
North Hertfordshire Local Plan

Local Plan Examination
Hearing Statement
Matter 21 – The OAN and Housing Requirement

On behalf of
The Crown Estate



Contents

1.	Introduction	1
2.	Matter 21 – The OAN and Housing Requirement	2
3.	Summary	16

Appendices

Appendix 1:
Implications of 2018 Household Projections
(Savills, September 2020)

Appendix 2:
EXAM 119: CBC Response to Inspectors on Household Projections
(CBC, 05/08/20)

1. Introduction

- 1.1. This Hearing Statement has been prepared by Savills (UK) Limited on behalf of the Crown Estate.
- 1.2. The Crown Estate is an independent commercial business, established by an Act of Parliament. 100% of its annual profits are returned to the Treasury for the benefit of public finances. It is a successful, commercial enterprise, established as a market leader in its key sectors and known for a progressive, sustainable approach that creates long term value, beyond its financial return.
- 1.3. The Crown Estate controls a large portion of land to the east of Luton, including that which forms proposed allocation EL3. An outline planning application for 660 homes on EL3 has been submitted by the Crown Estate to North Hertfordshire District Council (ref: 16/02014/1).
- 1.4. The vast majority of proposed allocations EL1 and EL2, adjacent to EL3, is controlled by Bloor Homes. An outline planning application for up to 1,400 new homes on EL1 and EL2 has been submitted by Bloor Homes to the District Council (ref: 17/00830/1). A separate Hearing Statement relating to Matter 21 is being on behalf of Bloor Homes.
- 1.5. The documents for both applications can be viewed on the Council's website via the following link: <https://pa2.north-herts.gov.uk/online-applications/>
- 1.6. The Crown Estate and Bloor Homes have actively participated in the preparation of the Local Plan for North Hertfordshire for a number of years. Consistently, the development proposals for a strategic urban extension to the east of Luton have been favourably considered in assessments of how best to accommodate the future development needs of Luton, for which it is accepted cannot be met within Luton's own administrative boundary.
- 1.7. Savills intends to attend the Hearing sessions on Matter 21 to expand on the representations made to the Regulation 19 consultation, submissions made previously to other Matters, and the content of this Statement.
- 1.8. White Peak Planning act on behalf of Bloor Homes in respect of proposed allocations EL2 and EL3 and also intend to attend the Hearing sessions on Matter 21 to expand on the representations made to the Regulation 19 consultation, submissions made previously to other Matter, and the content of their Statements.

2. Matter 21 – The OAN and Housing Requirement

Issue 21.1 Has the revised OAN figure for North Hertfordshire been arrived at correctly/on a robust basis and are the key assumptions made reasonable?

Introduction

- 2.1 There is no prescribed methodology or procedure for establishing OAN. In this sense, it is less a question of the OAN having been arrived at correctly and more whether or not the methodology and assumptions are robust and reasonable.
- 2.2 In general the approach adopted by ORS is sound as noted by our in-depth analysis attached at **Appendix 1** to this Statement.
- 2.3 NHDC's 'Revised OAN' for North Hertfordshire set out in ED191A is based on the most up-to-date household projections. However, as the Council has previously recognised the calculation of OAN involves a number of inputs and factors, such as market signals, in addition to household projections (ED159, para. 8). The work in ED191A focuses on the changes to the household projections. We regard this work as reasonable and do not seek to go behind it.
- 2.4 However, the reason the work has been undertaken is because the PPG (ID: 2a-016-20150227) advises that: "*Wherever possible, local needs assessments should be informed by the latest available information*". Such information includes but is not limited to household projections. The ED191A analysis does not update for the latest information on market signals. In our view the uplift applied for 'market signals' – which has been carried over and not updated – is, having regard to the latest information, insufficient and no longer justifiable.

