Housing Background Paper

Part 1
Objective assessment of housing requirements

September 2012

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WELWYN HATFIELD BOROUGH COUNCIL

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EXECUTIVE SUMMARY

Welwyn Hatfield's housing target, as originally set out in the East of England Plan 2008, was deleted following a High Court decision in 2009. It is now the responsibility of Welwyn Hatfield Borough Council to objectively assess what would be an appropriate long term housing target for the borough.

This Housing Background Paper (part 1) sets out a range of matters that need to be taken into account in carrying out such an assessment. These matters include the government's ambitions for economic and housing growth, demographic and economic forecasts, issues around affordability, past trends and previous targets, responses to consultation on future housing targets, the overall vision and objectives for the borough, our economic aspirations, the extent and role of the Green Belt in the borough and the provision of infrastructure.

In light of the assessment described in this paper, it is considered that a housing target of around 8,000 new homes for the twenty year period; 2011 to 2031, would strike a positive balance between the future needs of the economy and the borough's future housing requirements., This is equivalent to an average completion rate of around **400 dwellings per annum,** 6,000 over the 15 year period from the adoption of the Core Strategy, **7,200 over the 18 year period from 2011 to 2029**, i.e. continuing on from the adopted District Plan. This would be an increase on housing supply when compared to the borough's previous Structure Plan based housing targets (5,600 between 1991 and 2011, an average of 280 p.a.) and represents an increase in delivery over long term trends (an average of 380 p.a. over 30 years). This target would mean that the Council would be in a position to facilitate the delivery of a significant amount of new affordable housing in the borough for which there is a pressing need.

An assessment of the deliverability of meeting our housing target is contained in Part 2 of the Housing Background Paper.

INTRODUCTION

i When the Council invited views on its Core Strategy Issues and Options Paper in March 2009, the East of England Plan's requirement for 10,000 new homes to be delivered in the local area between 2001 and 2021 (an average of 500 p.a.) provided the planning context for the borough's long term housing target. However, after the Issues and Options Paper was published, this target was deleted by the High Court. The then Secretary of State was to carry out a repair of the East of England Plan, but this did not take place before the general election in 2010. The coalition government intends to scrap regional plans and their "top down" housing targets.

ii In June and July 2011, the Council invited views on how many new homes should be built in the borough between 2011 and 2031. Five alternative targets were set out in a consultation leaflet together with a summary of the advantages and disadvantages of each target identified through a sustainability appraisal. No decision had been made by the Council at this time as to which, or indeed any, of these targets would be an appropriate long term target for Welwyn Hatfield[1] and views were also sought on any alternative targets that respondents might consider would be better for the borough and why.

iii Respondents could comment on any or all of the targets and could also suggest alternative targets. 937 respondents participated in the consultation event (including 615 who submitted comments in the form of a petition; all supporting target 1). The table below sets out the level of support, or otherwise, for each target.

Table 1: Response rates to the "How Many Homes Consultation"

Would you support this 20 year target	Yes	%	No	%	Don't know	%	No response	%	Total
1: 2950	765	81.64%	127	13.55%	15	1.60%	30	3.20%	937
2: 5,800	78	8.32%	192	20.49%	8	0.85%	659	70.33 %	937
3: 7,600	39	4.16%	224	23.91%	9	0.96%	665	70.97 %	937
4: 10,000	27	2.88%	239	25.51%	6	0.64%	665	70.97 %	937
5: 14,400	30	3.20%	237	25.29%	8	0.85%	662	70.65 %	937
An alternative Target	42	4.48%	183	19.53%	-	0.00%	712	75.99 %	937

iv Of the 937 respondents, 765, just under 82% supported target 1. Alternative 20 year targets were also suggested including: zero, 1,000, 1,500, 3,000, 2,500-5,000, 4,000, 5,000, 6,230, 6,300, 11,000-15,000, 10,800-16,000, 12,000-20,000, 17,400 and 20,000.

[1] Note: Until such time as a housing target emerges through the Welwyn Hatfield Core Strategy, the Council has approved a provisional housing target of 290 p.a. This is the same figure that was included in the draft East of England Plan>2031 for Welwyn Hatfield.

v In addition, a number of responses suggested that the Council should provide further robust and credible evidence to justify the selection of an appropriate housing target for the borough and to demonstrate that such a target comprises the most appropriate strategy when considered against alternatives, i.e. that the target is sound.

vi The National Planning Policy Framework requires local plans to meet objectively assessed needs for market and affordable housing as far as is consistent with the policies set out in the National Planning Policy Framework. This paper sets out an objective assessment of housing requirements for the borough.

SECTION 1: NATIONAL PLANNING POLICY CONTEXT

THE NATIONAL PLANNING POLICY FRAMEWORK

1.1 The National Planning Policy Framework (NPPF) was published in March 2012. This replaces virtually all previous Planning Policy Statements and Planning Policy Guidance Notes and constitutes guidance for local planning authorities in decision making and when drawing up plans.

1.2 At the heart of the NPPF is the presumption in favour of sustainable development. The purpose of the planning system is to contribute to the achievement of sustainable development, with three mutually dependant key roles to perform; economic, social and environmental.

1.3 Local Plans are key to delivering sustainable development that reflects the vision and aspirations of local communities. They should be consistent with the NPPF and take local circumstances into account so that they respond to the different opportunities for achieving sustainable development in different areas.

1.4 For plan-making, local planning authorities should positively seek opportunities to meet the development needs of their area, meeting objectively assessed needs with sufficient flexibility to adapt to rapid change unless:

- Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF as a whole; or
- Specific policies in the NPPF indicate development should be restricted.

1.5 A footnote (9) in the NPPF, provides examples of specific policies that may restrict development; “land designated as Green Belt” is listed amongst the examples in this footnote. However, whilst the example provided for the Birds and Habitats Directive is qualified by a later paragraph (119) which clearly states that the presumption in favour of sustainable development does not apply where development requiring appropriate assessment under this Directive is being considered, planned or determined, for Green Belts, there is no such qualification elsewhere in the NPPF.

1.6 Green Belt policy in the NPPF is largely unchanged from the previous PPG2 in respect of Green Belt boundaries, i.e. (paragraphs 83 and 84) once established, they should only be altered in exceptional circumstances through the preparation or review of the Local Plan. Authorities should consider their intended permanence in the long term and account should be taken of the need to promote sustainable patterns of development, considering the consequences for sustainable development of channelling development towards urban areas.

1.7 Paragraph 85 of the NPPF provides further guidance on defining Green Belt boundaries. This includes ensuring consistency with the Local Plan strategy for meeting identified requirements for sustainable development, identifying areas of safeguarded land to meet longer term development needs stretching well beyond the plan period and being satisfied that Green Belt boundaries will not need to be altered at the end of the plan period. Whilst there are some variations in this paragraph from PPG2, the reference to safeguarded land and planning for longer term development needs beyond the plan period is not new.

1.8 Core planning principles for plan-making and decision taking are set out in paragraph 17 of the NPPF. These include empowering local people to shape their surroundings, proactively driving and supporting sustainable economic development, making every effort to meet the housing, business and other development needs of an area and responding positively to wider opportunities for growth. In addition, account should be taken of housing affordability and of the different roles and character of different areas, promoting the viability of main urban areas, actively managing patterns of growth to make the fullest use of public transport, walking and cycling focussing development in locations which are or can be made sustainable, protecting the Green Belt, recognising the intrinsic character and beauty of the countryside and supporting rural communities within it.

1.9 To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed need for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the NPPF (paragraph 47).

REPLACED NATIONAL PLANNING POLICY

1.10 The preparation of the Welwyn Hatfield Core Strategy commenced in advance of the publication of the NPPF and its former draft version. National planning policy was previously set out in a series of Planning Policy Statements (PPSs) and Guidance Notes (PPGs). Whilst most of these have now been replaced by the NPPF, some of the guidance contained in previous PPSs has been, and continues to be of relevance to the preparation of Local Plans and specifically, Planning Policy Statement 3 (PPS3), concerning the assessment of housing provision.

PLANNING POLICY STATEMENT 3 "HOUSING"

1.11 In determining local levels of housing provision, PPS3 advised that planning authorities should take a strategic, evidenced based approach taking into account[2]:

i. Evidence of current and future levels of need and demand for housing and affordability levels based upon:

- Local and sub-regional evidence of need and demand, informed by Strategic Housing Market Assessments and other relevant information such as house prices;
- Advice from the National Housing and Planning Unit on the impact for affordability;
- The Government's latest published household projections and the needs of the economy, having regard to economic growth forecasts.

ii. Evidence of the availability of suitable land for housing using Strategic Housing Land Availability Assessments and other information such as surplus public sector land;

iii. The Government's overall ambitions for affordability across the market and the need to increase housing supply;

[2] Paragraphs 32 and 33 of PPS3

iv. A Sustainability Appraisal of the environmental, social and economic implications of development, including the most sustainable pattern of housing in urban and rural areas; and

v. An assessment of the impact of development upon existing or planned infrastructure and of any new infrastructure required.

(i) Evidence of need and demand

Local and sub-regional evidence

1.12 Welwyn Hatfield is characterised by relatively high house prices. Based on Land Registry data for January to March 2011, the average price of all dwellings in Welwyn Hatfield was higher than the county, regional and national averages. Average house prices in Welwyn Hatfield have continued to rise slightly throughout the economic downturn, despite some fluctuation and are comparable to prices at the market peak of early 2008. However, the number of sales has remained considerably lower than it was before the peak in transactions in 2007.

Table 2: Average House Prices (Jan – March 2011)

	Detached	Semi-detached	Terraced	Flat/Maisonette	Average
Welwyn Hatfield	£634,162	£304,130	£228,691	£210,682	£332,616
Hertfordshire	£599,048	£311,728	£239,770	£182,560	£313,660
East of England	£303,500	£187,500	£158,900	£135,300	£211,000
England	£341,448	£199,679	£190,942	£227,322	£234,278

1.13 The ratio of lower quartile house prices to lower quartile earnings is a measure of affordability for those on the lowest earnings to purchase a home at the cheaper end of the market. In 2011, the ratio for Welwyn Hatfield[3] was 9.87, compared to 6.53 for England. Adjoining Hertfordshire boroughs have even higher ratios (e.g. 10.79 in Hertsmere, 12.95 in St Albans) and this can contribute to the demand for housing in Welwyn Hatfield for those priced out of such expensive local housing markets, with households turning to areas with slightly cheaper property prices where access to employment opportunities is still good. Conversely, lower ratios in other Hertfordshire boroughs such as Stevenage (at 6.91) means that those priced out of the Welwyn Hatfield housing market may be able to find more affordable housing options elsewhere in nearby areas.

1.14 The London Commuter Belt housing sub-region previously formed one of nine housing sub-regions in the East of England, covering 15 local authorities, including all 10 local authorities in Hertfordshire and 5 authorities in Essex. (Following the government's decision

[3] Communities and Local Government Housing Statistics Live Table 576 http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/livetables/

to move away from regional working arrangements, the 15 local authorities no longer work together on sub-regional housing matters). Six of these authorities, including Welwyn Hatfield, worked together as a sub-group for the purposes of the London Commuter Belt (West) Strategic Housing Market Assessment. The area covered by the London Commuter Belt (West), which includes Welwyn Hatfield, forms part of a complex housing market that adjoins Greater London to the south. Housing markets can be characterised by examining a number of indicators, including:

- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- Travel to work areas, which reflect the functional relationships between places where people work and live.

1.15 The London Commuter Belt contains areas with some of the highest house prices in the Eastern region. London, which lies immediately to the south, has a significant influence over travel to work patterns. However, whilst a large number of employed residents commute into London for work, around 67% of all those living in the LCB West also have a job in the area. The LCB West also attracts in-commuters from elsewhere in Hertfordshire and the wider region. Levels of self-containment vary throughout the LCB West.

1.16 Analysis indicates that Welwyn Garden City and Hatfield are strongly connected to each other and share sufficient characteristics to be identified as a sub-market area (along with a part of Hertsmere to the south, where the borough boundary adjoins the town of Potters Bar); although the SHMA also identifies some links between Hatfield and St. Albans to the west and Welwyn Garden City and Stevenage to the north. The three local authority areas of St Albans, Three Rivers and Welwyn Hatfield all gained population between 2001 and 2006 through inwards migration from elsewhere in England and Wales. Migration into Welwyn Hatfield, is strongest from London to the south.

1.17 The SHMA concludes that there is virtually a complete absence of market housing options (to rent or buy) affordable to households in the LCB West with (gross) incomes of between £20,000 and £29,999 who are not already homeowners and few market housing options for non-owning households with incomes between £30,000 and £34,999. Even higher income households may not be able to access the type or size of housing appropriate to their housing requirements on the open market.

1.18 The SHMA reports that over two thirds of all new social tenants in the LCB West (2004-2007) had no earnings from employment and that there will be a continuing need for social rented housing for those households who have neither sufficient income nor the status to consider market rents or home ownership.

1.19 Further technical work completed for Welwyn Hatfield in 2011 (Future Housing Targets, Tenures and Sizes[4]) estimates that there is currently a locally assessed affordable housing need for 2,714 households. This is an assessment of the situation now, not the position in

[4] Future Housing Targets, Tenures and Sizes, September 2011 Website link

each of the years to 2031. This figure could vary over time for a number of reasons, e.g. households may actually end up spending more on housing costs than established best practice for affordability assessments suggests. Nevertheless, it provides a useful indication of the level of assessed need for affordable housing in the borough now.

1.20 This technical work modelled a range of potential housing targets scenarios together with the likely profile of households that will require market and affordable housing and the size of affordable housing required. This work employs a long term balancing housing market modelled approach and outputs vary from scenario to scenario. As an example, based on a demographically led scenario, the estimated tenure profile required to balance the Welwyn Hatfield housing market, i.e. the local population (now or in the future) is assumed to be adequately accommodated, is shown in the following extract from the full report.

Table 3: Tenure of new accommodation required in Welwyn Hatfield over the next 20 years (to 2031) Base Scenario

Tenure	*Current tenure profile*	*Tenure profile 2031*	*Change required*	*% of change required*
Market	34,327	43,835	9,507	67.9%
Shared Ownership	387	1,283	896	6.4%
Affordable Rent	0	3,392	3,392	24.2%
Social rented	7,803	12,890	204	1.5%
LHA	4,882			
Total	47,400	61,400	14,000	100.0%

Source: Welwyn Hatfield Future Housing Targets, Fordham Research 2011/RS Drummond-Hay

1.21 In other modelled scenarios the proportion of market and affordable tenures splits vary.

The National Housing and Planning Advice Unit

1.22 The National Housing and Planning Advice Unit closed in 2010. However, reports issued by the Unit[5] highlight that home ownership aspirations continue to be frustrated with the majority of 25 to 34 year olds wanting to buy a home but not being able to afford to do so. Research also indicates that current homeowners are more likely to oppose new housing in their area even though they too are affected by restricted housing supply as it contributes to higher house prices over the long term which encourages cycles of housing boom and bust.

