew comfort from its close correspondence with the housing requirement in the Regulation 19 Plan, which appeared to be robust, and the logic of not continuing to apply the “policy on” uplift over and above SHMA OAHN which had drawn justified criticism at the regulation 18 stage.

#### Consequences of using SHMA OAHN as the measure of housing need

- 3.1.6 The consequence of using the OAHN derived from the SHMA is that the housing requirement specified in the Local Plan (388 homes per annum from 2016) exceeds the residual OAHN by some 375 dwellings<sup>1</sup>. This is demonstrated in the Table below (which supersedes Table 6 in TOPI purely because it uses the latest housing supply figures in Row G). The planned supply of housing sites (excluding the new settlement) exceeds both the residual AOHN and the housing requirement.

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<sup>1</sup> To compare the Plan target with SHMA OAHN it is necessary to address the different base dates. This is done by calculating a residual SHMA OAHN from 2016 which takes into account completions from 2014-2016.

		Number of homes	
A	SHMA OAHN 2014-2032	6,876	382 x 18
B	Completions 2014/15	338	
C	Completions 2015/16	705	
D	Residual OAHN for 2016-2032	5,833	A - (B+C)
E	Housing requirement in Local Plan	6,208	388 x 16
F	Difference between housing requirement and residual OAHN from 2016	375	E-D
G	Planned supply from 2016-2032	6,341	
H	Surplus supply against residual OAHN	508	

### Conclusion

3.1.7 To conclude, the Council's position is that:

- a) The OAHN derived from the SHMA of 382 dpa from 2014-2032 is derived by following the methodology of the original NPPF and PPG.
- b) The Council is content to adhere to the requirement of 388 dpa in the draft plan that was derived from the application of the standard method with a subsequent additional uplift. The requirement of 388 homes per annum exceeds the residual OAHN by 375 homes over the plan period. The identified supply exceeds the residual OAHN 508 homes.
- c) The supporting text to Policy SS1 should, however, be revised to better reflect the relevance of the FOAN derived from the SHMA – (paragraphs 101, 107 and 108 of the Plan) - suggested text is set out at Appendix 1.
- d) Neither of the HMA partners object to this change – see Statement of Common Ground [SCG6]

*(Whilst the Council is not advocating a change to the housing requirement, Appendix 2 shows how the Plan would look if the housing requirement was based purely on SHMA OAHN of 382 homes per annum from 2014-2032. This would involve changes to Policy SS1, the supporting text, Table 1 Sources of Housing Supply, and the trajectory at Appendix 2 of the Plan. As can be seen, the Council would continue to have sufficient housing allocations to meet the 382 dpa target from 2014 and it is able to provide a 5 year supply of deliverable*

*housing sites on adoption of the Plan and throughout the Plan period, were this change to be made.)*

**3.2 Does the use of the standard methodology fulfil the requirements of the first bullet point of Paragraph 47 of the NPPF, 2012?**

3.2.1 No. But the use of the methodology that was deployed in the production of the SHMA does so.

**3.3 Is uplifting the housing requirement by some 33% above that calculated by the standard methodology to 388 dwellings per annum justified? What evidence are the uplifts based upon?**

3.3.1 It is. But the approach has been superseded.

**3.4 Does or should the housing requirement formally include any unmet need from Surrey Heath?**

3.4.1 Not at this time. This is so for 2 reasons. First, it is not certain that any unmet need will arise. Second, the scale and timing of any unmet need cannot be quantified at this time.

3.4.2 Surrey Heath is still at the early stages of Plan-making with the following issues still to be addressed:

1. The number of new homes required (the Plan will be assessed against the new methodology once adopted);
2. The capacity of Surrey Heath (a call for sites is still outstanding and the scale of delivery on identified sites has not yet been tested);

3.4.3 If unmet need is identified and quantified by Surrey Heath during the preparation of its plan the response of this authority and its neighbours will be formulated under the Duty to Cooperate.