Affordability / Market Signals Uplift

- 2.5 The 2015 SHMA (HOU4) was published in June 2015 but was based on affordability ratios from 2013 (HOU4, Figure 39). The SHMA concluded (HOU4, para. 3.75) (our emphasis):
- "On balance we would recommend **an overall uplift of 10%** of the housing need identified based on the household projections **as a response to Market Signals** for Stevenage and North Hertfordshire."*
- 2.6 The 2016 SHMA Update (HOU3) was prepared in response to the publication of the 2014-based Household Projections (HHPs) only, and continued to apply a 10% market signals uplift (HOU3, Figure 2). Likewise, the document 'Implications of new household projections for NHDC Local Plan' (ED159) was prepared in response to the publication of the 2016 HHPs only, and again continued to apply a 10% market signals uplift (ED191A, paras. 10 and 40). ED191A applies the same 10% market signals uplift that was "*considered at length as part of the original examination hearings*" indicating that NHDC / ORS did not review this issue. In consequence, 1,041 dws were added to the baseline of 10,405, to result in a revised

OAN of 11,445 dws, which is then rounded up to 11,500 dws ¹. This compares to the OAN of 13,800 dws proposed in Policy SP8 of the submitted Local Plan.

2.7 However, it is logical and reasonable that, if more up-to-date information is to be taken into account (i.e. the 2018-based HHPs) then so too must other more recent information on housing need; otherwise the conclusions drawn will not provide a full and proper understanding of the need. It is acknowledged that the matter of the market signals uplift was considered during earlier Examination Hearing sessions, however the reconsideration of the OAN in light of the 2018-based HHPs means necessarily that this issue must also be reconsidered in light of the latest information as it is also integral to arriving at the Revised OAN; it is not logical to consider one but not the other.

2.8 The Affordability Ratio ('AR') ² in North Hertfordshire has increased in recent years as set out below in **Table 2.1**. As can be seen, the latest AR in North Hertfordshire is 10.21 compared to 8.07 in 2013 (the year used in the SHMA). This is an increase of almost 27% ³, and yet the calculation of the Revised OAN continues to propose the application of the same 10% uplift for market signals as applied in the original SHMA.

Table 2.1: Affordability Ratio of Median House Price to Median Gross Annual Workplace-Based Earnings in North Hertfordshire

2011	2012	2013	2014	2015	2016	2017	2018	2019
8.30	8.16	8.07	8.53	8.99	10.49	10.31	10.83	10.21

2.9 Increasing the 10% uplift by the 27% increase in the AR would result in an uplift of 12.7%. On this basis, the baseline housing need of 10,405 dws would increase to 11,726 dws ⁴, compared to 11,445 dws as concluded in ED191A.

Standard Method Sensitivity Test

2.10 However, there is now Government guidance on how to calculate an appropriate uplift. If the housing need for North Hertfordshire were being calculated today, it would be calculated using the Standard Method for calculating Local Housing Need (LHN) as set out in the PPG. We look at this as a means of sensitivity testing the above calculations and placing them in context.

2.11 The market signals (i.e. affordability) uplift applied in the SHMA, and subsequent updates, can be compared to the way in which the current Standard Method factors in such uplift using the latest Affordability Ratio. Undertaking this as a sensitivity test (only) is reasonable and, we think, helpful as this is the way that the housing need for North Hertfordshire would be calculated if the Local Plan were being prepared in the context of the latest national policy and guidance, and indeed is the way in which the housing requirement

¹ 100 further dws are added as a result of a separate consideration, resulting in an OAN of 11,600.

² Ratio of median house price to median gross annual (where available) workplace-based earnings by local authority district, England and Wales, 1997 to 2019, ONS. It is important to note that measures of affordability take into account both wage rises and prices.

³ $10.21 / 8.07 = 1.265$

⁴ $13,865 \times 1.256 = 17,414$

is currently being calculated in respect to the 5YHLS (five-year housing land supply) outside the realms of the Local Plan process. In addition, if NHDC were to undertake an early review of the Local Plan then it is the Standard Method that will guide the calculation of the housing requirement.