Population and Household projections

1.23 2008 based population projections, published by the Office of National Statistics, suggest that the borough's population could grow by around 26% between 2011 and 2031 (from 118,200 to 148,600, a difference of 30,400), partly as a result of natural change (the

[5] *Public Attitudes to Housing 2010*: http://www.communities.gov.uk/archived/general-content/nhpau/research/publicattitudes2010/ and,
The Impacts of restricting housing supply on house prices and affordability 2010: http://www.communities.gov.uk/publications/housing/impactrestrictingsupplysummary

difference between the numbers of births and deaths) and partly from migration into the area. Using these projections, the Welwyn Hatfield Future Housing Targets Report 2011, estimates that 6,576 additional homes would be required to accommodate growth arising from natural change within the population between 2011 and 2031.

1.24 More recent sub-national population projections, 2010 based, suggest that the borough's population could grow to a higher level still, with a projected population change of 39,947 between 2010 and 2033 (a 34.3% increase)[6].

1.25 However, it is important to bear in mind that ONS population projections are based on observed levels, mainly over the previous 5 years. They suggest what the population would be if recent trends continue, but they are not an exact forecast of what will actually happen. They do not seek to predict the impact of changes in policy, economic circumstances or other factors. The recent release of data from the 2011 Census indicates that the population of the borough is lower than recent population estimates.

1.26 Household projections, which are based on the ONS population projections, are published by Communities and Local Government. These suggest that an additional 18,000 households could form in the borough between 2008 and 2033 (720 per annum, equal to 14,400 over 20 years, 2011 to 2031)[7]. More recent projections[8] suggest that based on the 2010 sub-national projections, household formation could be higher still over a shorter time period, with a growth of 18,984 households between 2010 and 2033 (825 per annum).

1.27 If observed trends do continue, household[9] projections suggest that Welwyn Hatfield will see a decline in average household size (from 2.42 in 2008 to 2.35 in 2033). Across Hertfordshire, the number of single person households is expected to grow by 54.7%.

1.28 The ONS and CLG are not the only sources of population and household projections and these are discussed later in this paper.

The needs of the economy, economic forecasts and local economic aspirations

1.29 The Government's priority is to deliver sustainable, balanced, private sector-led economic growth. However, recent national economic performance has been poor and the Chancellor has acknowledged that recovery is likely to be "choppy"[10]. Indeed, indicators confirm that the UK economy did not perform well in 2011; growing by just 0.2% in the 2nd quarter[11] and 0.1% in the 3rd quarter, as measured by Gross Domestic Product. Annual growth (Q3 2010 to Q2 2011 measured by GDP) was 1.6% s[12]. Inflation in the second quarter of 2011 was reported at 4.4% with the number of unemployed (Labour Force Survey estimates[13]) in the

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6 Essex Population and Household Forecasts 2012
7 2008 based household projections CLG: HCC Factsheet: http://www.hertsdirect.org/your-council/hcc/env/factsfigs/population/popproject/clghseproj/
8 Essex Population and Household Forecasts 2012
9 2008 based household projections CLG: HCC Factsheet: http://www.hertsdirect.org/your-council/hcc/env/factsfigs/population/popproject/clghseproj/
10 Speech by the Chancellor, George Osborne, August 2010
11 ONS second estimate of GDP Q2 2011
12 http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q2-2011/tsd-gdp-second-estimate-2011-q2.html
13 http://www.ons.gov.uk/ons/dcp171778_223112.pdf

UK standing at 2.49 million. Further, the International Monetary Fund cut its growth forecasts for the UK in a report[14] warning that the global economy is in a "dangerous new phase". The IMF predicted growth of 1.1% for the UK economy in 2011, down from the 1.5% forecast in the IMF's previous World Economic Outlook report in June 2011 and their growth forecast for 2012 was been reduced from 2.3% to 1.6%.More conservative medium term growth forecasts published by the Treasury in 2012[15] suggest growth by GDP of 0.3% in 2012, 1.8% in 2013, 2.2% in 2014, 2.5% in 2015 and 2.4% in 2016.

1.30 The Government has made it clear that planning has an important role to play in responding positively to opportunities for growth to help rebuild Britain's economy[16] alongside other key factors such as access to finance, good regulation and corporate governance, and sustaining competitive markets.

1.31 Economic indicators[17] for the borough confirm:

- The ratio of total jobs to population (aged 16-64) stood at 0.95 in 2010, helping to provide job opportunities for both local residents and for the significant daily inflows of commuters travelling into the district for work. This compares favourably to 0.75 for the East of England and 0.77 for Great Britain.
- An unemployment rate (measured by Job Seekers Allowance, May 2012) of 2.3% for the borough compared to 3.1% for the East of England and 3.9% for the UK.
- That between October 2010 and September 2011, 73.9% of the population was economically active, compared to 78.8% for the East of England and 76.1% for Great Britain.
- The median full-time gross weekly earnings for residents in 2011 was £558.50 compared to £528.50 for the East of England and £503.10 for Great Britain.
- The median full-time gross weekly earnings for those working in the borough in 2011 was £532.10 compared to £494.50 for the East of England and £502.60 for Great Britain.

1.32 The Hertfordshire Local Economic Partnership (the LEP) published its Economic Outlook report in 2012[18] . This highlights that Hertfordshire is still economically strong compared to the UK and EU on most measures, but as the UK's growth began to falter Hertfordshire fared even worse. The 2000s saw growth tailing off or virtually disappearing. It reports that Hertfordshire is strong in sectors forecast to grow the most to 2014, for example, Research & Development, Business services and Communications. However the County performed less well in these and nearly all other sectors during the 2000s than the UK.

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[14] http://www.imf.org/external/pubs/ft/weo/2011/02/pdf/text.pdf

[15] Forecasts for the UK economy (Medium term forecasts May 2012): http://www.hm-treasury.gov.uk/d/201205forcomp.pdf

[16] http://www.communities.gov.uk/publications/planningandbuilding/letterplanninggrowth

[17] www.nomisweb.co.uk/reports/lmp/la/2038431802/report.aspx?town=welwyn%20hatfield#tabempunemp

[18] http://www.hertfordshirelep.com/docs/view/hertfordshire-s-economic-outlook/Hertfordshire's_Economic_Outlook_summary.pdf

Economic Forecasts

1.33 Economic forecasting is a process of making predictions about the economy and is carried out at international, national, regional and local levels. Consequently, they are not all the same, being based on sets of variables with assumptions and judgements about the connections between these variables and how closely future changes will mirror what happened in the past. It should be recognised that no one model will predict with certainty the events that will occur over a future period and all forecasts will be subject to some degree of error. Nevertheless, forecasts based on sound methodologies; informed by professional opinion and robust intelligence are a useful source of information which can help inform views of the future and guide decisions.

1.34 At a national level, recent medium-term forecasts for the UK[19] suggest that GDP will increase by around 0.3% – 2.4% p.a. between 2012 and 2016.

1.35 The East of England [Economic] Forecasting Model[20] (EEFM) (Autumn 2010 model run) is the most up to date regionally based model available providing a full range of population, employment and economic growth forecasts at regional, county-wide and district level over the period 2011 – 2031. Regional growth for the East of England, (measured by GVA) is forecast to average 2.5% p.a. between 2011 and 2031, with forecasts for Welwyn Hatfield suggesting higher average growth at 2.8% p.a. over the same time period[21].

1.36 The EEFM was built by Oxford Economics, one of the most experienced forecasting companies. It takes a policy neutral approach but forecasts more modest levels of international migration than ONS projections. The EEFM (autumn 2010 model run) uses a baseline forecast which it views as the most likely outcome given information available at the time. However, because of the uncertainties associated with all models, additional scenarios, linked to different assumptions were selected to illustrate other possible outcomes; higher growth, lower growth and rebalanced economy. A spring 2012 model run has recently been published. At the time of writing, a baseline model was available for reference, rather than the full range of higher, lower and rebalanced growth model runs. (These are all discussed further, and later on, in this paper).

1.37 Local studies form part of our evidence base and these suggest what the potential for employment growth in the borough could be[22]. Table 7.14 in the London Arc and Hertfordshire Employment Land Review indicates that Welwyn Hatfield has the potential for 16,153 new jobs in the borough between 2006 and 2026. However, this is not a policy target in its own right but an implied change linked to floor space potential within a sub-regional context. It should also be noted that this was based on economic forecasts which pre-date the credit crunch and subdued activity in the economy and more recent assessments would suggest lower rates of potential jobs growth in the borough would now, be more realistic.

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[19] HM Treasury: Forecasts for the UK economy July 2012: http://www.hm-treasury.gov.uk/d/201205forcomp.pdf
[20] http://www.insighteast.org.uk/viewArticle.aspx?id=18014
[21] East of England Forecasting Model, technical Report (table 6.9) http://www.insighteast.org.uk/viewResource.aspx?id=18086
[22] London Arc and Hertfordshire Employment Land Review and Central Herts Employment land Review: www.welhat.gov.uk/index.aspx?articleid=767

1.38 The more recent Hertfordshire Strategic Employment Sites Study[23] April 2011 cautions that whilst maintaining a status quo could lead to Hertfordshire losing its competitive edge against other locations in economic terms, a number of constraints, such as congestion on the A1(M), the finite capacity of local road networks, lack of car parking and high house prices - which may cause difficulties in recruiting, especially semi-skilled staff, poor town centre offer and Green Belt constraints could mean that high aspirational targets could be unachievable. It supports the East of England Forecasting Model Growth Scenario[24] for Hertfordshire as a forecast that is most achievable. Welwyn Hatfield is considered to be a key source of stable growth in Central Hertfordshire.

Aspirations for the Local Economy

1.39 Whilst it is generally recognised that there is a link between housing and the economy, the difficulty with any modelling for an area such as Welwyn Hatfield is that the close proximity to London and complex commuting patterns within Hertfordshire and to and from London, means that whilst estimates can be made, there can be no precise numerical relationship between new housing and job numbers. This is because the exact quantum by which employment growth increases the demand for housing, requires assumptions to be made on the number of jobs which would be filled by residents already living in the area (either unemployed or working elsewhere), by people who live elsewhere but would commute in and by people who choose to migrate into the area to live and work. Such dynamics are very difficult to predict with accuracy, especially in an area so close to London and other centres of population.

1.40 Nevertheless, the Council aspires to ensure that as far as it is possible, Welwyn Hatfield is an attractive place for investment both by existing businesses and companies new to the area. The alternative is that the borough's local economy starts to under-perform in the way that much of the county's economy has under-performed since 2000. If this were allowed to happen then the consequences of slow economic growth could include:

- Welwyn Hatfield losing its strategic importance as an employment centre as the number of jobs available in the borough goes down and, consequently, out-commuting and/ or unemployment rises.
- An increase in rates of vacant commercial land and property.
- A decline in opportunities for less-skilled local people, particularly for those "not in employment, education or training"(NEETs).
- A decline in local business activity leading to a decline in the amount of business for small local firms that service larger companies. This could make the climate unfavourable for new firms to set up.

1.41 The complexity of commuting patterns, the economic relationships that Welwyn Hatfield has with London and the rest of Hertfordshire, and the relatively turbulent nature of the economy nationally makes it difficult to identify a realistic jobs target for the next 15 to 20 years.

[23] Hertfordshire Strategic Employment Sites Study: http://www.welhat.gov.uk/CHttpHandler.ashx?id=4229&p=0
[24] Autumn 2010 model run: http://www.insighteast.org.uk/viewArticle.aspx?id=17083

1.42 However, if economic growth in the borough is not to be constrained then this will need to be supported by planning for an appropriate level of housing growth.

ii. The availability of land and public sector surplus land

1.43 The Council has undertaken a Strategic Housing Land Availability Assessment (SHLAA). Phase 1 considers sites within urban areas and Phase 2, sites outside urban areas. These assessments inform the council's ongoing monitoring of potential housing land supply. Our monitoring also takes into account recent planning permissions on sites which may not appear in the SHLAA (i.e. windfall sites). Information is updated regularly and in summer 2012, our estimate of urban capacity was that sufficient sites would be available to accommodate around 3,000 new dwellings in our urban areas. In terms of delivery, around 70% of this capacity is likely to be available before 2019/20. (An assessment of the deliverability of meeting our housing target is contained in Part 2 of the Housing Background Paper).

1.44 The Council owns a very limited supply of land suitable for the delivery of new homes. From time to time, Borough Council owned sites are considered for disposal, including for affordable housing schemes, but these sites do not tend to have the potential to provide large numbers of homes and many have significant abnormal development costs. The Homes and Communities Agency, the national housing and regeneration agency for England, has a number of landholdings in the borough. None were identified in its indicative site list for site disposal between 2011/12 – 2012/13. However, land within its ownership, located outside defined urban areas and falling within two of the potential broad locations for growth as set out in the Issues and Options Paper 2009, has been brought to the Council's attention. The County Council also owns land in the borough and some sites have been promoted for housing development. All known sites are included within the relevant phase of the SHLAA.

1.45 No other Government department has made the Council aware of land in the borough that is surplus to public sector requirements and will be available for development. However, the Department of Health's Disposal Strategy (October 2011) identifies the likelihood of part of the QE2 Hospital site in Welwyn Garden City becoming available for housing following the reconfiguration of the existing hospital and the provision of a new Local General Hospital and outline planning permission has been granted for 164 dwellings subject to a S106 agreement.

iii. The Government's ambitions for affordability and increasing housing supply

1.46 A ministerial statement[25] highlights the Government's concern that the gap between the supply and demand for new homes has failed to keep pace with the needs of the nation's growing number of households. It is committed to meeting Britain's housing needs by increasing the number of homes available to buy and rent, including affordable housing, in places where people want them. The Government recognises the role of the private rented sector as contributing to labour market mobility and a tenure choice for the young but it believes that most people aspire to own their own home and the Government wants to

[25] Minister of State 10 February 2011: http://www.communities.gov.uk/speeches/planningandbuilding/localsustainabledevelopment

support people with that aspiration, provided they can sustain homeownership. Social housing will provide support for families who need it.

1.47 In November 2011, the Government published *Laying the Foundations: A Housing Strategy for England,* which sets out its ambitions for a thriving, active but stable housing market that offers choice, flexibility and affordable housing. The Government is committed to getting the housing market, and in particular new house building, moving. This is central to its plans for economic growth, with housing construction, repairs and maintenance having a direct impact on economic output and a well-functioning housing market being vital to competitiveness and attractiveness to business. This is because the availability of housing in the right places means the supply of workers to firms where they are needed the most; in areas of high economic growth and high labour demand. The Government is introducing a series of changes in order to support the delivery of new homes and housing aspirations, supporting choice and quality for tenants, tackling empty homes, and providing better quality homes, places and support.

1.48 It also intends to abolish Regional Spatial Strategies and the “top down” housing targets that these contain, as it believes that these strategies have failed to deliver on the housing growth the country needs. In the future, the intention is that local planning authorities will be responsible for establishing the right level of local housing provision in their area, identifying a long term supply of housing land without the burden of regional housing targets.

1.49 Until regional spatial strategies have been abolished they remain part of the development plan for an area. However, in the case of Welwyn Hatfield, its housing target, originally set out in the East of England Plan (2008), was quashed by the High Court in May 2009. In 2010, the Council approved an interim housing target of 290 additional dwellings per annum as a starting point for review until figures emerge through the process of producing the Core Strategy. This was the same target that was included in the draft East of England Plan > 2031.