3.4.4 If Surrey Heath is unable to accommodate its own need for housing the policies and proposals of the Hart Local Plan (notably the Area of Search) are sufficiently flexible to allow a constructive response to any reasonable request for assistance in meeting that need.

3.4.5 In the short term, whatever the long-term position with regard to any potential Surrey Heath shortfall, Hart's Plan delivers a considerable surplus each year over the first part of the Plan period to 2023/24. This will help to address any possible shortfall in Surrey Heath's Plan in the early years should such shortfall be demonstrated.

- 3.4.6 In the second half of the plan period the intention is that the new settlement at Murrell Green/Winchfield will address any unmet needs. This is part of the rationale for planning ahead for a new settlement (see paragraph 108 of the Plan).
- 3.4.7 If an unmet need arises that is not addressed by the surplus of supply in the first half of the plan period or the new settlement, then an update to the Local Plan will be triggered (see paragraph 109 of the Plan). In the circumstances where there is so much doubt about Surrey Heath's position, the measures contained within the Hart's Local Plan are reasonable and appropriate.
- 3.4.8 Surrey Heath's representation on the Plan (Representor number 27) raises no objections to Hart's Plan. It considers the Plan to be sound subject to the continuation of joint working with Hart and the wider Housing Market Area to address any demonstrated unmet need arising from Surrey Heath.
- 3.4.9 More recently, and following Hart's decision to acknowledge the SHMA OAHN as the relevant measure of need for its Local Plan, Surrey Heath has signed up to a Statement of Common Ground between all three authorities (SCG6).

### **3.5 If the use of the standard methodology for calculating housing need was considered to be inappropriate, is the objectively assessed need figure of 382 dwellings per annum set out within the Strategic Housing Market Assessment (SHMA) robust?**

- 3.5.1 Yes (see the background information in support of the SHMA attached as Appendix 3). The Council carried out a partial refresh of the 2016 SHMA to take account of the 2016-based household projections and updated economic activity data. Its purpose was to test whether the FOAN derived from the SHMA 2016 continued to represent a robust assessment of housing need. The conclusion of the refresh was that the FOAN derived from the SHMA is robust on the basis it:-
- followed NPPG guidance (NPPF 2012 and PPG 2014)
  - was evidence based and considered a range of scenarios and sensitivities to test its conclusions
  - was scrutinised as part of the Rushmoor Local Plan EIP and found to be robust
  - remains a robust assessment in 2018 when key data inputs are reviewed.
  - provides the opportunity to meet the vast majority of the need for social/affordable rented housing and a high proportion of the need for affordable home ownership.
- 3.5.2 Therefore it does not need to be revised.

## **Appendix I Proposed changes to the supporting text of the Plan to take account of SHMA OAHN being the most relevant assessment of need.**

### **Proposed Modification Number I6a**

#### **Delivering New Homes**

100. We are planning to deliver at least 388 homes per annum in the District, which is 6,208 homes over the plan period 2016–2032.
101. In reaching this figure we have used as our start point the ~~Government's proposed approach to calculating local housing need<sup>2</sup>. We have considered the need for a contingency (recognising that the housing need figures could change), the need for flexibility to allow for the non-delivery of sites, the need to deliver affordable housing and the need to ensure the best use is made of previously developed land. Appendix 2 sets out further detail as to how the annual housing figure was derived. Hart, Rushmoor, Surrey Heath Strategic Housing Market Assessment 2014-2032 (SHMA). The SHMA used a range of demographic, employment and market factors, including population projections, housing affordability, prices, rents and anticipated employment growth, to assess future housing need across the three authorities. It identifies a need for 1,200 new homes per annum across the Hart, Rushmoor, Surrey Heath Housing Market Area (HMA). Of these, 382 homes per annum are identified as being required within Hart, which equates to a total need of 6,876 new homes to be provided over the Plan period (2014 to 2032). The Plan requirement of 388 homes per annum exceeds OAHN by 375 dwellings<sup>3</sup>.~~