- 2.12 Assuming a base year of 2020, the Standard Method would generate an uncapped LHN for North Hertfordshire of 973 dws, some 283 dpa⁵ more than that proposed in the submitted Local Plan and some 398 dpa⁶ more than that proposed in ED191A. Over a 20-year period, this would be equivalent to 19,460 dws over a 20-year plan period.
- 2.13 Using the 2013 AR, the Standard Method results in an affordability Adjustment Factor (AF) of 1.254375⁷ – an uplift of just over 25%, whilst using the 2019 AR, the Standard Method results in an AF of 1.388125⁸ – an uplift of almost 39%.
- 2.14 The AF uplift of just over 25% generated using the 2013 AR suggests that the 10% market signals uplift applied in the original SHMA was insufficient, and should have been almost double, whilst the AF uplift of almost 39% generated using the 2019 AR suggests that the continued application of a 10% market signals uplift is wholly inadequate and entirely unjustified. Both also suggest that increasing the uplift from 10% to just 12.7% as per para 2.9 above would also be distinctly insufficient.
- 2.15 If a 39% uplift were applied to the baseline to 10,405 dws calculated in ED191A it would result in a market signals uplift of 4,056 dws and an OAN of 14,363 dws⁹, some 560 dws more than proposed in the submitted Local Plan.
- 2.16 It would alternatively be appropriate to consider the difference between the AF generated using the 2013 AR (1.25) and that generated using the 2019 AR (1.39) – an increase in the uplift of approximately 56%¹⁰. If that increase were applied to the 10% market signals uplift used in the original SHMA (which is patently out-of-date), it would suggest that a market signals uplift of 15.6% should be applied. Applying such an uplift to the baseline of 10,405 dws calculated in ED191A results in an uplift of 1,623 dws and an OAN of 12,028 dws.

Conclusion

- 2.17 The question asked is whether the Revised OAN figure for North Hertfordshire has been arrived at correctly / on a robust basis and are the key assumptions made reasonable.
- 2.18 In our view the Revised OAN has not properly accounted for the latest information in relation to market signals. Our concern is that the uplift applied for 'market signals' is insufficient and no longer justifiable. If more 'up-to-date' data is to be taken into account, then the latest figures relating to the affordability of

⁵ $13,800 / 20 = 690$; $973 - 690 = 283$

⁶ $11,500 / 20 = 575$; $973 - 575 = 398$

⁷ $8.07 - 4 = 4.07$; $4.07 / 4 = 1.0175$; $1.0175 \times 0.25 = 0.254375$; $0.254375 + 1 = 1.254375$

⁸ $10.21 - 4 = 6.21$; $6.21 / 4 = 1.5525$; $1.5525 \times 0.25 = 0.388125$; $0.388125 + 1 = 1.388125$

⁹ $10,405 \times 1.39 = 14,462.95$

¹⁰ $39\% / 25\% = 1.56$



housing in North Hertfordshire must also be taken into account – it has worsened by c. 27% since the SHMA was written.

- 2.19 Consideration of these figures by a number of means suggests that the Revised OAN for North Hertfordshire (absent unmet need from Luton) is in fact at least 11,800 dws ¹¹ (590 dpa) with more up-to-date policy, guidance and data suggesting that it could be as high as 14,400 dws ¹² (720 dpa). A point central between these two figures would be an OAN of 13,100 (655 dpa).
- 2.20 The likelihood that the housing need will increase substantially (to c. 973 dpa) when the Standard Method becomes applicable is a material consideration, particularly were there to be an early review of the Plan.
- 2.21 **In summary, it is considered that one of the key assumptions on which the Revised OAN is based – the affordability / market signals uplift, is no longer reasonable, and requires adjustment. Our conclusion is that the OAN is higher than the revised NHDC figure if it is to properly reflect the latest information both on household projections and market signals.**

¹¹ 11,726 rounded up

¹² 14,363 rounded up

Issue 21.2 In the light of this, has there been a ‘meaningful change in the housing situation’ in North Hertfordshire?

Context

2.22 The PPG states (ID: 2a-016-20150227):

“Wherever possible, local needs assessments should be informed by the latest available information. The National Planning Policy Framework is clear that Local Plans should be kept up-to-date. A meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued.”

2.23 The PPG does expand on the definition of either ‘meaningful change’ or ‘housing situation’.

2.24 As set out in ED191A, NHDC considers (para. 4).

“... the revised figures for North Hertfordshire do represent a ‘meaningful change’ ...”

Whether there has been a meaningful change?

2.25 This conclusion is reached in light of ORS’ conclusion that the OAN for North Hertfordshire should be reduced from 13,800 dws to 11,500 dws (a reduction of 2,300 dws, or c. 17%). Yet, as we have discussed above in relation to Issue 21.1, we consider that one of the key assumptions on which the Revised OAN is based – the affordability / market signals uplift, is no longer reasonable, and requires adjustment. Our assessment suggests that the OAN is in fact at least 11,800 dws with more up-to-date policy, guidance and data suggesting that it could be as high as 14,400 dws. At the lower end of this range there would be a meaningful change on the basis of the housing numbers.