1.50 Going forward, the Government’s ambitions for housing supply are set out in the NPPF. The planning system should provide the supply of housing required to meet the needs of present and future generations. It does not go as far as to say what that requirement is. However, it does say, that to boost significantly the supply of housing, planning authorities should use their evidence base to ensure that the full objectively assessed need for market and affordable housing in their market area is met as far as is consistent with the policies in the NPPF.

iv. Sustainability Appraisal of the environmental, social and economic implications of development

1.51 A sustainability appraisal was carried out at the Core Strategy Issues and Options stage in 2009. However, this was not required to consider the environmental, social and economic implications of the then relevant housing target itself (10,000 between 2001 and 2021 and 5,000 between 2021 and 2031) because this task was the responsibility of the then Secretary of State when the housing allocation for Welwyn Hatfield in the East of England

Plan was increased from 5,800 to 10,000 (based on a recommendation by the Panel in June 2006). The Secretary of State's failure to demonstrate that it had considered reasonable alternatives resulted in the housing target for Welwyn Hatfield being subsequently quashed by the High Court in May 2009.

1.52 In 2011, the Council consulted on a range of (5) potential housing targets. No decision had been made as to which, if any, of these targets would be an appropriate long term target for Welwyn Hatfield and views were also invited on whether any alternative targets should be considered and why.

1.53 The consultation document contained a summary of issues raised through the sustainability appraisal of the five targets. The 2011 sustainability appraisal considered high level strategic social, economic and environmental issues of each potential target. The sustainability appraisal (which was published as a supporting document) is not repeated here but for illustrative purposes, lower targets were identified as having a potential negative effect on housing supply and affordability, insufficient investment in employment, town centres and infrastructure with an indirect negative impact on health. On the other hand, lower targets would mean that development would tend to be more concentrated in urban areas, helping to protect the landscape setting of settlements and retaining land that would be available for agricultural use. Conversely, higher targets were identified as having a potential positive effect on housing supply and affordability, supporting investment in higher levels of employment growth and in rural areas, helping to reduce health inequalities through the provision of more affordable homes and jobs and regeneration where it is needed. On the other hand, higher targets could lead to an increase in commuting and air pollution if journeys are car-based, an increased risk in sewer flooding, a reduction in productive agricultural land and an impact on settlement and landscape character. Appraisals will continue to be carried out as the Core Strategy progresses; details of which will be published at the relevant stages of plan production.

v. Assessment of the impact of development upon existing or planned infrastructure and new infrastructure required

1.54 The provision of infrastructure to support housing and employment growth in the borough to 2029 and beyond is a key consideration. For communities to be successful, it is vital that they are well served by a range of infrastructure that is appropriate to people's needs, affordable and accessible.

1.55 The council has carried out a number of studies and technical work to help identify future infrastructure requirements for the borough, including:

- Assessment of Open Space, Outdoor Sport and Recreation;
- Welwyn Hatfield Sports Facilities Study;
- Welwyn Hatfield Green Infrastructure Plan;
- Hertfordshire Strategic Green Infrastructure Plan;
- Water Cycle Studies;
- Diamond Traffic Modelling; and

- Hertfordshire Infrastructure and Investment Strategy

1.56 Discussions have also taken place with a number of service providers, to identify existing deficits in infrastructure in the borough, establish what their service priorities are, and consider what their future requirements are in terms of infrastructure provision, to accommodate the proposed levels of growth.

1.57 Based on technical evidence commissioned by the council, and discussions with service providers in the county it is clear that there are limits to the level of growth that can be supported by existing infrastructure in the borough.

1.58 The main infrastructure constraints to growth in the borough are discussed in turn below.

1.59 **Transport:** The council, working with Hertfordshire County Council, has undertaken extensive transport modelling work using the Highways Agency 'Diamond transport model' to test the impact of the planned housing and employment growth on the highways network in and around the borough to 2031.

1.60 This work tested a number of growth scenarios at various potential scales of delivery at locations around the towns and large villages. The transport modelling indicates that for growth over and above 8,000 new dwellings to 2031 the overall road network would struggle to cope. This view is also endorsed by the Highways Agency in their comments to the council's 'How many new homes?' consultation in June 2011. Any development in Hatfield, to the west of the A1(M) would likely cause severe congestion on the strategic road network. Scenarios that examined the possibility of substantial growth at locations to both the north-west and west of Hatfield suggest the severest levels of congestion.

1.61 Given this, the council will need to tailor its housing target accordingly to ensure that growth in the borough does not put undue pressure on the highways network. However, when taking forward any broad locations for growth, it will be necessary to carry out further transport modelling, including detailed junction modelling work, as part of extensive master-planning, to develop a range of mitigation measures required to ameliorate the impact of growth on the highways network.

1.62 **Utilities:** Discussions with UK Power Networks (the electricity supplier for the borough) have highlighted that in order to take forward growth in Hatfield, a new electricity sub-station and associated cabling will be required. Whilst this is not considered to be a barrier to growth, the costs associated with the delivery of this infrastructure are high, and could impact on the timing of delivery of sites for development in Hatfield.

1.63 **Sewerage:** One of the key infrastructure considerations for the borough is that of sewerage capacity. Capacity problems have been identified at the following sewage treatment works:

- Blackbirds (which serves Brookmans Park, Hatfield, Little Heath, Welham Green);
- Maple Lodge (which serves Brookmans Park, Hatfield, Little Heath, Welham Green);
- Rye Meads (which serves Digswell, Oaklands, Welwyn, Welwyn Garden City, Woolmer Green);

- Deephams (which serves Cuffley); and
- Mill Green (which serves Hatfield, Welwyn Garden City).

1.64 Whilst this does not present a barrier to growth in itself, it is likely that there will need to be significant upgrades to these waste water treatment works, the delivery of which could impact upon the implementation of housing growth in Welwyn Hatfield. There are particular implications for Mill Green STW arising from development to the north of Hatfield and for the Maple Lodge catchment arising from development west of Hatfield. The delivery of upgrades is estimated to take between 2 and 5 years from a point of certainty of development taking place.

1.65 **Education:** Hertfordshire County Council (HCC) has appraised all the primary schools in the borough for expansion. Where feasible, many of the schools that could be expanded within their existing sites already have been. HCC have stated that new primary school provision will need to be made to cope with an increase in demand for school places that will result from higher levels of growth. HCC have identified a need for three new primary schools; two new secondary schools; and two new children's centres. Land will need to be made available for these as part of the delivery of new dwellings at broad locations for growth in the borough.

1.66 **Costs and funding:** Other key factors which also inform the council's decision on what would be an appropriate housing target and housing distribution strategy, include the cost of providing infrastructure to support growth and the availability of funding for these projects; as there is a degree of uncertainty around the funding of some items of infrastructure, particularly those that are reliant on Government funding or developer contributions. As a result of such uncertainties, the council will need to take forward what it considers to be a realistic housing target and housing distribution strategy, which can be supported by the necessary infrastructure.

1.67 Where new infrastructure is required to support planned levels of housing growth in the borough, this will be identified in the council's Infrastructure Delivery Plan, which will be prepared to support the delivery of the core strategy.

SECTION 2: REGIONAL PLANNING FRAMEWORK

The East of England Plan (2008)

2.1 At the time of writing, the East of England (2008) forms part of the Development Plan for Welwyn Hatfield (although the Government intends to abolish all Regional Spatial Strategies). Welwyn Hatfield's housing target, originally set out in the East of England Plan, was quashed by the High Court in May 2009. The same High Court decision also ordered further changes to the East of England Plan. These changes fundamentally altered the approach to be taken to the Green Belt in Welwyn Hatfield.

2.2 Changes to Policies SS7 and LA1 meant that references to the need for strategic Green Belt reviews were deleted. The result was an emphasis in the East of England Plan which sought to maintain existing Green Belt boundaries and Green Belt restraint supported by urban regeneration, greater sustainability within urban areas and by making as much provision for new development within built up areas, compatible with settlement character.

2.3 The amended regional policy framework for Welwyn Hatfield states *(Policy SS7) "The broad extent of green belts in the East of England is appropriate, and should be maintained." and (LA1):*

"(1) Within the London Arc the emphasis will be on: (a) retention of long-standing green belt restraint, supported by more positive green infrastructure use of neglected areas in accordance with green belt purposes; and (b) urban regeneration, including the promotion of greater sustainability within the built-up areas, particularly measures to increase the use of non-car modes of transport. (3) Towns in the London Arc will retain and develop their existing individual roles within its polycentric settlement pattern, recognising and making as much provision for new development within the built up area as is compatible with retention, and wherever possible, enhancement of their distinctive characters and identities."

2.4 LA1(4): Principally deals with cross boundary working to exploit opportunities to develop public transport routes, not overwhelming radial routes and increasing opportunities for inter-urban journeys by public transport.

The Review of the East of England Plan > 2031 (2009)

2.5 The government of the time asked the East of England Regional Assembly (EERA) to carry out an early review of the East of England Plan in order to make provision for the region's development needs for the period 2011 to 2031. Consultation in 2009 focussed on housing and employment growth. Four housing growth scenarios were put forward. The implications for Welwyn Hatfield were possible annual build rates of 239 p.a. (scenarios 1 and 2), 630 p.a. (scenario 3) and 650 p.a. (scenario 4). All four scenarios were estimated to result in the need for Green Belt release to accommodate growth. The Council did not support any of these four scenarios and instead requested[26] that EERA consider an alternative growth scenario to deliver around 290 dwellings per annum. The Draft Revision to the Regional

[26] Refer to Cabinet Housing and Transportation Panel report and Appendices dated 19th November 2009

Spatial Strategy for the East of England was published in March 2010. It included a 20 year housing target for Welwyn Hatfield of 5,800 (an average of 290 p.a.).

2.6 It also included indicative employment targets which were intended as reference values for monitoring purposes and to provide guidance to local authorities and other relevant policy and decision making bodies. The draft policy recognised that such targets may be revised as a consequence of testing through the preparation of local development documents.

2.7 The Draft Revision to the RSS for the East of England has not progressed further in light of the current Government's intention to abolish RSSs.

SECTION3: THE BOROUGHWIDE VISION AND OBJECTIVES

3.1 The Core Strategy will set out the Council's long term spatial Vision for the borough. Objectives will provide the link between the Vision and the policies set out in the Core Strategy. The Vision and Objectives have been subject to review since the Issues and Options Paper 2009. The revised Vision has regard to the Council's aspirations set out in its Business Plan, the Welwyn Hatfield Alliance Community Strategy and the results of previous consultation on the Core Strategy. The revised Objectives reflect national guidance, the community strategy, the findings of our own evidence and take into account responses to consultation. The revised Vision and Objectives are set out below. These will be subject to consultation when the Emerging Core Strategy is published.

Spatial Vision

By 2029 Welwyn Hatfield will be a vibrant and culturally rich place where people choose to live, work and spend time.

Welwyn Garden City and Hatfield will continue to be the main focus for shopping, leisure, culture, housing and employment opportunities. The borough will have a prosperous local economy, which makes best use of the benefits associated with being the centre for higher education in the county.

The majority of new development will have taken place within and adjoining Welwyn Garden City and Hatfield. Partnerships with developers, government bodies, other local authorities, the Local Enterprise Partnership, the Welwyn Hatfield Alliance and service providers will have ensured the timely delivery of the necessary supporting infrastructure.

A planned release of a limited amount of land from the Green Belt adjoining Welwyn Garden City and Hatfield will have taken place but only where our needs for growth cannot be provided for within the existing towns and villages. Partnerships with Hertfordshire County Council, adjoining district councils and landowners will have delivered new and improved strategic green infrastructure, increasing access and reinforcing the role of the Green Belt between Hatfield and Smallford and to the east of Welwyn Garden City.

A partnership with landowners, local businesses and the community will have ensured that Welwyn Garden City town centre continues to be an attractive destination for shopping; new investment will have been secured to reinforce its role as a sub regional centre and deliver a more vital evening economy. A similar partnership for Hatfield Town Centre will have led to its regeneration, creating a more vibrant centre of which people can feel proud.

The Garden City and New Town heritage with its pattern of neighbourhoods providing small-scale shops, services and community facilities, well designed good quality housing, attractive open spaces and opportunities for a wide range of employment will have been reinforced. The distinctive character and role of our two towns and other settlements will have been maintained with the larger villages continuing to be the centres for local shops, services and community facilities for their parish areas.

The quality and attractiveness of the countryside for farming, recreation and as a habitat for wildlife will have been reinforced. The natural and historic environment in both urban and rural areas will be protected, maintained and enhanced.

The borough will have played its part in addressing climate change through the efficient use of natural resources, securing high quality sustainable design and managing the risk of *flooding. Improved opportunities for travelling by public transport, walking and cycling will be in place.*

Borough-wide objectives:

1. To provide for the borough's development needs over the plan period, in a form which maintains the existing settlement pattern, protects areas of highest environmental value, prevents coalescence of our towns and villages and releasing a limited amount of land from the Green Belt to ensure that its boundaries will not need reviewing before 2034.
2. To deliver a sustainable pattern of development by directing the majority of new development to the main towns and limited development within the excluded villages where it can be supported by appropriate infrastructure, the need to travel is minimised and opportunities for redevelopment on previously developed land can be maximised.
3. Working in partnership with the Welwyn Hatfield Alliance to deliver mixed and sustainable communities which are well planned, healthy, active, inclusive and safe, environmentally sensitive, accessible, vibrant and vital, well served, built to high design standards reflecting local character and fair for everyone.
4. To support and reinforce the role of the borough's villages and neighbourhoods and create a new sustainable neighbourhood to the north west of Hatfield.
5. To reduce people's impact on the environment by reducing the need to travel, through the prudent use of natural resources, through minimising waste, by managing the risk of flooding and by designing development to take into account future changes to the climate.
6. To maximise the opportunities to travel by sustainable transport modes and manage parking demand.
7. To provide an adequate supply and mix of housing types and tenures.
8. To protect, maintain and where possible enhance the borough's historic and natural environment, its cultural assets and network of open spaces, urban and rural landscapes.
9. To enhance access and improve green links both within and between urban and rural areas.
10. To sustain the vitality of our villages and the rural economy, maintaining a supply of land for agriculture and for other uses appropriate to the countryside;
11. To maintain and enhance the vitality and viability of our town, neighbourhood and village centres.
12. To enable Welwyn Garden City and Hatfield to fulfil their role as the main centres of economic activity in the borough, working in partnership with relevant bodies to support growth in the local economy and lifting areas out of deprivation by providing opportunities to improve training, education, health and economic prosperity.
13. To work with and support locally established companies, employers and higher education providers to encourage new investment in the borough.