### **Proposed Modification Number I6b**

#### **Duty to Cooperate**

106. Under the [Duty to Cooperate](#) we are also working in cooperation with our Housing Market Area (HMA) partners (Rushmoor and Surrey Heath Councils) to ensure that the housing needs of the whole of the HMA is delivered.
107. The level of housing proposed in the Rushmoor Local Plan shows that it can exceed its identified housing needs, ~~with a significant surplus compared to the Government's indicative figures.~~ Surrey Heath has indicated a potential housing shortfall in its area (compared to the Government's indicative figures based on the proposed standard methodology for calculating local housing

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<sup>2</sup> [Planning for the right homes in the right places, CLG, 2017](#). This provides a figure of 292 dwellings per annum for Hart from 2016.

<sup>3</sup> Taking completions into account from 2014, residual OAHN from 2016 to 2032 = 5,833 homes. This is 375 less than the Plan requirement of 6,208 homes between 2016 and 2032.

needs). However, its plan is at an early stage and thus the extent of any shortfall has yet to be independently tested or agreed.

108. The Hart Local Plan ~~proposes a considerably higher amount of housing than the indicative Government figures for Hart require~~ identifies sufficient housing supply to exceed OAHN by 508 homes. In addition, the Council commits to planning for a new settlement at Murrell Green/Winchfield. Together these measures provide a substantial contingency to any increase in the ~~Government figures that could, in theory, result in an~~ unmet need arising in Surrey Heath.

## **Appendix 2 Illustration of how Policy SSI and the housing trajectory would look if the Plan was changed such that SHMA OAHN became the housing requirement**

The Council's response to Question 3.1 advocates the use of SHMA OAHN as the most relevant measure of housing need. It does not consider a change to the policy is necessary, but for information shows in this appendix what changes could be made to align the housing requirement with OAHN.

### **Spatial Strategy**

#### **Spatial Strategy and Distribution of Growth**

98. Policy SSI sets out the planned amount and location of new development (housing, employment and retail) to be built in Hart over the Plan period 2014–2032.

#### **Policy SSI Spatial Strategy and Distribution of Growth**

**Development will be focused within defined settlements, on previously developed land in sustainable locations, and on allocated sites as shown on the Policies Map.**

#### **New Homes**

**Subject to the availability of deliverable avoidance and mitigation measures in respect of the Thames Basin Heaths Special Protection Area, provision is made for the delivery of at least ~~6,208~~ 6,876 new homes (~~388~~ 382 new homes per annum) between ~~2016~~ 2014 and 2032. These will be provided by:**

- a) **Completions since 1<sup>st</sup> April ~~2016~~ 2014 and delivery of housing commitments as of ~~6 October 2017~~ 1<sup>st</sup> April 2018;**
- b) **Permitting further development and redevelopment within the defined Settlement Policy Boundaries (subject to other Plan policies);**
- c) **Delivery of Hartland Village for 1,500 dwellings, approximately 1,400 of which are expected to be within the plan period (Policy SS2);**
- d) **Supporting the delivery of new homes through Neighbourhood Plans;**
- e) **Permitting rural exception sites located outside of defined Settlement Policy boundaries in accordance with Policy H3, and other housing where it is essential for the proposal to be located in the countryside in accordance with Policy NBE1.**

## **New Employment**

**New employment development will be focussed on existing Strategic and Locally Important Employment Sites listed at Policy ED2 and identified on the Policies Map.**

## **New Retail**

**Hart's hierarchy of retail centres will be maintained and enhanced by encouraging a range of uses, consistent with the scale and function of the centres in line with Policy ED4.**

**Provision will be made for approximately 5,900 square metres (net) of additional convenience retail floorspace and 3,960 sq m (net) of additional comparison floorspace in the District over the Plan period. The majority of this additional floorspace will be focussed within Fleet Town Centre.**

**New local retail provision will be promoted within existing district and local centres and will also be provided as part of the mixed-use developments at Hartland Village and the new settlement.**

## **New Settlement Area of Search**

**To help address longer term growth requirements<sup>4</sup>, an area of search is identified in this Plan for a new settlement (see the key diagram and Policies Map). The new settlement will be brought forward through a separate development plan document (DPD) in accordance with Policy SS3.**

## **Delivering New Homes**

100. We are planning to deliver at least ~~388~~ 382 homes per annum in the District, which is ~~6,208~~ 6,876 homes over the plan period ~~2016~~ 2014–2032.