2.26 Further, the 27% increase in the Affordability Ratio amounts to a meaningful change in its own account.

Issue 21.3 If there has been a ‘meaningful change in the housing situation’ in North Hertfordshire, should the Local Plan’s housing requirement be modified to reflect it?

Context

2.27 As set out in ED191A, NHDC considers (para. 38):

“A revised housing requirement based upon the 2018-based OAN would be for 11,600 net new homes for North Hertfordshire’s own needs.”

Should the Local Plan’s housing requirement be modified?

2.28 As we have discussed above in relation to Issue 21.1, we consider that one of the key assumptions on which the Revised OAN is based – the affordability / market signals uplift, is no longer reasonable, and requires adjustment. Our assessment suggests that the OAN is at least 11,800 dws, with more up-to-date policy, guidance and data suggesting that it could be as high as 14,400 dws.

2.29 We take the view that because the OAN within the submitted plan falls within the range we have indicated, there is no need to revise the OAN. In coming to this view, we have had regard to the direction of travel and, in particular, that if the OAN was calculated under the current Standard Methodology it would be substantially higher (19,460 – see para. 2.12 above). In this light, it would be unwise now to reduce the OAN and certainly not to the extent suggested by NHDC. A reasonable judgement would be an OAN (for North Hertfordshire alone) of c. 13,100 dws (see para. 2.19 above), if it is to be reduced at all.

Issue 21.4 Has the indicative OAN figure for Luton been arrived at correctly/on a robust basis and are the key assumptions made reasonable

Introduction

- 2.31 We have the same concern with regards the methodology used in 'Indicative OAN' for Luton as we do with the methodology used in calculating the 'Revised OAN' for North Hertfordshire, namely, that the uplift applied for 'market signals' is insufficient and no longer justifiable.

Reconsideration of the Luton OAN

- 2.32 The 'Indicative OAN' figure for Luton has been provided as a direct response to a question posed to NHDC by the Inspector.

- 2.33 NHDC has concluded (ED191A, paras. 4 and 21) (our emphasis):

“... for the reasons provided, NHDC consider no change is required to its spatial strategy in relation to Luton’s unmet need.”

*“The status of the Luton Local Plan, as an adopted plan, is such that the housing need identified for Luton has been independently examined and is set in the statutory Development Plan for the Borough. The Council considers, as a matter of planning judgement, that **it is outside the remit of the Examinations into the plans of CBC or NHDC to formally re-examine Luton’s objectively assessed need.** This position is clearly supported by relevant case law¹.*

- 2.34 In more detail, NHDC comments (paras. 27 to 29):

“The adopted Luton Local Plan (2011-2031) provides the most appropriate basis for considering Luton’s unmet housing needs. The Luton Local Plan was adopted in November 2017 and its OAN was subject to examination and significant scrutiny in determining the soundness of the Plan.

“The adopted Local Plan is based on an objectively assessed housing need (OAN) for the borough of 17,800 net additional dwellings (890 per annum). The Luton Local Plan makes provision for 8,500 homes over the plan period within the administrative area. Luton, therefore, has an unmet housing need of 9,300 net additional dwellings over the plan period (465 per annum).”

- 2.35 NHDC concludes (para. 30) (our emphasis):

“There is therefore no requirement, as a matter of planning judgement, to re-assess the housing needs of Luton or the approach taken in North Hertfordshire to Luton’s unmet need and there is still a requirement for the plans of both North Hertfordshire and Central Bedfordshire to meet those unmet needs. ...”

and:

“... There are no new implications from the 2018-based projections on the need to release land from

*the Green Belt around Luton and the exceptional circumstances, as required by paragraphs 79-86 of the 2012 Framework, continue to exist to justify the proposed revisions to Green Belt boundaries. **Therefore, this recently published data [the 2018 HHPs] should have no impact on the examination of NHDC.***