SECTION 4: WELWYN HATFIELD'S GREEN BELT

4.1 Nearly 80% of the borough is currently designated as Green Belt. The Government attaches great importance to Green Belts in national planning policy. The detailed boundaries of Welwyn Hatfield's Green Belt are defined in the District Plan, which was adopted in April 2005. The Green Belt serves an important and highly valued function. It separates Greater London to the south from other urban areas in Hertfordshire and separates towns and villages from each other, both within borough boundaries and across borough boundaries. It helps to maintain the polycentric pattern of settlements that is a feature of the borough and Hertfordshire. In some parts of the borough, the separation between towns and villages is narrow, with the Green Belt performing a powerful role, helping to avoid coalescence, e.g. in the north of the borough, between the village of Woolmer Green and the village of Knebworth, which lies just outside the borough in the adjoining district of North Herts.

4.2 The maintenance of the Green Belt between towns and villages helps to retain the character of individual settlements, reinforcing a sense of community identity, as well as providing opportunities for access to the countryside for urban populations, opportunities for outdoor sport and recreation, to maintain attractive landscapes near to where people live, secure nature conservation interests and retain land in agricultural or forestry use.

4.3 In essence, it serves the purpose it was created for and has become a highly valued policy tool in terms of its designation and implementation at the local level. Consistent with national guidance, the continued existence of the Green Belt is of paramount importance to the local area.

SECTION 5: FEEDBACK FROM CONSULTATION

COMMUNITY REPRESENTATIVES WORKSHOPS 2010

5.1 In November 2010, a series of workshops were held across the borough with representatives of the community to consider and develop local objectives for towns, villages and rural areas and the borough-wide vision and objectives. In summary, a number of key (housing growth related) themes emerged from these workshops:

a. There is a need for affordable homes and low cost market housing, starter homes and homes suitable for older people to allow for downsizing or more specialist accommodation.

b. Increased house prices are edging locals from the housing market as a result of others moving into the area.

c. Housing choice needs to be maintained and where necessary, widened.

d. A housing shortage is likely to affect those seeking starter homes, families and older people who may need to move away, undermining community cohesiveness. However, moving away from the area was also considered to be the norm for young people.

e. A good mix of housing type and size should be provided, although flats were not generally supported. The provision of student accommodation also needs to be managed.

f. Some settlements have a high degree of commuting into London.

g. Employment opportunities and land should be maintained in order to provide local jobs, minimise commuting out of the borough and the need to travel.

h. Coalescence should be avoided between settlements and the separate identities of settlements should be maintained.

i. Growth should take place within settlements and expansion only planned for where there was an over-riding need.

j. When considering broad locations, concerns were expressed where the risk of coalescence existed and where locations were remote from services and facilities and where areas were felt to lack the necessary infrastructure to support growth.

k. Growth should be mainly focussed around Welwyn Garden City and Hatfield although it was also considered that no village/area should be excluded from taking some growth.

l. If development is needed around villages, it should be adjacent to the villages and ideally on previously developed/brownfield land and should be justified by local needs and benefits to the local community.

5.2 There seemed to be a general level of agreement that whilst growth would be best concentrated around the borough's two main towns, community representatives acknowledged that the borough's larger villages could also benefit from some limited development, ideally on previously developed land within existing urban areas but where this cannot take place, on land adjacent to villages, where this would bring local benefits.

RESPONSES TO THE "HOW MANY HOMES" CONSULTATION 2011

5.3 In June and July 2011, the Council invited views on how many new homes should be built in the borough between 2011 and 2031. Five alternative targets were set out in a consultation leaflet together with a summary of the advantages and disadvantages of each target identified through a sustainability appraisal. No decision had been made by the Council at this time as to which, or indeed any, of these targets would be an appropriate long term target for Welwyn Hatfield and views were also sought on any alternative targets that respondents might consider would be better for the borough[27] and why.

5.4 The five consultation targets were (1) 2,925 (focus on urban capacity), (2) 5,800 (a continuation of the borough's provisional housing target and the Option 1 target from the Draft review of the East of England Plan >2031), (3) 7,600 (a continuation of the long term delivery trend), (4) 10,000 (the pre-legal challenge East of England Plan 2008 target and the basis for the Issues and Options Paper in 2009) and (5) 14,400 to reflect 2008 based government estimates for household growth.

5.5 Respondents could comment on any or all of the targets and could also suggest alternative targets. 937 respondents participated in the consultation event (including 615 who submitted comments in the form of a petition; all supporting target 1). The table below sets out the level of support, or otherwise, for each target.

Table 4: Response rates to the "How Many Homes Consultation"

Would you support this 20 year target	Yes	%	No	%	Don't know	%	No response	%	Total
1: 2950	765	81.64%	127	13.55%	15	1.60%	30	3.20%	937
2: 5,800	78	8.32%	192	20.49%	8	0.85%	659	70.33%	937
3: 7,600	39	4.16%	224	23.91%	9	0.96%	665	70.97%	937
4: 10,000	27	2.88%	239	25.51%	6	0.64%	665	70.97%	937
5: 14,400	30	3.20%	237	25.29%	8	0.85%	662	70.65%	937
An alternative Target	42	4.48%	183	19.53%	-	0.00%	712	75.99%	937

5.6 Of the 937 respondents, 765, nearly 82%, supported target 1. Alternative 20 year targets were also suggested.

[27] Note: Until such time as a housing target emerges through the process of producing the Welwyn Hatfield Core Strategy, the Council has adopted a provisional housing target of 290 p.a. This is the same figure that was included in the draft East of England Plan>2031 for Welwyn Hatfield.

5.7 In addition, a number of responses suggested that the Council should provide further robust and credible evidence to justify the selection of an appropriate housing target for the borough and to demonstrate that such a target comprises the most appropriate strategy when considered against alternatives, i.e. that the target is sound.

5.8 In summary, the key issues raised for and against each target (and for any alternatives) were as follows:

Target 1

5.9 The main reasons given for supporting Target 1 were that it would:

- Protect the borough's Green Belt from development and prevent coalescence between settlements,
- Protect the character and identify of existing settlements.
- Encourage the development of brownfield sites for housing and would not place a strain on existing services and infrastructure.
- Pose the least threat to wildlife, depending on the housing sites chosen.

5.10 A petition supporting Housing Target 1, which was organised by North Mymms Green Belt Society, was completed by 615 people. Key issues raised were:

- There would be no loss of Green Belt unlike the other options which could lead to merging of some settlements. If Green Belt land is released, it would be developed first before building elsewhere because it is easier and cheaper.
- The necessity to release Green Belt land can be reconsidered every 5 years rather than forecasting too far into the future.
- The economic state of the country means it is unlikely there will be any higher degree of development for some years.
- The lowest option must be the most prudent.
- More homes than targeted have been built in the last decade because of the British Aerospace land. Planners cannot expect to continue at the same rate ad infinitum.
- Water is a major factor in restricting development and the sewerage treatment facilities are already operating at near capacity. The same applies to the transport infrastructure.
- Many residents of the borough work in London and the trains and roads are already overloaded in peak periods.
- The change in the QE2 hospital will reduce the availability of medical facilities in the borough.
- There is a shortage of Government grants necessary for affordable housing.

5.11 The main reasons given by other respondents for not supporting target 1 were that it would:

- Lead to an unacceptable amount of Green Belt land being lost to development, including the loss of agricultural land and would result in coalescence between settlements. (Note: this is a misunderstanding as a planned release of land from the Green Belt would not be needed under this target).

- Put too much pressure on existing infrastructure and services; create more pressure on the sewerage system and increase risks of water shortage.
- Have an adverse impact on landscape character, the setting of towns and villages and local biodiversity.
- Lead to increased traffic congestion and air pollution.
- Not provide enough homes to meet housing need in the borough, including the need for affordable homes.
- Fail to acknowledge existing and future housing needs in the borough and the wider housing market.
- Not accord with current/emerging national planning policy, which emphasises the importance of meeting housing need, creating economic growth, ensuring that housing requirements are based on robust evidence.

5.12 Additional comments suggested that:

- Empty homes should be brought back into use and empty commercial properties converted to homes, before new homes were built.
- The target is not based on robust evidence.

Target 2

5.13 The main reasons given for supporting Target 2 were that:

- It would represent a balanced, pragmatic approach between protecting the Green Belt and providing for the housing growth that the borough needs.
- The scale of infrastructure to support this level of growth is likely to be deliverable, and the target is similar to previous housing targets set for the borough.
- It would pose the least threat to wildlife, depending on the housing sites chosen.

5.14 Additional comments suggested that:

- All the housing growth should be focussed in a new Garden City style development, based on one of the smaller settlements as this would be preferable to amalgamating any of the major settlements with their neighbours.
- Unused commercial space in the borough should be brought back into use as homes and taller residential buildings may be appropriate in certain locations.

5.15 The main reasons given for not supporting target 2 were similar to the reasons for not supporting Housing Target 1.

Target 3

5.16 The main reasons given for supporting target 3 were that it would:

- Improve the supply of affordable homes.
- Continue the average rate of housing growth in the borough seen over the last 30 years and generate sufficient investment to ensure that the infrastructure and services are provided to meet the increased demand.

- Enable the development of around three new neighbourhoods that will have the ability to offer a good range of community facilities with good access to jobs, key services and infrastructure.
- Provide a balance between supply and demand and limit the impact on the road network of setting a higher housing target although this will depend on the quality of local jobs and the investment in public transport and the provision of walking/cycling facilities to reduce reliance on the car.

5.17 The main reasons given for not supporting target 3 were similar to the reasons for not supporting Housing Target 1.

Target 4

5.18 The main reasons given for supporting target 4 were that it would:

- Provide more affordable housing,
- Require the provision of improved infrastructure and services, which in itself would have the benefit of stimulating investment and economic growth in the borough, including in the town centres.
- Represent an independent view of housing need in the borough, based on the previous target set out in the East of England Plan.

5.19 The main reasons given for not supporting target 4 were similar to the reasons for not supporting Housing Target 1.

Target 5

5.20 The main reasons given for supporting target 5 were that it would:

- Provide more affordable housing.
- Require the provision of improved infrastructure and services, which in itself would have the benefit of stimulating investment and economic growth in the borough, including in the town centres.
- Accord with current/emerging national planning policy, which emphasises the importance of meeting housing need, creating economic growth and ensuring housing requirements are based on a robust up-to-date evidence base.

5.21 The main reasons given for not supporting target 5 were similar to some of the reasons given for not supporting Housing Target 1, as well as:

- There were significant concerns regarding the impact of increased transport emissions on air quality.
- Concerns over whether this level of growth is deliverable as the build rates have not been sustained over economic cycles.
- The amount of Green Belt land required for building would cause communities to coalesce, or would require new settlements to be created within the Green Belt, which would be detrimental to the character of the borough and the quality of life in it.

Alternative Targets

5.22 Alternative 20 year targets suggested included: zero, 1,000, 1,500, 3,000, 2,500-5,000, 4,000, 5,000, 6,230, 6,300, 11,000-15,000, 10,800-16,000, 12,000-20,000, 17,400 and 20,000. A number of the alternative targets suggested were supported by reference to either modelling or existing evidence, which respondents suggest could form the basis for future growth in the borough. . One respondent suggested that the estimated need for affordable housing, together with the associated delivery of market housing, would point to a requirement of 1,203 dwellings per annum (24,060 over 20 years).

5.23 A range of alternative targets were put forward by landowners/developers/agents, sometimes supported by technical reports. Alternative targets of between 540-800 dwellings per annum (10,800-16,000 over 20 years) were suggested as being required to meet the scale of local housing need and demand. Further suggested ranges included 500 and 720 new homes per year on the grounds that deriving housing requirements is not as simple as applying a trend based figure and consideration should be given to the importance of housing to the economy as reflected in (what was then) the emerging National Planning Policy Framework and the Government's priority for increasing housing supply.

5.24 An alternative target of 17,400 additional dwellings was suggested on the grounds that 14,400 of these dwellings would house the additional households projected to form over the plan period as stated in the Housing Target 5 option and the remaining 3,000 dwellings would provide homes for the 3,000 households currently on the Borough's housing waiting list.

5.25 A key reason given for proposing higher housing targets was the need to provide more affordable housing in the borough, which it was argued would only be possible with higher housing targets.

5.26 Reasons given by those suggesting that there should be no more housing built in the borough generally refer to the need to protect the Green Belt from development and concerns that building more homes will accelerate overcrowding and building more homes will attract more jobs and investment to the borough that will only encourage more people to move to the area which will further fuel demand for more homes and will fuel a spiral of growth that will result in the need for further releases of land from the Green Belt at a future point in time. Other respondents commented that empty homes should be brought back into use and empty commercial properties converted to homes, before new homes were built.

Thematic Comments

5.27 A number of thematic comments were also made by respondents:

5.28 **Evidence of need and demand/increasing supply**: Housing Targets should be based on evidence of need and demand for housing. Failure to do so would fail the test of soundness. Lower targets would not conform to national policy to increase housing supply and improve affordability.

5.29 **Lack of robust and credible evidence**: Attention was drawn to the need for up to date evidence of housing need. Mention was made of the Strategic Housing Market Assessment (SHMA) and its constraint based analysis. Attention was also drawn to the Strategic Housing Land Availability Assessment (SHLAA) which (at that time) only included details of sites within urban areas, and not the total quantum of land likely to be available in the borough. Panshanger for example, which is not in the Green Belt but is an Area of Special Restraint, was not identified in the SHLAA for the urban areas. As a consequence, it was considered in responses that the SHLAA did not examine true supply including sites outside the urban area. (There were calls for a further consultation on the distribution strategy identifying all Green Belt sites promoted through the SHLAA).

5.30 **Infrastructure**: Attention was drawn to the need to demonstrate whether or not there was any evidence underlying any of the targets to suggest that infrastructure is an impediment to delivery.

5.31 **Landscape**: Attention was drawn to the need to demonstrate whether or not there was any evidence to demonstrate whether or not landscape constraints are an impediment to delivery.

5.32 **Population/household projections**: Were considered to underpin target 5 only. Targets 1, 2, 3 and 4 would result in an undersupply of housing based on population/household projections with no evidenced justification for a lower approach.

5.33 **The social/economic consequences of targets**: Were considered by some respondents to be poorly dealt with in the consultation, apparently in deference to quantum of Green Belt loss, failing to demonstrate what the social and economic consequences would be of undersupply.

5.34 **Constraining Supply/ Past delivery rates:** the lower targets would not increase supply and would substantially undershoot projected growth in population/households. Past supply has not kept pace with population and household growth. It has contributed to a worsening in affordability, choice, and over crowdedness and an increase in housing waiting list applicants. Past supply does not necessary reflect current national policy and ambitions for growth.

5.35 **Affordability/Affordable Housing Supply:** Affordability has worsened in recent years. Some respondents advanced the view that past delivery had failed to keep up with demand and need. Target 3 and below (and possibly target 4) would make worse affordability and accessibility to housing. Migration/commuting patterns suggest that in-migrants from London Boroughs are pricing local residents out of the market, causing those households to move to other cheaper areas. A lack of grant means that the provision of affordable is more reliant than ever on open market housing to deliver. Past affordable housing delivery rates are unlikely to be achieved in the future, especially with the introduction of CIL charges and sustainable construction methods which will all add to the cost of development. Therefore more open market housing will be required to deliver the same rates of affordable achieved in the past.