101. ~~In reaching this figure we have used as our start point the Government's proposed approach to calculating local housing need<sup>5</sup>. We have considered the need for a contingency (recognising that the housing need figures could change), the need for flexibility to allow for the non-delivery of sites, the need to deliver affordable housing and the need to ensure the best use is made of previously developed land. Appendix 2 sets out further detail as to how the annual housing figure was derived. This figure is derived from Hart, Rushmoor, Surrey Heath Strategic Housing Market Assessment 2014-2032 (SHMA). The~~

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<sup>4</sup> A new settlement within the area of search is not needed to meet the housing needs identified in this Plan. It is shown in this Plan so that work can start on planning for a new settlement in anticipation of the need for additional homes and infrastructure arising in future, potentially within five years of adoption when the Plan should be reviewed in any event. It does not therefore form part of the housing supply needed to meet the housing target of 388 homes per annum.

<sup>5</sup> [Planning for the right homes in the right places, CLG, 2017](#). This provides a figure of 292 dwellings per annum for Hart from 2016.

SHMA used a range of demographic, employment and market factors, including population projections, housing affordability, prices, rents and anticipated employment growth, to assess future housing need across the three authorities. It identifies a need for 1,200 new homes per annum across the Hart, Rushmoor, Surrey Heath Housing Market Area (HMA). Of these, 382 homes per annum are identified as being required within Hart, which equates to a total need of 6,876 new homes to be provided over the Plan period (2014 to 2032).

102. The overall supply that is likely to come forward is set out at Table I. At least ~~6,346~~ 7,384 homes are expected to be built over the plan period from a combination of sources including sites within settlements, deliverable<sup>6</sup> greenfield sites and an allocation for a new community at Hartland Village on previously developed land. Appendix 2 includes further details on the sources of supply and a housing trajectory showing anticipated timings for delivery of these sites.

**Table I Sources of Housing Supply**

Source	Homes	Homes
a Homes completed between 1 <sup>st</sup> April <del>2016</del> <u>2014</u> to <del>6 October 2017</del> 31 <sup>st</sup> March 2018	<del>798</del>	<u>2,217</u>
b Sites with outstanding planning permission at <del>6 October 2017</del> 1 April 2018	<del>3,046</del>	<u>3,262</u>
e <del>Other deliverable sites</del>	<del>504</del>	
d Sites within settlement boundaries	<del>184</del>	<u>150</u>
e Hartland Village (site allocation – see Policy SS2)	<del>1,428</del>	<u>1,368</u>
f Sites in the Odiham and North Warnborough Neighbourhood Plan without planning permission at 1 <sup>st</sup> April 2018	<del>111</del>	<u>111</u>
g Small site windfall allowance	<del>275</del>	<u>276</u>
<b>Total</b>		<b><u>7,384</u></b>

103. Policy SSI and the table above identifies that one source of new homes will be from within settlement boundaries. Settlement policy boundaries will be reviewed through a future Development Plan Document.

#### **Planning ahead: new settlement**

104. We recognise that additional land for housing and infrastructure, including a new secondary school, is likely to be needed in the longer term. Our preference for meeting future growth needs is to plan for a sustainable new settlement, which is of sufficient size to support longer term housing needs and larger scale infrastructure needs beyond the plan period.

<sup>6</sup> i.e. sites that have planning permission, or have a resolution to grant planning permission subject to the completion of a legal agreement

- I05. Planning for a new settlement takes time to ensure that a sustainable, and high quality, community is created. An area of search is identified in this Plan for a new settlement with issues such as the precise location, scale and mix of development to be developed through a separate development plan document (DPD)'. Further detail is set out in Policy SS3.