2.36 Likewise, Central Bedfordshire Council (CBC) has concluded (EXAM 119 – see **Appendix 2** to this Statement):

“Implications of the latest household projections on housing needs in Luton

*(ii) As a matter of principle, **the latest household projections do not have any implications on the housing needs in Luton** as its figures are part of its recently adopted plan. The OAN for Luton has been independently examined. Its OAN is not subject to the transitional arrangements in paragraph 214 of the 2019 National Planning Policy Framework. In contrast to the position in Central Bedfordshire therefore, the policies in the 2012 Framework and previous versions of the PPG do not continue to apply.*

2.37 The Luton LP states very clearly that (our emphasis):

“Policy LLP2 - Spatial Development Strategy

“There is a need for 17,800 net additional dwellings to support the population growth of Luton Borough over the period 2011 – 2031. ...

*“The Local Plan will make provision for 8,500 net additional dwellings over the plan period in the Borough ... **Luton therefore has an unmet housing need of 9,300 net additional dwellings over the plan period.** ...*

2.38 CBC continues (our emphasis):

*“(iii) **It is not appropriate for the examination into CBC’s plan to seek to update or compare the adopted OAN for Luton based on the “most up to date information set out in the 2018 based projections”.** ...”*

and:

*“... **Any update or revision to Luton’s OAN would be undertaken in accordance with the present Government policy in respect of the Standard Methodology and the 2014 based projections.** There is no basis in Government policy for the use of any other methodology or projections save where the transitional provisions apply.”*

2.39 The Crown Estate concurs with the position set out above – i.e. that, as a matter of planning judgement, there is no need to re-examine the OAN for Luton. In short, there are no implications stemming from the 2018-based HHPs in respect to the OAN for Luton, or for the agreed quantum of unmet need, which remains at 9,300 dws.

- 2.40 If the OAN for Luton were to be reviewed, then it should be so in accordance with the current, applicable national policy and guidance on the calculation of housing need – i.e. the Standard Method for calculating Local Housing Need. Any retrospective recalculation of the OAN for Luton, using the 2018 HHPs, is entirely unjustified in that it would not reflect the proper application of national policy.
- 2.41 However, in relation to Issue 21.1 we considered whether the revised OAN for North Hertfordshire is based on key assumptions that are reasonable, and below we have considered the same in relation to the OAN for Luton, albeit for fullness only.

Affordability / Market Signals Uplift

- 2.42 As with the SHMA for North Hertfordshire (see para. 2.5 above), the 2015 SHMA for Luton was published in June 2015 but was based on affordability ratios from 2013. Appendix 3 – ‘ORS analysis of 2018-based projections for Luton’ of ED191 concludes (para. 25):

*“Taking these household projections as a basis for establishing housing need on a like-for-like basis with that used for **the 2015 SHMA – which made an allowance for vacant and second homes and then applied an uplift of 20%** as a response to the market signals in Luton ...”*

- 2.43 Again as with North Hertfordshire (see para. 2.10 above), it is logical and reasonable that, if more up-to-date information is to be taken into account (i.e. the 2018-based HHPs) then so too must other more recent information on housing need; otherwise the conclusions drawn will not provide a full and proper understanding of the need.
- 2.44 The Affordability Ratio (‘AR’) ¹³ in Luton has increased in recent years as set out below in **Table 2.2**. As can be seen, the latest AR in Luton is 7.57 compared to 5.93 in 2013 (the year used in the Luton SHMA). This is an increase of almost 28% – very similar to but slightly more than the comparable increase in North Hertfordshire, and yet the calculation of the Indicative OAN applies the same 20% uplift for market signals as applied in the original Luton SHMA.

Table 2.2: Affordability Ratio of Median House Price to Median Gross Annual Workplace-Based Earnings in Luton

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
AR	5.71	6.08	5.93	6.40	6.34	7.31	7.36	8.32	7.57

- 2.45 Increasing the 20% uplift by the 28% increase in the AR would result in an uplift of 25.6% ¹⁴. On this basis, the baseline housing need of 13,865 dws set out in Table 4 of Appendix 3 to ED191A would increase to 17,414 dws ¹⁵, or 871 dpa, compared to the OAN identified in the 2015 Luton SHMA of 17,800 dws.

¹³ Ratio of median house price to median gross annual (where available) workplace-based earnings by local authority district, England and Wales, 1997 to 2019, ONS. It is important to note that measures of affordability take into account both wage rises and prices.