5.36 **Deliverability/Positive planning:** The Council should plan positively for, and not constrain, growth and release land (from the Green Belt) to do so.

5.37 **The relationship between housing and employment:** This is complex but exploring basic alignment to assess the amount of housing required to sustain a given labour force; a central facet of an efficiently functioning economy, minimising housing pressures, unsustainable levels of commuting and carbon emissions, can be carried out.

5.38 **The Council's Vision and Objectives (in the Issues and Options Paper):** Includes that everyone should have access to a decent home: Targets must be set to meet this vision.

5.39 **National Planning Policy Framework/ministerial statements:** Planning Authorities will need to demonstrate a clear understanding of housing requirements using the SHMA to identify the scale and mix of housing which meets household and population projections, taking into account migration.

5.40 **Vacancy rates:** An allowance may need to be made for on-going vacancy rates in the stock.

SECTION 6: OBJECTIVE ASSESSMENT OF HOUSING REQUIREMENTS

6.1 The responses to the “How Many Homes” consultation demonstrated that the local community values the existing settlement pattern and the role of the Green Belt in maintaining areas of open countryside and preventing towns and villages from coalescing. Responses indicate that the maintenance of Green Belt boundaries is so important to many of the borough’s residents and local communities that for many, this priority should effectively define the housing target for the borough, i.e. through the effective use of urban capacity.

6.2 However, other responses to the “How Many Homes” consultation suggest that there was a need for further robust and credible evidence to justify the selection of an appropriate housing target for the borough and to demonstrate that such a target comprises the most appropriate strategy when considered against alternatives, i.e. that the target is sound.

6.3 Further technical work has been carried out since the publication of the Housing Targets consultation and this Background Paper sets out a number of economic, social and environmental indicators which will be taken into account in assessing the housing requirements for the borough.

6.4 The following table sets out various numerical outputs derived from a range of indicators relating to demographic projections, economic forecasting, measures of housing affordability, previous delivery trends, the regional spatial strategy and urban capacity estimates. Many of the indicators suggest what the growth in households could be over a 20 year period (adjusted as necessary to derive an indication for an 18 year plan period). For the purposes of the following set of indicators, it is assumed that a new household implies a future requirement for a new dwelling.

Table 5: List of indicators

Indicator	Estimated Number of dwellings over 20 years (2011-2031)	Annual average number of dwellings	Over 18 years (2011-2029)
Demographic Change			
A: 2008 based ONS population and CLG household projections	14,400	720	12,960
B: Housing Targets Study 2011 (2008 based household projection).	14,000	700	12,600
C: Housing Targets Study 2011 - Natural Growth	6,576	329	5,918
D: East of England Forecasting Model (autumn 2010) population forecasts/household size	9,489	474	8,540
E: Greater Essex Demographic Forecasts - SNPP 2010-R (dwelling requirement)	16,180	809	14,562
F: Greater Essex Demographic Forecasts - Natural Growth R (household growth)	6,368	319	5,768
G: Greater Essex Demographic Forecasts – Net-nil migration R (dwelling requirement)	5,760	288	5,184

Indicator	Estimated Number of dwellings over 20 years (2011-2031)	Annual average number of dwellings	Over 18 years (2011-2029)
Economic Growth			
H: East of England Forecasting Model (autumn 2010) demand for dwellings 2011-2031 (Baseline ABI filtered)	11,930	597	10,746
I: East of England Forecasting Model (autumn 2010 run) Higher Growth “demand for dwellings”	16,280	814	14,652
J: East of England Forecasting Model (autumn 2010 run) Lower Growth “demand for dwellings”	11,700	585	10,530
K: East of England Forecasting Model (autumn 2010 run) Rebalanced Growth “demand for dwellings”	12,170	609	10,962
L: East of England Forecasting Model, autumn 2010 run, employment growth forecast 13,600 and maintaining current alignment of homes to jobs	8,000	400	7,200
M: EEFM model runs from autumn 2007 to spring 2012: Maintaining current alignment between homes and jobs	7,991	400	7,200
N: Housing Targets Study 2011 (potential jobs growth based scenario; London Arc Hertfordshire Employment land Review)	15,191	760	13,680
O: Housing Targets Study 2011 (employment based scenario; Hertfordshire Strategic Employment Sites Study)	11,571	579	10,422
P: Greater Essex Demographic Forecasts – Economic scenario R	11,880	594	10,692
Affordability			
Q: Housing Targets Study 2011 (viable mix of open market/affordable tenures)	14,000	700	12,600
R: SHMA 2010 Affordable Housing Need estimates (2004 based household projections) projected forward	8,060	403	7,254
S: SHMA 2010 Affordable Housing Need estimates (RSS based, balance projected forward)	17,180	859	15,462
Delivery trends			
T: Reflecting long term (30 year) delivery trends (projected forward over 20 years)	7,600	380	6,840
U: Reflecting short term (10 years between 2000/01 and 2009/2010) delivery trends (projected forward over 20 years)	9,380	469	8,442
Regional Spatial Strategy			
V: 2001 – 2021 target deleted by the High Court (May 2009)	10,000	500	9,000
W:East of England Plan Review 2011-2031 (Option 1)	5,800	290	5,220
Focus on Urban Areas			
X: Urban Capacity (2012) *	3,000	167	3,000

*Urban Capacity is subject to continuous review and hence this figure is subject to change

6.5 The following sections describe each of these indicators. These are informed by either demographic, economic, affordability, past delivery trends, regional planning and urban capacity considerations.

Demographic Scenarios

A: 2008 based ONS population and CLG household projections

6.6 The Census is generally acknowledged to be the most accurate way of counting the population. There is no perfect method of calculating population change between each census. Each year, the Office of National Statistics (ONS) produce mid-year population estimates for all local authorities in the UK. Every 2 years, ONS also produce 25 year population projections based on the latest mid-year population estimates available.

6.7 The 2008 based ONS population projections suggest that the borough's population could grow by around 26% between 2011 and 2031 (from 118,200 to 148,600, a difference of 30,400). Of this, around 48% (14,600) is estimated to be attributable to natural change in the borough (i.e. the difference between the numbers of births and deaths) and around 52% (15,800) is estimated to arise from net migration into the area.

6.8 Household projections are based upon the ONS population projections and are published by Communities and Local Government. These suggest that an additional 18,000 households could form in the borough between 2008 and 2033 (720 per year, equal to 14,400 over 20 years, 2011 to 2031)[28], equivalent to **12,960** over 18 years. More recent 2010 sub-national projections[29] suggest that household formation could be higher still over a shorter time period, with a growth of 18,984 households between 2010 and 2033 (825 households per annum). However, preliminary results from the 2011 Census indicate that the borough's population in 2011 stood at 110,500. This is 3,900 less than the ONS's population estimates for 2010[30] (at 114,400) and 5,600 less than the 2008 based population projections (at 116,100). Continual readjustments such as this, which can arise as a result of unforeseen economic conditions for example, highlight the potential difficulties of placing an over reliance upon population projections which inform household projections, as a sole basis for setting housing targets.

6.9 The Planning Officers Society (POS) (advice note, March 2011[31]) suggest the latest ONS population projections and the most recent CLG household projections may be considered to represent the "raw" requirement for new dwellings in the authority's area, before considering what should be the effect of planning strategy. POS highlight that planning strategy has commonly intervened to depart from the household projections. In some cases this has involved setting a higher target, in others it has led to a reduction in the amount of housing provision to protect the Green Belt or high quality landscapes from development.

[28] 2008 based household projections CLG: HCC Factsheet: http://www.hertsdirect.org/your-council/hcc/env/factsfigs/population/popproject/clghseproj/
[29] Essex Population and Household Forecasts 2012
[30] http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-231847

[31] http://www.planningofficers.org.uk/downloads/pdf/POS_Revised_Advice_%20Note_2_Planning_Post_RSS_Revocation_March2011.pdf

B: Housing Targets Study 2011 (2008 based household projections)

6.10 The 20 year figure of 14,000 (equivalent to **12,600** over 18 years) is set out in the Welwyn Hatfield Housing Targets Study 2011. It is derived from the ONS 2008-based population projections but an adjustment has been made to exclude households predicted to be living in communal establishments.

6.11 The Housing Targets Study emphasises the importance of bearing in mind that these projections are based on past trend information. They are unconstrained by future policy decisions and do not necessarily reflect the path of events as they will unfold. The projections depend upon assumptions about migration flows into and out of the Council area and carrying such projections forward without question would assume that an urban system can simply adjust to any level of new-build housing. Inevitably increased migration will occur in places where more housing is built, as well as where housing is cheaper. The latter is not however a clear-cut attractor of in-migration. That is because there is usually a reason for cheapness: normally in the form of distance from suitable jobs.

6.12 In that respect Welwyn Hatfield's location is excellent; just outside the London conurbation and surrounded by Green Belt. The borough's attractiveness guarantees that its dwelling stock will always be in demand. A corollary of this situation is that the overall net growth figure could be reduced by simply not building new housing, therefore reducing the very large projected rates of annual in-migration.

C: Housing Targets Study 2011 (2008 based household projections – natural growth)

6.13 The Study also explored what level of housing would be required to accommodate growth from natural change in the population, i.e. the difference between the levels of births and deaths,. The estimated output for this component was that natural growth was estimated to give rise to the requirement for an additional 6,576 additional homes (over 18 years, this would be equivalent to **5,918**).

D: East of England Forecasting Model (autumn 2010) population forecasts/ household size forecasts

6.14 The EEFM forecasts (table 6.7)[32] that the population of Welwyn Hatfield will increase by 23,100 between 2011 and 2031[33]. The EEFM ABI filtered projections for 2011 to 2031, suggests an average household size of 2.47 for the borough over this 20 year period. This could infer a housing requirement for an additional 9,352 households. An alternative calculation can be applied by using CLG forecasts of household size. The 2008 based forecasts over a 25 year period from 2008 to 2033[34] suggest an average household size of 2.40. If this average is applied to the EEFM population projection of 23,100, this would imply a housing requirement for 9,625 additional households (over a 20 year period 2011-2031). The average between these two is 9489, equivalent to **8540** over 18 years.

[32] http://www.insighteast.org.uk/viewResource.aspx?id=18086

[33] Note: Between autumn 2007 and autumn 2010, the model has been run 6 times. Population forecasts for the borough have ranged from 14,100 to 28,500 with an average of 21,066. This demonstrates how variable population forecasting can be.

[34] http://www.hertsdirect.org/your-council/hcc/env/factsfigs/population/popproject/clghseproj/

The Greater Essex Demographic Project

6.15 The Greater Essex Demographic Project brings together the twelve Local Planning Authorities in Essex, the two unitary authorities of Southend-on-Sea and Thurrock, the County Council of Essex and the Hertfordshire Districts of East Hertfordshire District Council and Welwyn-Hatfield Borough Council as full contributing members of the project. A range of demographic forecasts representing a variety of scenarios has been produced, together with other relevant demographic material. The scenarios are defined by different parameters, to include migration-led, dwelling-led and economic-led approaches to demographic forecasts.

6.16 It is not the intention of this project to produce a recommended or preferred demographic forecast for any area. Rather, the approach is to encourage examination of the demography of each area from different perspectives. Hopefully this will allow appreciation of how the demography of an authority may be influenced by local circumstances and local policy choices. It will be for each local planning authority to determine its use of the forecasts and other outputs from this project to inform its future spatial policy development.

6.17 The forecast scenarios produced for phase three of this project incorporate demographic intelligence from the 2010-based sub national population projections (SNPP) from ONS. SNPP 2010 suggests that the borough's population could grow by 42,759 between 2010 and 2035. For Welwyn Hatfield, there is a likelihood that the components of that projected change could vary from patterns experienced in the last decade. Between 2001/02 and 2009/10, natural change is observed to have grown steadily from a low baseline; net internal migration formed a variable component of change, with occasional high spikes; and international migration formed a consistently large component of change. Going forward, natural change is expected to form a much higher part of the overall change in population with high net international migration being partially balanced by net-outwards migration.

E: Greater Essex Demographic Forecasts (GEDF) –SNPP 2010-R

6.18 GEDF SNPP 2010-R reproduces SNPP 2010 but uses 'rescaled' headship rates to be consistent with data on 'occupied properties' taken from Council Tax statistics. The relationship between households and dwellings is controlled in the modelling using a Household-Dwelling conversion factor which measures the level of 'vacancy' associated with each area's dwelling stock. It converts the household projections to a dwelling equivalent and vice versa. The conversion factor for Welwyn Hatfield is 98%. This scenario suggests that population and household growth would result in a requirement for around 809 dwellings per annum, which is equivalent to **14,562** dwellings over an 18 year period.

F: Greater Essex Demographic Forecasts (GEDF) -Natural Growth-R

6.19 Based on SNPP 2010-R, the GEDF suggests that natural growth in the Welwyn Hatfield population (i.e. the difference between births and deaths), between 2011/12 to 2030/31 would give rise to an increase of 6,368 households (**5,768** in the 18 year period between 2011 and 2029).

G: Greater Essex Demographic Forecasts (GEDF) –Net-nil migration-R

6.20 The GEDF presents a Net-nil migration-R scenario. This assumes that the net impact of migration is zero throughout the projection period. This does not mean zero migration. This assumes that in and out migration continues (for both internal and international flows) but the balance between the two is zero. This is achieved by balancing in and out flows whilst maintaining different age profiles for in and out migrants. Net-nil migration was a pattern observed across Hertfordshire for much of the 1980s and the early part of the 1990s. The GEDF suggests that under this scenario, there would be a requirement for an additional 288 dwellings p.a. which is equivalent to **5,184** dwellings over an 18 year period.

Conclusion on demographic based scenarios

6.21 ONS population/CLG household based projections are not a determinant for setting a housing target. These projections result from a set of assumptions which are based on observed levels over preceding years and whilst they suggest what the population would be if recent trends continue, they are not a forecast of what will actually happen and they need not necessarily simply translate into a housing target for an area when viewed against other evidence.

- The housing requirements of an area should be objectively assessed. Household projections form part of an evidence base which should be taken into account and considered alongside a range of other factors such as economic growth forecasts, the availability of land, the most sustainable pattern of growth, the impact of development upon infrastructure provision and the environmental, social and economic implications of development. All such matters will need to be taken into account in reaching a decision that is appropriate for the borough.

- Whilst past population growth in the borough was ranked by the ONS as the fifth highest in the country[35] between 2001 and 2010 at 17.2%, it does not automatically follow that such levels of population growth could or should continue to take place in the borough if there are good reasons to suggest that a different path should be followed.

- The observed trends that inform the ONS population projections and hence the CLG household projections relate to a previous period of exceptionally high housing delivery in the borough which was driven by a buoyant housing market, the availability of previously developed land at a major master-planned site (the former British Aerospace site), expansion of the University of Hertfordshire, the growth of the buy-to-let sector, a growth in local employment opportunities through the expansion or location of key employers in the area and a rise in inward migration. However, recent (pre credit crunch) local market conditions cannot be described as typical of longer term market trends. When the wider economy and the housing market are not strong, housing delivery typically slows, even if land is available, for many reasons which are outside the scope of planning, e.g. the availability of mortgages/finance, job insecurity, recessionary impacts etc. In such circumstances, market intelligence indicates that the demand for housing falls away.