### **Duty to Cooperate**

- I06. Under the [Duty to Cooperate](#) we are also working in cooperation with our Housing Market Area (HMA) partners (Rushmoor and Surrey Heath Councils) to ensure that the housing needs of the whole of the HMA is delivered.
- I07. The level of housing proposed in the Rushmoor Local Plan shows that it can exceed its identified housing needs, ~~with a significant surplus compared to the Government's indicative figures.~~ Surrey Heath has indicated a potential housing shortfall in its area (compared to the Government's indicative figures based on the proposed standard methodology for calculating local housing needs). However, its plan is at an early stage and thus the extent of any shortfall has yet to be independently tested or agreed.
- I08. The Hart Local Plan ~~proposes a considerably higher amount of housing than the indicative Government figures for Hart require~~ identifies sufficient housing supply to exceed OAHN by 508 homes. In addition, the Council commits to planning for a new settlement at Murrell Green/Winchfield. Together these measures provide a substantial contingency to any ~~increase in the Government figures that could, in theory, result in an unmet need arising in Surrey Heath.~~
- I09. The appropriate level of new housing and employment will be monitored, and a review undertaken five years after this Plan is adopted, unless evidence suggests that a review is needed before this. Further detail on monitoring and reviewing the Local Plan can be found in the 'Delivery, Monitoring and Review' section of this Plan.

### Housing Trajectory Using Local Plan housing requirement of 382dpa from 2014-2032 (SHMA OAHN)

	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
Annual housing requirement (SHMA OAHN)	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382
Cumulative housing requirement	382	764	1146	1528	1910	2292	2674	3056	3438	3820	4202	4584	4966	5348	5730	6112	6494	6876
Completions	338	705	623	551														
Projected completions from outstanding permissions					567	547	580	568	396	285	233	86						
Windfall Allowance							23	23	23	23	23	23	23	23	23	23	23	23
Sites within settlement boundaries										24	25	25	24	18	10	8	8	8
Allocated sites (including Neighbourhood Plan sites)						41	83	104	132	89	130	141	138	146	111	113	142	109
Total dwellings	338	705	623	551	567	588	686	695	551	421	411	275	185	187	144	144	173	140
Cumulative completions / projections	338	1043	1666	2217	2784	3372	4058	4753	5304	5725	6136	6411	6596	6783	6927	7071	7244	7384
Cumulative surplus	-44	279	520	689	874	1080	1384	1697	1866	1905	1934	1827	1630	1435	1197	959	750	508



## Appendix 3 Hart, Rushmoor, Surrey Heath Strategic Housing Market Area Assessment 2014-2032 (SHMA)

1. The SHMA was prepared by Wessex Economics and Justin Gardner Consulting. It follows the guidance contained in the National Planning Practice Guidance (2014) (NPPG 2014), reflects best practice in terms of the assessment of objectively assessed housing need OAHN, and takes into account published research and experience gained from Local Plan Examinations. The inputs in the assessment of OAHN were evidence based and a range of scenarios and sensitivities were tested to ensure the process was robust. Table I provides a summary of the inputs in the OAHN process and the estimate of overall housing need recommended by the SHMA 2016.
  
2. The SHMA OAHN process meets NPPG (2014) as follows:
  - The PPG states that the starting point to estimate the need for housing should be the Government's latest household projections. It also states that these can be adjusted to reflect local factors (Paragraph 015 Reference ID: 2a-015-20140306). The SHMA OAHN used the latest household projections (2012) and updated these in line with mid-year population estimates (2013 and 2014) in advance of the 2014-based projections become available. The SHMA process also examined the impact of different assumptions on the local projections by testing different migration assumptions and suppression of household formation in the past. This sensitivity testing concluded that the 2012-based household projections were a robust starting point for calculating the OAHN.
  