[35] http://www.ons.gov.uk (ONS Statistical Bulletin: Annual mid-year population estimates 2010, released 30 June 2011)

- It is not necessarily a given that every household formed in the future will need a new home built specifically to accommodate every individual household, e.g. small households may choose to share a home in perfectly satisfactory circumstances.

- In-migration forms a high proportion of the projected population growth for Welwyn Hatfield and yet this element can be difficult to predict over long periods.

- Given the complex inter-relationships with the economies of other EU and non-EU states, and the condition of the global economy, the assumption that international migration will actually happen at levels projected, should perhaps be treated with some caution.

- Alternative forecasting[36] suggests that net in-migration into the UK could be lower over the coming decade than in the previous one. It is not advanced that one method of projection or forecasting will definitely be correct but it is reasonable to consider how much reliance should be placed on projected net migration patterns when different modelling techniques can suggest different outcomes.

- Job opportunities are likely to influence the levels of migration. The national economy is not performing as well as previously anticipated and this is bound to have an impact on migration rates.

- The ONS's population estimates for 2010[37] indicate that the borough's current estimated population (at 114,400) is less than that set out in the 2008 based population projections (at 116,100). Continual readjustments such as this, which can arise as a result of unforeseen economic conditions for example, highlight the potential difficulties of placing an over reliance upon population projections as a basis for household projections and then housing targets. Preliminary results from the 2011 Census, which provide a more up to date and accurate picture of the borough's population, indicate that the borough has a current population of 110,500 (less than the previous two ONS estimates).

- An over reliance on population and household projections takes no account of the expressed aspirations of local communities or to responses received through consultation, which local planning authorities will take into account before reaching a decision.

- The NPPF states that objectively assessed development needs should be met unless the adverse impacts of doing so, e.g. the impact on the extent and role of the Green Belt and the ability of existing infrastructure to accommodate or adapt to large scale change, would significantly outweigh the benefits.

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[36] East of England Forecasting Model Autumn 2010 Summary: http://www.insighteast.org.uk/viewResource.aspx?id=18159

[37] http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-231847

6.22 However, a view will need to be taken on how much housing growth would represent a reasonable planning strategy for the area taking into account future demographic change.

6.23 A reasonable starting point would be the housing requirements likely to arise from natural change in the population, i.e. the projected difference between the numbers of births and deaths likely to arise in the borough. The Housing Targets Study 2011 estimates that natural change would result in a requirement for around 6,576 additional homes over a 20 year period (5,918 over the 18 years 2011 to 2029). The Greater Essex Demographic Forecasts (E) suggests a similar figure of 5,768 over the same 18 year period.

6.24 This leaves a question around how much higher than **5,768/5,918** would be a reasonable level to accommodate demand for additional homes from those who may wish to live in, but currently live outside, the borough over and above those households who will decide to move away from the borough, i.e. net in- migration, without fuelling excessive future patterns of migration that the area cannot reasonably accommodate or sustain in the future.

6.25 Given the above concerns around the appropriateness of the CLG household projections, it is useful to consider what other modelling suggests, although outputs will vary depending upon the assumptions and constraints built into any model. The East of England Forecasting Model (EEFM) is an alternative source of population projections. (It also runs forecasts for the likely demand for dwellings based on economic scenarios which are discussed later in this paper under the economic scenarios).

6.26 D applies the population forecasts generated by the EEFM and, as a simple calculation, sets these against average EEFM forecasts for household size and the CLG household size projections in order to estimate what the likely need for additional dwellings might be. This calculation suggests that a housing requirement for around 9,489 new households would arise over 20 years (8,540 over 18 years). This takes account of both natural change and migration.

6.27 However, this contrasts quite dramatically with the Greater Essex Demographic Forecasts, which are based on the 2010 sub national population projections. These forecasts indicate that that past trends of net internal migration (i.e. more people moving into the borough from elsewhere in the UK than moving out of the borough) will reverse in the years ahead, with the borough seeing a net loss in population through internal migration (i.e. more people moving out of the borough to elsewhere in the UK than moving in). Net international migration patterns into Welwyn Hatfield (i.e. more people moving into the borough from outside the UK than moving out of the borough) are however projected to be high, year by year. Together with natural growth, the forecast suggests a 41% increase in households between 2010 and 2033.

6.28 These very recent estimates may now be considered slightly high in light of the preliminary outputs from the Census 2011, which suggest that the borough's population is actually lower than recent ONS estimates on which these forecasts are based. In addition, these forecasts suggest what could happen in demographic terms but they do not take into account the capacity of an area to accommodate such growth and are not therefore a forecast of what will actually happen.

Economic Scenarios

6.29 The East of England Forecasting Model (EEFM) was originally developed by Oxford Economics to project economic, demographic and housing trends in a consistent fashion and in a way that would help in the development of both the Regional Economic Strategy and the Regional Spatial Strategy for the East of England. The Model's outputs are just one piece of evidence to assist in making strategic decisions. As in all models, forecasts are subject to margins of error which increase at more detailed geographical levels. However, EEFM is sufficiently flexible to generate a variety of scenarios.

6.30 The EEFM is generally based on observed trends and is unconstrained by any policy or other constraints that might prevent their actual realisation on the ground. Forecasts of the demand for dwellings, for example, are the outcome of projected changes in employment, population, etc. If in reality planning constraints were to prevent this demand being satisfied, the associated forecast levels of GVA, employment, population, etc, would be less likely to materialise.

H: The East of England Forecasting Model (autumn 2010) "demand for dwellings" 2011-2031 (Baseline scenario)

6.31 The Baseline forecast was viewed in the EEFM as the most likely outcome given current information at the time of the autumn 2010 run. The baseline assumptions for economic growth use a UK average annual GVA growth of 3.0% over 2011-2018 and 2.2% over 2018–2031, equating to overall growth of 2.5% between 2011 and 2031. Using this forecasting model results in an estimate for Welwyn Hatfield of a demand for 11,930 dwellings (the difference between 46,340 and 58,270) between 2011 and 2031[38]). This is equivalent to 597 dwellings p.a., **10,746** over 18 years.

I: The East of England Forecasting Model (autumn 2010) "demand for dwellings" 2011-2031 (Higher Growth scenario)

6.32 The Higher Growth Scenario is based on a UK average annual percent GVA growth of 3.5% over 2011-2018 and 2.7% over 2018-2031, equating to overall growth of 3.0% between 2011 and 2031. This scenario suggests a demand for dwellings in Welwyn Hatfield of 16,280 (the difference between 46,410 and 62,690) between 2011 and 2031. This is equivalent to 814 dwellings p.a., **14,652** over 18 years.

J: The East of England Forecasting Model (autumn 2010) "demand for dwellings" 2011-2031 (Lower Growth scenario)

6.33 The Lower Growth Scenario is based on a UK average annual percent GVA growth of 2.5% over 2011-2018 and 1.7% over 2018-2031, equating to overall growth of 2.0% between 2011 and 2031. This scenario suggests a demand for dwellings in Welwyn Hatfield of 11,700 (the difference between 46,340 and 58,040) between 2011 and 2031. This is equivalent to 585 dwellings p.a., **10,530** over 18 years.

[38] http://www.insighteast.org.uk/viewResource.aspx?id=18136

K: The East of England Forecasting Model (autumn 2010) "demand for dwellings" 2011-2031 (Rebalanced Growth scenario)

6.34 The Rebalanced Growth Scenario identifies high-tech manufacturing sectors in which the UK is underrepresented compared to other EU countries and assumes that these sectors will grow over the next decade to reach the same average share of GDP in 2020 as for those other countries. The model then translates this forecast to regional and local authority levels. This scenario suggests a demand for dwellings in Welwyn Hatfield of 12,170 (the difference between 46,350 and 58,520) between 2011 and 2031. This is equivalent to 609 dwellings p.a., **10,962** over 18 years.

L: East of England Forecasting Model, autumn 2010 run, employment growth forecast 13,600 and maintaining alignment of homes to jobs.

6.35 The above EEFM based scenarios, , use economic growth forecasting to inform the demand for dwellings. However, past economic performance cannot always be a measure for future economic growth when compared to higher level geographies. For example, employment growth in Hertfordshire between 1998 and 2008, at 2%, did not follow stronger trends observed nationally or for the East of England (10%) as a whole[39]. Conversely, between 2001 and 2006, Welwyn Hatfield experienced a 9% growth in employment[40]. Out of context, this might appear to suggest that Welwyn Hatfield has a significantly stronger economy than other parts of Hertfordshire. However, such growth must always be viewed in the relevant local context and this time period was very much a function of employment and housing completions at the former Aerospace site in Hatfield, with a number of large companies relocating here from other areas in Hertfordshire. The growth also represents the tail end of the local economy bouncing back from the loss of employment associated with the loss of BAe, a major employer, from the area.

6.36 Also, as mentioned previously, the close proximity to London and complex commuting patterns means that whilst estimates can be made, there can be no precise relationship between new housing and job numbers. This is because the exact quantum by which employment growth increases the demand for housing requires assumptions to be made on the number of jobs which would be filled by residents already living in the area (either unemployed or working elsewhere), by people who live elsewhere but would commute in and by people who choose to move into the area to live and work. Such dynamics are very difficult to predict with accuracy, especially in an area so close to London and other centres of population.

6.37 An alternative to the EEFM "demand for dwellings" modelled scenarios is to consider what the alignment is currently between homes and jobs. If such an alignment provides a good balance between the number of homes and jobs in the locality, maintaining such a level would reflect the local context and could be an acceptable target that the authority may wish to take forward to ensure that the needs of the local economy are not compromised by a lack of housing.

[39] Hertfordshire Strategic Employment Sites Study, paragraph 2.6 and table 2.2: http://www.welhat.gov.uk/index.aspx?articleid=457

[40] Table 3.2, Hertfordshire London Arc Jobgs Growth and Employment Land Study 2009: http://www.welhat.gov.uk/CHttpHandler.ashx?id=1655&p=0

6.38 The borough has approximately 1.7 jobs for every dwelling in the borough. Taking the EEFM Autumn 2010 (table 6.8) employment growth forecast of 13,600 jobs for Welwyn Hatfield, between 2011 and 2031, and applying the ratio of 1.7 jobs for every dwelling in the borough would suggest a requirement for 8,000 additional homes in the borough. This is equivalent to 400 dwellings p.a., **7,200** over 18 years.

M: EEFM model runs from autumn 2007 to spring 2012: maintaining current alignment between jobs and homes

6.39 Since autumn 2007, there have been seven model runs of the EEFM. Each one of these suggested vastly different employment growth forecasts, including a recent spring 2012 model run.

Table 6: EEFM employment growth forecasts for Welwyn Hatfield – baseline model runs

Autumn 2007	Autumn 2008	Spring 2009	Autumn 2009	Spring 2010	Autumn 2010	Spring 2012	Average
15,000	17,000	9,700	7,100	13,100	13,600	19,600	13,586

6.40 As with any model, outputs will vary depending on the assumptions built into any model. The EEFM is a respected model but variable forecasts, made over recent periods of high and low economic growth, demonstrate that it is difficult to say which particular model run is the closest to what could actually happen. Further, they do not take into account whether land, buildings or a suitable workforce is available to fulfil the potential for growth. The average of these seven model runs is 13,586 over a 20 year period 2011 to 2031.

6.41 The borough has approximately 1.7 jobs for every dwelling in the borough. Taking average EEFM based employment growth forecast and applying the ratio of 1.7 jobs for every dwelling in the borough would suggest a requirement for 7,991 additional homes in the borough. This is broadly equivalent to 400 dwellings p.a., **7,200** over 18 years.

N: Potential employment growth of 16,200 (2006-2026): Output from the Housing Targets Study 2011.

6.42 The London Arc and Hertfordshire Employment Land Review (LAHELR) [41] March 2009 indicates (table 7.14) that Welwyn Hatfield has the economic potential to create 16,153 (16,200 rounded) new jobs in the borough by 2026. This is not a policy target in its own right but is an implied potential derived from floor space targets within a sub-regional context and assumptions about the type of job likely to be created. This is a pre-credit crunch forecast which in light of current economic conditions, may now be considered to be over ambitious.

6.43 Nevertheless, the Housing Targets Study 2011 modelled how many additional new homes might be required to support this level of jobs growth. This is based on a set of assumptions around commuting patterns, and unemployment levels. The modelling suggests that 15,191 additional homes could be required to support this number of jobs. This is equivalent to 760 dwellings p.a., **13,680** over 18 years.

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[41] http://www.welhat.gov.uk/index.aspx?articleid=767

6.44 However, as mentioned previously, the close proximity to London and complex commuting patterns means that whilst estimates can be made, there can be no precise relationship between new housing and job numbers. The model makes assumptions about the number of jobs which would be filled by residents already living in the area, by people who live elsewhere but would commute in and by people who choose to move into the area to live and work. However, such dynamics are very difficult to predict with accuracy, especially in an area so close to London and other centres of population.

O: Potential employment growth of 12,400 (2011-2031) Output from the Housing Targets Study 2011.

6.45 Table 2.1 of the Hertfordshire Strategic Employment Sites Study April 2011, Appendix A, makes reference to the EEFM base growth (non-FTE) employment growth forecasts for the county and for all districts within Hertfordshire. This suggests that Welwyn Hatfield has a potential for 12,400 jobs growth between 2011 and 2031. This is not a policy target in its own right but is an implied potential derived from an assessment of sector growth and decline.

6.46 The Housing Targets Study 2011, modelled how many additional new homes might be required to support this level of jobs growth. This is based on a set of assumptions around commuting patterns, in-migration and unemployment levels. The modelling suggests that **11,571** additional homes could be required to support this number of jobs, subject to the same caveats mentioned above. This is equivalent to 579 dwellings p.a., **10,422** over 18 years.

P: Greater Essex Demographic Forecasts – Economic R scenario

6.47 The GEDF project includes a 'jobs-led' scenario that is controlled by an employment growth trajectory derived from the most recent forecasts from the EEFM. The phase three report advises that given the prevailing economic conditions and the uncertainty with regard to current and future demographic intelligence, it is important to recognise that considerable uncertainty remains with regard to the timing and scale of economic recovery and how communities will adapt to changing economic conditions. Hence, all forecasts are subject to change. Based on the most recent forecasts, the modelling takes account of economic activity rates, unemployment rates and commuting levels (Welwyn Hatfield is identified as having high in-commuting patterns, increased from 2001 levels, and second only to Cambridge in the study area). Under this scenario, the model projects that the requirement for dwellings in Welwyn Hatfield would be 594 p.a., equivalent to 11,880 over 20 years and **10,692** over 18 years.

Conclusion on economic based scenarios

6.48 There can be no precise relationship between new housing and job numbers especially in an area such as Welwyn Hatfield which is located so close to London and other areas of employment. It is however recognised that with demographic projections signalling a decrease in household size and an ageing population, if no new housing is built, the existing housing stock is likely to accommodate an ever decreasing number of economic active people. Restricting the availability of a labour force can restrict the economic well-being of an area. However, conversely, if economic forecasts are overly optimistic, then there could be a risk that using such forecasts as the basis for setting a housing target could result in more housing being built than is actually needed. Given current signals around poor performance within the economy, it would perhaps be prudent for the council to be cautious of planning for the most optimistic economic forecasts.

6.49 Modelling techniques exist to forecast what the demand for dwellings might be, based on various sets of assumptions. They all suggest what the demand for dwellings might be given assumptions around economic growth and change. However, even a lower growth scenario assumes that the economy will grow at levels that are not substantiated by current national indicators and these should be treated with some caution. At a local level, indicators also give rise to the need for caution. Almost 16 ha of good quality employment land at the Hatfield Business Park has remained vacant since the early 1990s for example, with limited interest being shown in future development of part of the site, if developed, is unlikely to result in a high employment density.

6.50 The outputs from the Welwyn Hatfield Housing Targets Study 2011 modelled the requirement for additional housing based on forecasts from two separate employment studies. The highest of these was based on pre-credit crunch market conditions, with an implied potential derived from floor space targets within a sub-regional context and may be overly optimistic of what can now be achieved.

6.51 If any of these forecasts were to form the basis of a housing target and then employment growth did not match such economic expectations, the risk would be that more housing would be built in the borough than would be needed and if local jobs were not available, out-commuting would have to increase for residents to access other employment markets.

6.52 A different approach considers how many additional homes would be required in order to maintain the current alignment between homes and jobs in the borough. The borough has a good job density ratio (the ratio of jobs to population aged 16-64) is 0.95, compared to 0.75 for the East of England and 0.77 for Great Britain (Nomis 2010). When considered in terms of alignment between jobs and homes, the ratio is around 1.7 jobs for every home in the borough (or 0.59 homes for every job in the borough). Based on a future growth of around 13,600 jobs, maintaining alignment would suggest a housing requirement of around 8,000 dwellings over 20 years. (If the jobs growth were not realised but the housing target of 8,000 was, then the alignment between homes and jobs in the borough would improve).

6.53 Of all the economic scenarios, alignment is considered to represent the most balanced approach which would not constrain economic growth but takes a measured approach in the face of uncertainties around economic performance and forecasts. This would result in a requirement for 8,000 dwellings (over a 20 year period from 2011 to 2031), equivalent to **400** additional homes per annum **and 7,200** over an 18 year period from 2011 to 2029.

Affordability based indicators

6.54 The ratio of lower quartile house prices to lower quartile earnings is a measure of affordability for those on the lowest earnings to purchase a home at the cheaper end of the market. Over the last ten years, this ratio has increased (i.e. worsened) and in 2011, the ratio for Welwyn Hatfield[42] was 9.87, compared to 6.53 for England.

Table 7: Extract from CLG live table 576: Ratio of lower quartile house prices to lower quartile earnings

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
6.08	6.47	8.03	8.65	8.80	9.72	8.75	9.89	8.50	8.53	9.87

6.55 The housing register is a measure of the demand for affordable housing in the borough at any one time. In the first quarter of 2012/2013, 3,187 home-seekers were registered (excluding transfer applicants). Levels of assessed need are banded and registered applicants can bid on a weekly basis for properties that become available provided this matches their assessed need (i.e. a household eligible for a 2 bed property cannot bid for a 3 bed property). In 2011/12, there were new 550 lettings to home-seekers.

Q: The Welwyn Hatfield Housing Targets Study 2011

6.56 This Study identified a current locally assessed affordable housing need for 2,714 households. This is an assessment of the situation in 2011, not necessarily the position in each of the years to 2031. This figure could vary over time for a number of reasons, e.g. households may actually end up spending more on housing costs than established best practice for affordability assessments suggests and thus the overall need figure could be smaller. This does not mean that the Council advocates households spending more on housing costs than it can reasonably sustain, but aspirations and personal choices can push households to spend more on housing than is typically deemed to be a reasonable balance against other living costs. This assessed affordable housing need of 2,714 is slightly lower than the level of applicants on the Council's Housing Register which stood at 3,187 in the first quarter of 2012-2013 (excluding transfer applicants).

6.57 Modelled outputs from the Housing Targets Study, including estimated tenure splits, vary from scenario to scenario. The effect is that in scenarios with lower overall targets, the proportion of affordable tenures increases and the proportion of market housing reduces.

6.58 The baseline (demographic) modelling indicates that with an overall target of 14,000 additional dwellings, a tenure split of 68% market housing and 32% affordable tenures would be required. The Study suggests that this should be a sustainable fraction in most circumstances. The modelled outputs suggest that there would need to be a balance of 225 affordable homes (all tenures) and 475 open market homes delivered per annum over the 20 year period 2011 to 2031 in order to match the total housing stock to that needed to house households adequately over the next 20 years (= 700 p.a. in total). This is equivalent to **12,600** dwellings over an 18 year period.

[42] Communities and Local Government Housing Statistics Live Table 576
http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housingmarket/livetables/

6.59 The Welwyn Hatfield Housing Targets Study also modelled the tenure of new accommodation required in the borough over the next 20 years based on an 8,000 overall target, i.e. one that seeks to maintain the alignment between jobs and homes in the borough. This indicates that a (numerical) surplus of social rent/LHA dependent accommodation will arise over time (on affordability grounds only). [The implication is that on affordability grounds, some tenants could afford higher rent levels than those levied for social rented housing].

Table 8: Tenure of new accommodation required in Welwyn Hatfield over the next 20 years (to 2031) Scenario E

Tenure	*Current tenure profile*	*Tenure profile 2031*	*Change required*	*% of change required*
Market	34,327	39,551	5,224	57.7%
Shared Ownership	387	1,158	771	8.5%
Affordable Rent	0	3,061	3,061	33.8%
Social rented	7,803	11,630	-1,055	0.0%
LHA	4,882			
Total	47,400	55,400	8,000	100.0%

Source: Welwyn Hatfield Future Housing Targets, Fordham Research 2011/RS Drummond-Hay

6.60 Whilst the expected surplus in social rented/LHA supported housing would suggest that over the next twenty years there will be no additional requirement for this housing tenure, this is dependent on two things. Firstly Affordable Rented homes being priced at 60% of market rent [as assessed in the Study] and secondly that households able to afford Shared Ownership and Affordable Rent also want to live in this form of accommodation. The demand for these tenures from households has not been established, only their affordability for suitable households. The tenure profile required in 2031 taking into account the projected surplus of Social Rented/LHA homes would be as follows:

Table 9: Tenure of new accommodation required in Welwyn Hatfield over the next 20 years (to 2031) Scenario E (accounting for surpluses)

Tenure	*Change required*	*% of change required*
Market	5,224	65.3%
Shared Ownership	771	9.6%
Affordable Rent	2,005	25.1%
Social Rented/LHA	0	0.0%
Total	8,000	100.0%

Source: Welwyn Hatfield Future Housing Targets, Fordham Research 2011/RS Drummond-Hay

6.61 Delivery at around these levels could be viable, particularly if development were to be delivered in the higher value parts of the borough but if delivery is focussed at lower value areas, achieving such levels of affordable housing may prove to be challenging[43]. A lower overall housing target, e.g. one based on natural growth projections (around 6,576 over 20 years) suggests that the tenure split would shift to around 53.1% market and 46.9% affordable tenures. Our technical work (the Development Economics Study 2010) indicates that tenure splits at these rates would not be viable to deliver. A projected surplus of social rented/local housing allowance dependent accommodation over the next 20 years may alter the balance of tenures required so that under a natural growth scenario, 64% of new housing would be required for market housing and 36% of new housing would be required for affordable tenures. However, even at these adjusted levels, our technical work still indicates that 36% on site delivery would generally not be viable across the borough.

6.62 There are some additional assumptions that are inherent to these future estimates, i.e. that a sufficient quantum of the Social Rented stock remains available to let at social rent levels for those who cannot afford higher housing costs (e.g. those with no income or limited income from earnings). Should too much of this Social Rented stock be "converted" at a future date from Social Rent to Affordable Rent, the need for new Social Rented housing may become a positive requirement where a diminishing supply of re-lets at lower rent levels is unable to meet future demand. It is not possible to predict at the current time how much of the existing stock may "convert" over the next 20 years but it would be prudent to keep an open mind around all subsidised forms of rented housing, so as to maintain a flexible supply of rented homes; helping households to access suitable housing across a range of rent levels.

R: 2004 based household projections and SHMA estimate 2007-2021

6.63 Projections of the need for affordable housing were carried out as part of the London Commuter Belt West Strategic Housing Market Assessment (SHMA).These were based on the CLG 2004 based household projections which have been subsequently updated by more recent projections.

6.64 Nonetheless, the SHMA estimated, having taken into account housing delivery achieved between 2001 and 2007 that over the 14 year period of 2007-2021, the housing requirement for the LCB West would require a split of 35.4% market housing to 64.6% affordable housing tenures in order to provide balance within the market to meet housing needs requirements. For Welwyn Hatfield, the implied tenure split was modelled at 15.4% market housing and 84.6% affordable housing. The annual housing requirement (over a 14 year period) is 129 under this scenario, of which around 109 would be needed for affordable housing. The SHMA does not imply that such levels are in any way viable to deliver and separate testing in the Council's Development Economic Study 2010 would confirm that viability would be an issue at such levels.

6.65 If the assumption was made that meeting the total need for affordable housing on the grounds of affordability would be the overarching driver of housing growth in the borough and if the delivery of affordable housing represents around 27% of all housing completions, when applied over 20 years, this would suggest an overall housing target of around 8060 (403 p.a.) would be required under this scenario, equivalent to **7,254** over 18 years.

[43] With reference to the Welwyn Hatfield Development Economics Study 2010

S: RSS based SHMA estimate 2007-2021

6.66 Projections from the SHMA were also produced with reference to the East of England Plan 2008 housing targets, taking into account delivery already achieved between 2001 and 2007. The SHMA estimated that over the 14 year period of 2007-2021, the housing requirement for the LCB West would require a split of 34.9% market housing to 65.1% affordable housing tenures in order to provide balance within the market to meet housing needs requirements. For Welwyn Hatfield, the implied tenure split was modelled at 50.8% market housing and 49.2% affordable housing.

6.67 This percentage (49.2%) relates only to those lower income non-owning households for whom there is almost an absence of any open market options. There are likely to be additional non-owning households in higher income groups, e.g. currently living in private rented accommodation, who aspire to own their own housing but cannot afford to do so. However, because they can afford to rent privately, their “needs” are not technically assessed as requiring a solution through affordable housing products. In reality, such households are often typical applicants for products such as Shared Ownership. This creates demand for some affordable housing options in addition to those households assessed as being in housing need.

6.68 The annual housing requirement (over a 14 year period) for Welwyn Hatfield is 471 under this scenario, of which around 232 would be needed for affordable housing (although it is acknowledged that this is shaped by the RSS housing target which no longer forms part of the development plan for the area). The SHMA does not imply that such levels are in any way viable to deliver.

6.69 If the assumption was made that meeting the total need for affordable housing on the grounds of affordability would be the overarching driver of housing growth in the borough and if the delivery of affordable housing represents around 27% of all housing completions, when applied over 20 years, this would suggest an overall housing target of 17,180 (859 p.a.) would be required under this scenario, equivalent to **15,462** over 18 years.

Conclusion on affordability based scenarios

6.70 There is a continuing need for affordable housing in the borough. A Development Economics Study carried out for the Council in 2010, suggests that mixed tenure schemes should be generally viable where the affordable housing element represents between 25% and 35% of the overall dwelling mix, depending on the relative land values in parts of the borough and based on various assumptions around developer contributions and the availability of grant etc.

6.71 The Housing Targets Study 2011 suggests that an overall target of 14,000 additional dwellings with a tenure split of around 68% market housing and 32% affordable tenures should be capable of delivery. A housing target of 8,000 (based on maintaining alignment between jobs and homes in the borough) results in a modelled tenure split of around 65% market housing and 35% affordable tenures, assuming that projected surpluses in the social rented/local housing allowance stock could be used as Affordable Rented accommodation over the plan period. However, delivery at around these levels is only likely to be viable if development were to be delivered in the higher value parts of the borough. If delivery is focussed at lower value areas, achieving such levels of delivery may prove to be more challenging. A much lower overall housing target, such as one based on natural growth projections, would increase the pressure on market housing to subsidise even greater levels of affordable housing, which will not be viable.

6.72 A balance will therefore need to be struck between what the planning system can reasonably be expected to achieve against indicators of housing need, the demand for which arises from social and economic circumstances which are often outside the remit of planning.

Past delivery rates

T: Long term - 30 year past delivery rates

6.73 Between 1980/81 and 2009/10, net annual dwelling completions in the borough indicate an average delivery rate of 380 per annum. This 30 year trend spans over economic cycles and thus takes in periods of both high and low housing completion rates. This delivery was within the context of a planning framework which generally focussed development within or adjacent to the borough's main urban areas and did not refuse permission simply because targets had been met. In periods of strong economic activity e.g. the mid-noughties, annual delivery rates far exceeded annual targets, whereas at other times, when the housing market had almost ground to a halt, annual delivery rates were significantly lower than the annual average (e.g. 2009/2010: 61 completions). Such low delivery rates were not a consequence of the planning system seeking to restrain sustainable development; the market will simply not deliver at consistently high rates if the overall market conditions are not favourable.

6.74 This 30 year delivery rate has brought Welwyn Hatfield to a position in 2011 where a healthy balance exists between jobs and homes and a locally valued balance has been maintained between the roles and character of the borough's towns, villages and countryside. Although not necessarily a basis for setting a target if this rate were to continue forward, this would suggest a 20 year period **7,600** dwellings would be provided.

U: Short term - 10 year past delivery rates

6.75 The Annual Monitoring Report for 2009/10 indicates that 4,691 additional dwellings were delivered in the borough in the 10 years between 2000/2001 and 2009/10, an average of 469 new homes per annum, 23.4% higher than the 30 year longer term trend.

6.76 This delivery relates to a period which was largely driven by a strong housing market, the availability of previously developed land at a major master-planned site (the former British Aerospace site), expansion of the University of Hertfordshire, the growth of the buy-to-let sector, a growth in local employment opportunities through the expansion or location of key employers in the area and a rise in inward migration. Annual delivery rates peaked at 812 new dwellings in 2003/04.

6.77 However, recent (pre credit crunch) housing market conditions in the borough cannot be described as typical of longer term housing market trends. When the wider economy and the housing market is not strong, housing delivery will typically slow, even if land is available and planning permission has been granted, for many reasons which are outside the scope of planning, e.g. the availability of mortgages/finance, job insecurity, recessionary impacts etc. To demonstrate this; in 2009/10 there were just 61 new housing completions in the borough which was not a function of the availability of land. Nonetheless, if this annual average rate were to continue forward, this would suggest over a 20 year period **9380** dwellings would be provided**.**

Conclusion on past delivery rates

6.78 One of the Government's key housing objectives is to increase significantly the delivery of new homes.

6.79 Past trends should not dictate future targets, but they are useful to reflect upon; to appreciate just how much development the borough has accommodated over time and how the functionality of the housing market and the wider economy affects delivery (the peaks and troughs).