  - The PPG requires employment trends to be taken into account. Both past trends and forecasts of future employment growth are suitable evidence for this stage. The PPG does not set out explicitly how employment trends should influence overall housing need but states that:

*'Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.'* (Paragraph: 018 Reference ID: 2a-018-20140306)

The SHMA OAHN process considered **both** past employment trends and employment forecasts for the future from three separate forecasting houses. A thorough consideration of the relationship between employment growth, the demand for labour and the supply of labour resulted in an uplift to the OAHN to ensure that there are enough homes to house the required labour force if

employment growth increases is as expected by the forecasts. The effect of the uplift was a 42% increase on the number of homes implied by the demographic start point.

- The PPG requires that the need for housing should take into account market signals:

*'The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of housing.'* (Paragraph: 019 Reference ID: 2a-019-20140306)

The SHMA OAHN process considered the full range of market signals including house prices, rents and affordability; the volume of house sales over time; overcrowding, patterns of homelessness, use of temporary accommodation; and housing completions. Specific attention was given to the ratio of workplace earnings to median house prices, reflecting the Local Plans Expert Group report's recommendations.

Based on the evidence of market signals, Wessex Economics recommended a 15% uplift to the level of housing provision associated with the demographic starting point. This should have a substantial impact on improving local housing affordability by allowing a significant increase in household formation, equivalent to returning household formation rates by 2032 to roughly half way between those projected in the 2008-based and the 2012-based Household Projections. This uplift is consistent with the PPG (2014) guidance which states that plan making authorities '*...should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.*' (Paragraph: 020 Reference ID: 2a-020-20140306).

- The SHMA also follows the PPG guidance in calculating affordable housing needs and goes further than the guidance by providing an estimate for households in need of affordable home ownership as well as those needing subsidised rent. The PPG states that '*an increase in total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes*' (Paragraph: 029 Reference ID: 2a-029-20140306). As with employment trends and market signals, the PPG provided no guidance on the scale of any uplift in housing numbers that should be considered to help deliver affordable housing. In the case of affordable housing, Wessex Economics concluded an uplift on household projections was required to ensure that the needs of concealed households were reflected in the housing need figure. This equated to an uplift of 82 dwellings per annum across the housing market area, 21 dwellings per annum in Hart. Wessex Economics added this uplift of 21 households to the employment uplift. The effect

of the uplift for concealed households and employment is to increase the demographic start point by 50%.

3. Figure 1 provides a headline review of the main data inputs in 2018, following the process as set out in the SHMA 2016. Overall, this demonstrates that the SHMA OAHN 2016 remains a robust basis for the local plan housing target in 2018. Figure 1 summarises what has changed since 2016 as follows:

- The latest household projections (2016 based) are substantially lower than the 2012 and 2014 based projections. This would result in a lower demographic starting point for the calculation of OAHN.
- The latest guidance on market signals (NPPF 2018 and PPG 2018) suggests an uplift on the demographic starting point of 50% in Hart, based on the affordability ratio, compared to the 15% uplift applied by Wessex in the SHMA 2016. The new standard method would cap this uplift at 40% but Table 1 illustrates the impact of an uncapped uplift based on the new guidance on market signals.
- The data in the SHMA on concealed households was based on Census 2011. There is no up to date data on concealed households. Data on overcrowding can be used to provide an indication of the likely trends in concealed households. The latest data at the national level (English Housing Survey 2017) suggests that overcrowding has increased by 5.8% since 2011. Table 1 assumes concealed households have increased at the same rate within Hart. This means that there are 23 dwellings per annum needed to take account of concealed households, compared to 21 per annum in the SHMA 2016. The latest data suggests the uplift to take account of concealed households would increase only marginally. Wessex Economics added these concealed households on to the homes required for the employment uplift because concealed household are not covered by either the household projections or employment projections.
- The SHMA OAHN process reviewed past trends in employment growth and a range of forecasts for employment growth to produce 5 job growth scenarios for the housing market area. The scenarios ranged from 900 – 1,500 jobs per annum:
  - Wessex Economics concluded that the central job growth scenario of 1,200 jobs per annum across the HMA represented the most likely scenario in 2016. In Hart, this resulted in the need for 361 dwellings per annum to meet the needs of the increased workforce.
  - Past trends indicate that employment growth in Hart slowed in the latest 5 year period (2011-2016) to 2.1% per annum compared to the 5 year period assessed in the SHMA of 4.8% per annum (2009-2014). This suggests employment growth has not been as strong as anticipated in 2016.