6.80 Setting a housing target over and above past delivery rates will contribute to the Government's ambitions for an increase in housing supply only if financial and development markets respond positively. Analysis of previous trends demonstrates that if the market conditions are not right then delivery will fall off.

Regional Spatial Strategy targets

V: 2001 – 2021 target of 10,000 (East of England Plan 2008)

6.81 The East of England Plan (2008) set a housing target for Welwyn Hatfield of 10,000 between 2001 and 2021 with a further 5,000 by 2031. This rate was set by the Secretary of State following the recommendations of the Panel (Panel Report June 2006). The Panel had considered that the draft target of 5,800 could be increased to 10,000 for the following reasons:

- Welwyn Garden City and Hatfield could fulfil a more positive role in contributing to the growth needs of the Sustainable Communities Plan;
- The regional need for new housing, reinforced by household projections to 2026, brings the potential of *New Towns* to accommodate further growth and development in a holistic way to the fore;
- As Mark 1 New Towns, Welwyn Garden City and Hatfield have a good track record of generally matching new housing and employment and are well placed on strategic communications routes which makes them attractive for business growth and accessible to the London jobs market;
- The extent of national and regional housing needs, coupled with the benefits of increasing the towns' size and tying into existing infrastructure present exceptional circumstances to warrant Green Belt reviews.
- The combined areas of Welwyn Garden City and Hatfield could make a greater contribution to the pressing housing needs of the London Arc.
- Increased growth here would widen the chance of pre-2021 delivery of more housing across the region;
- The location(s) of future growth is a matter for local determination as part of the LDD process. Nonetheless, the panel was satisfied that sustainable solutions would be available without prejudice to environmental limits or the overall strategic purposes of the Green Belt.

6.82 Of the related policies that flowed from this target, Policy LA1 directed that Green Belt reviews would be undertaken at Welwyn Garden City and Hatfield to permit these towns to develop further as expanded Key Centres for Development and Change. Policy LA3 however indicated that part of the 10,000 housing growth for Welwyn Hatfield could take place in the neighbouring district of St Albans, if an extension to west of Hatfield were to emerge as the preferred option.

6.83 In May 2009, the High Court quashed the housing targets for Welwyn Hatfield following a legal challenge on the grounds that:

"The policies decide that house building should occur on such a scale in and around the … towns as to require the erosion of the metropolitan green belt around them. Although acceptance of the need to accommodate economic pressures on the outskirts of London necessarily involves extensive house building and some erosion into the green belt in the London Arc, it may not be inevitable that that must occur in around the … towns. Article 5 .1 and Regulation 12(2) required that reasonable alternatives to the challenged policies be identified, described and evaluated before the choice was made. The environmental report produced by ERM did not attempt that task. It should have done so and the Secretary of State should not have decided to adopt the challenged policies until that had been done. The consequence of omitting to comply with the statutory requirement is demonstrated by the outcome. A decision has been made to erode the metropolitan green belt in a sensitive area without alternatives to that erosion being considered. It is no answer to point to the requirement in the policies for green belt reviews to be undertaken at the local development framework stage. All that will do is to determine where within the district of the three towns erosion will occur, not whether it should occur there at all. I therefore conclude that in the respects identified the challenged policies were outwith the appropriate power."

6.84 As a consequence, a target of 10,000, based upon the evidence informing the East of England Plan cannot be said to be wholly reliable. For example, there may have been other locations that could have equally made a positive contribution to the growth needs of the Sustainable Communities Plan, the region and the London Arc but these were not explored. Further, the Panel was not in possession of the necessary evidence to validate its view that existing infrastructure could accommodate such levels of growth within the timescale envisaged and even though the Panel left the determination of future growth locations to the local level, it convinced itself that there were sustainable solutions even though it had no evidence to demonstrate this.

W: East of England Plan Review > 2031

6.85 Regional Spatial Strategies should set out a long term strategy for at least 20 years. Soon after the East of England Plan was published in May 2008, the Government of the time asked the East of England Regional Assembly (EERA) to carry out an immediate review of the Plan in order to make provision for the region's development needs for the period 2011 to 2031. Consultation was carried out towards the end of 2009.

6.86 EERA identified four growth scenarios for the region. For Welwyn Hatfield, these four scenarios translated into potential housing targets of 4,780 (Scenarios 1 and 2), 12,600 (Scenario 3) and 13,000 (Scenario 4) for the period 2011-2031.

6.87 In response to consultation, the Council suggested an alternative housing target of 290 p.a. from 2009 to 2031 (6,380 over a 22 year period). This rate was higher than the lower scenarios and was considered to be one that was consistent with the borough's track record of delivery, allowing for some of the benefits of regeneration and investment to be accrued and for natural growth within the population to be accommodated whilst allowing for some limited in-migration. This figure was carried forward in the draft revision to the Regional Spatial Strategy for the East of England (March 2010), alongside an indicative jobs growth target of 7100 for the borough.

Conclusion on the East of England Plan based scenarios

6.88 The East of England Plan's (2008) requirement for 10,000 additional homes to be delivered in the borough over a 20 year period was not predicated on Welwyn Hatfield's housing requirements but on making up a regional and sub-regional shortfall without having explored whether this would be the most appropriate strategy when considered against alternatives. As a consequence of this failure, the target was quashed in the High Court in 2009. Some commentators have described this as a "technicality" but essentially, the basis for the target was flawed.

6.89 The Option 1 figure that was included in the Draft Revision to the East of England Plan > 2031 would translate to a 20 year target of 5,800 additional homes from 2011 to 2031. Recent technical work carried out in 2011 (Welwyn Hatfield Housing Targets Report), indicates that natural change in the population would result in a requirement for around 6,576 additional homes over the same time period. This updated position indicates that carrying forward the Option 1 figure would fail to deliver sufficient homes to respond to change in the population and would make no additional allowance for migration into the borough.

6.90 Accordingly, and for different reasons, neither of the targets described in the Regional Spatial Strategy Scenarios above are now considered to be an appropriate starting point on which to base a long term future housing target for the borough.

X: Urban Capacity

6.91 The Council has undertaken a Strategic Housing Land Availability Assessment (SHLAA)- Phase 1: urban areas and phase 2: outside urban areas. The availability of land is updated regularly through monitoring the supply of sites with planning permission and through the review of availability of suitable SHLAA sites. Our latest estimate of urban capacity is that sufficient sites would be available to accommodate around 3,000 new dwellings. In terms of delivery, most of this would be available before 2019/20.

Conclusion on an urban capacity scenario

6.92 Using urban capacity only for housing delivery would mean a policy approach that would maintain Green Belt boundaries as they currently stand. It is an approach that the local community often prefer over and above any other option, where the erosion of the Green Belt would otherwise be required.

6.93 However, housing growth of around 3,000 new dwellings would clearly fail to deliver a sufficient number of new dwellings to meet even the needs of natural change within the population (around 6,576 additional homes). The ability to deliver additional affordable homes would be severely compromised and such low levels of growth are unlikely to assist in maintaining a good labour supply or in meeting the Governments' objective for increasing housing supply - an urban capacity based target would significantly undershoot long term past delivery trends.

Vacancy rates

6.94 It has been suggested through consultation, that vacancy rates within the dwelling stock should be taken into account when considering housing requirements. In Welwyn Hatfield only 190 properties (in 2011) were vacant for longer than 6 months, representing just 0.4% of the total dwelling stock (45,772, Council Tax records). A review in 2011 of the reasons why these properties were standing empty indicates the main reasons being; waiting to sell, renovating, under development and awaiting planning permission. Properties vacant for less than 6 months simply represent the natural churn of property vacancies within any housing market, often as the result of death, divorce and debt. Some modelling work, such as that carried out for the Greater Essex Demographic Forecast Project, takes into account vacancies in the stock but in Welwyn Hatfield, the levels are low.

Student accommodation

6.95 The Office for National Statistics' 2010-based sub-national population projections include students at their term time addresses – they constitute an important component of the ONS's internal migration estimates[44]. Students also form an important part of the local workforce, as many have part-time jobs, contributing to the productivity of the local economy.

6.96 The University of Hertfordshire has assessed the need for new student accommodation and its strategy for meeting this need is set out in its University of Hertfordshire 2020 Estates Vision. This sets out the institution's aspiration to provide for 1,500 net additional student bed spaces on campus over the period to 2021 in order to meet the demand from students for higher quality, modern accommodation, particularly for first years, returners, postgraduates, research and international students. It is important to note that one of the key principles that frame the 2020 Estates Vision is that the university's student body will remain stable.

6.97 Council tax records show that there were 1,562 student exempt properties from council tax in June 2011. The number of student exempt properties in the borough more than doubled from 722 in 2001 to 1,515 2011. Over the same period, the number of students at the university increased from 19,675 to 27,700[45]. On this basis, it is reasonable to assume that a significant and, hitherto, rising proportion of the unmet demand for higher quality, modern student accommodation on-campus is currently being met by students living in housing in multiple occupation in Welwyn Hatfield.

[44] http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2010-based-projections/rpt-snpp-2010-based-methodogy-report.html
[45] http://www.hesa.ac.uk

6.98 If this unmet demand were to be met to some extent by the provision of a net increase of 1,500 bed spaces on-campus, this would, in the face of maintaining a stable student base, probably lead to a reduction in the number of houses in the borough let to students. The impact of this reduction in the demand for houses by students would, clearly, be an increase in the supply of housing to meet other needs. Accordingly, it is considered that there is a sufficient case for including new purpose-built (separate) homes (such as self-contained flats clustered into units with four to six bedrooms for students) in Welwyn Hatfield's housing supply in line with DCLG's definition[46]. This council estimates that the provision of 1,500 net additional bed spaces of student accommodation in line with the University of Hertfordshire's vision would result in at least 250 net additional dwellings on the basis that it would most likely be formed of self-contained flats clustered into units with four to six student bedrooms (i.e. 1,500 ÷ 6 = 250).

6.99 New student accommodation has also been provided at the Royal Veterinary College Campus in Hawkshead Lane meeting that College's needs for accommodation in this borough.

[46] http://www.communities.gov.uk/housing/housingresearch/housingstatistics/definitiongeneral

SECTION 7: OVERALL CONCLUSION

7.1 The above review of demographic, economic, affordability, delivery trends, regional spatial strategy and urban focussed scenarios simply demonstrates that there is no one simple answer to what the “right” numerical target should be for the borough.

7.2 All but two of the scenarios (W and X) involve higher annualised rates than the Council’s interim housing target of 290 p.a. In order to meet the requirement for household growth from natural change within the borough’s population, around 329 additional homes would be required each year. This is higher than the interim target of 290 p.a. However, a scenario based on natural growth only would make no allowance for migration into the area. It could be argued that this level of growth would meet the needs of the local population but as the council cannot have any control over where people choose to live relative to their place of work, it cannot directly control commuting patterns or a household’s preference to buy or rent homes on the open market. Given the close to proximity to London, failing to allow for any housing growth over and above projections for natural change in the population is likely to result in competition for a limited supply of homes and existing residents may well find themselves excluded from the local market if demand exceeds supply.

7.3 However, the likely demand for housing from future in-migration is difficult to predict with any certainty and there are concerns that the overall CLG based 2008 household projections (which include high projections, 52%, for net in-migration informed simply by past trends) are not an appropriate basis for determining a local housing target in Welwyn Hatfield.

7.4 Economic based scenarios forecast a range of jobs and housing numbers. However, some of these forecasts may, given recent indications of global and national economic performance, be considered over optimistic and modelling that flows from such scenarios may need to be treated with caution. Economic forecasting is sensitive to variable modelling inputs that are considered to be relevant at a certain point in time. Between autumn 2007 and autumn 2010 for example, employment growth forecasts for Welwyn Hatfield (EEFM, table 6.8, autumn 2010 technical paper) have varied between 7,100 and 19,600 jobs.

7.5 Given the prevailing economic conditions, it is important to recognise that considerable uncertainty exists with regard to the timing and scale of economic recovery and how communities will adapt to changing economic conditions.

7.6 However, if economic forecasts are to be given the opportunity to occur in practice, then additional housing will be required to help ensure that the borough remains an attractive place for investment by existing companies and by those new to the area. The borough currently has approximately 1.7 jobs for every dwelling in the borough. Applying this ratio (alignment) to an employment forecast of around 13,600 jobs would result in a requirement for around 8,000 net additional dwellings between 2011 and 2031.

7.7 Long term housing completion rates provide a useful indication of what has been delivered in the borough over previous economic cycles and this would suggest that an average of 380 dwellings per annum should be deliverable over the plan period.

7.8 The need for affordable housing in the borough is high and reductions in the availability of grant to support delivery means that in the future, affordable housing delivery is likely to be even more dependent upon delivery alongside market housing than it has in previous years. Schemes must still be viable, otherwise there is a risk that they will not come forward.

7.9 The affordable housing landscape is undergoing considerable changes at the current time. The Government is reforming the social housing and benefits system; introducing flexible tenancies, higher rent levels, rent caps and universal credit caps. The intention is to bring an end to a system where new tenants can expect a tenancy for life; to improve mobility and aspirations so that better use is made of the limited stock the country has of social housing and ensure that this is targeted at those who need it most. The precise impact of all these changes is difficult to predict and it is too early to suggest whether or not such changes will have an increasing/decreasing effect on the demand for affordable housing and to what extent the planning system can reasonably intervene to secure the provision of new dwellings. In addition, given the severe reduction in the availability of grant funding to support the delivery of affordable homes, the investment required to deliver affordable housing is likely to be more challenging in the future.

7.10 Taking into account the demographic projections, the needs of the economy and the need for affordable housing it is considered on balance, that a housing target of 8,000 (for a twenty year period from 2011 to 2031) would ensure that a balanced approach is taken to the future needs of the economy and to other locally important matters; such as the need to deliver a mix of housing types and tenures, including making provision for affordable housing.

7.11 This range is equivalent to an average completion rate of around **400** dwellings per year, **7,200** over the 18 year period 2011 to 2031, i.e. continuing on from the adopted District Plan. This would be an increase on housing supply when compared to long term trends and would contribute towards national planning and housing supply objectives.

7.12 A housing target below 8,000 would run the risk of constraining supply and choice within the market for both the existing population and for those wishing to migrate into the area. If economic forecasts prove to be robust and the local economy benefits from predicted growth, then a minimum target of 8,000 would maintain the current alignment between jobs and homes in the borough. If fewer homes are built however, potentially more people would need to commute into the area to fill new jobs that could be created or the local economy may suffer if the borough fails to be attractive to existing and new investors, with a possible knock on effect for the availability of jobs in the borough.

7.13 Planning for this range of housing growth would require a strategic review of the borough's Green Belt boundaries to accommodate a significant amount of growth. Green Belt boundaries should not be altered unless exceptional circumstances exist. It will be for Welwyn Hatfield to decide whether or not exceptional circumstances exist to justify a strategic review of Green Belt boundaries in the borough in light of other material considerations, such as the impact on infrastructure and whether sufficient land is available in sustainable locations to deliver this level of housing.

7.14 Part 2 of the Housing Background Paper considers the deliverability of different spatial options. It should be read in conjunction with this paper.