- The SHMA 2016 also drew on three sets of employment forecasts. These produced a wide range of estimates and so these were used to develop a range of job growth scenarios. The SHMA emphasised the uncertainty around the use of employment forecasts. In particular, Oxford Economics' forecast for employment growth across the HMA for the plan period was significantly higher than the other two sources and this affected the range of job growth scenarios developed.
- Updated (2018) Oxford Economics employment forecasts for the same period (2014-2032) are substantially reduced compared to those used in the SHMA 2016. Employment forecasts across most forecasting houses have been reduced in recent years, including the Government's official projections. Employment projections by the Office of Budget Responsibility for the UK anticipate only modest employment growth nationally over the next 5 years (0.5% per annum). But given the significant volatility in the OE set of forecasts it suggests that a more robust approach would be to exclude these from the range of employment forecasts.
- The impact of excluding the OE forecasts would be to reduce the upper limit in the SHMA's range of job growth scenarios – the upper limit was driven by the OE forecast. The selection of the central job growth scenario (1,200 jobs per annum) in the SHMA 2016 was a judgement made by Wessex Economics based on employment trends and forecasts. Given the slowing in employment growth in 2018 compared to 2016 and lower employment forecasts, Wessex Economics would opt for a lower job growth scenario in 2018. It is difficult to be definitive about what the precise figure should be, but if a lower job growth scenario was used (Scenario 2: 1,050 jobs across the HMA), this would result in a need for 333 homes per annum in Hart.
- Taken together, these indicators suggest that employment growth over the plan period in Hart is expected to be lower than anticipated in the SHMA 2016. This implies that the uplift applied to the household projections to take account of employment would be lower and the OAHN overall figure likely reduced compared to 2016.

Table I

A	B	C	D	E
Step in OAHN process	Input, SHMA 2016	OAHN, SHMA 2016	Change since 2016	OAHN in 2018
Household projections (per annum)	ONS 2012 based household projections, updated by Wessex to reflect 2013 and 2014 Mid-Year Population Estimates	247 per annum	Reduction in projected household growth in 2016 based household projections	201 per annum
Demographic start point	Households translated into dwellings Uplift of 2.9% to take account of vacancy rate and translate households to dwellings	254 per annum	No change, use of 2011 Census vacancy rates	207 per annum
Market signals uplift	15% uplift on demographic start points	292 per annum	Standard method (PPG 2018) uplifts by 50% (without cap)	308 per annum
Employment uplift	Hart's share of homes required to support 1,200 jobs pa across housing market. 1,200 represents central scenario in range of 900-1,500.  42% uplift on demographic start point	361 per annum	Employment growth in Hart slowed 2011-16 compared to 2009-2014 (in SHMA 2016). Latest Oxford Economics employment forecasts revised down substantially, reducing upper limit of job growth scenarios If lower job growth assumed (Scenario 2: 1,050 jobs per annum across HMA), implies 333 homes pa in Hart	333 per annum
Affordable housing uplift	Concealed households of 21 per annum, added on to the employment uplift	382 per annum	Increase in concealed households by 5.8% in England since 2011 applied to Hart – equates to 23 households per annum. <u>Added</u> on to employment uplift	355 per annum
<b>OAHN conclusion</b>	<b>50% uplift on demographic start point</b>	<b>382 per annum</b>	<b>72% uplift on demographic start point</b>	<b>355 per annum</b>