¹⁴ $20 \times 1.28 = 2.56$

¹⁵ $13,865 \times 1.256 = 17,414$

2.46 Deducting the 8,500 dws for which the Luton Local Plan provides would result in an unmet need of 8,914 dws ¹⁶, 714 dws more than suggested by the Indicative OAN in ED191A, and only 386 less than previously calculated.

Standard Method Sensitivity Test

2.47 If the housing need for Luton were being calculated today, it would be calculated using the Standard Method for calculating Local Housing Need (LHN) as set out in the PPG. Utilising the Standard Method as a sensitivity test when considering the use of 'up-to-date' information is therefore patently reasonable.

2.48 Assuming a base year of 2020, the Standard Method would generate an uncapped LHN of 1,376 dpa, some 486 dpa more than the OAN provided for by the Luton Local Plan. This would be equivalent to 27,520 dws over a 20-year plan period, and it is clear that there will likely be a substantial unmet need for housing emanating from Luton for the foreseeable future.

2.49 Using the 2013 AR, the Standard Method results in an affordability Adjustment Factor (AF) of 1.120625 ¹⁷ – an uplift of just over 12%, whilst using the 2019 AR, the Standard Method results in an AF of 1.223125 ¹⁸ – an uplift of over 22%.

2.50 The AF uplift of 22.3% suggests that a 20% market signals uplift proposed in Appendix 3 to ED191A *might* be broadly appropriate; however this does not recognise the much higher baseline of 1,376 dpa, as compared to the 890 dpa set out in the Luton SHMA.

2.51 If a 22.3% uplift were applied to the baseline to 13,865 dws calculated in Appendix 3 to ED191A it would result in a market signals uplift of 3,092 dws and an Indicative OAN of 16,957 dws ¹⁹, around 300 dws ²⁰ more than set out in Appendix 3 to ED191A.

2.52 It would alternatively be appropriate to consider the difference between the AF generated using the 2013 AR (1.12) and that generated using the 2019 AR (1.223) – an increase in the uplift of approximately 86% ²¹. If that increase were applied to the 20% market signals uplift used in the original SHMA, it would suggest that a market signals uplift of 37.2% should be applied. Applying such an uplift to the baseline of 13,865 dws calculated in Appendix 3 to ED191A would result in an uplift of 5,158 dws and an Indicative OAN of 19,023 dws.

Conclusion

2.53 We conclude that it is not necessary or appropriate to revisit the Luton OAN as set out in its adopted plan due to the 2018-based HHPs. As a result, we conclude that the unmet need remains at 9,300

¹⁶ 17,414 – 8,500 = 8,914

¹⁷ 5.93 – 4 = 1.93; 1.93 / 4 = 0.4825; 0.4825 x 0.25 = 0.120625; 0.120625 + 1 = 1.120625

¹⁸ 7.57 – 4 = 3.57; 3.57 / 4 = 0.8925; 0.8925 x 0.25 = 0.223125; 0.223125 + 1 = 1.223125

¹⁹ 10,405 x 1.39 = 14,462.95

²⁰ 17,000 (16,957 rounded up) – 16,700

²¹ 22.3% / 12% = 1.86

dws.

- 2.54** Indeed, if there were a desire to re-consider the OAN for Luton and Luton’s unmet need, then it should be undertaken using the Standard Method for calculating LHN, which at present would identify an uncapped LHN of over 27,500 dws – some 486 dpa more than the Luton Local Plan OAN, which resulted in the unmet need of 9,300 dws.
- 2.55 Turning to the second element of the question – whether the Indicative OAN provided by NHDC has been arrived at on a robust basis, in general (and noting that this comment is made above) the approach adopted by ORS is sound as noted by our in-depth analysis attached at **Appendix 1** to this Statement.
- 2.56 In our view the Revised OAN has not properly accounted for the latest information in relation to market signals. Our concern is that the uplift applied for ‘market signals’ is insufficient and no longer justifiable. If more ‘up-to-date’ data is to be taken into account, then the latest figures relating to the affordability of housing in Luton must also be taken into account – it has worsened by c. 28% since the Luton SHMA was written.
- 2.57 Consideration of these figures by a number of means suggests that the Indicative OAN for Luton would in fact be at least 17,500 dws ²² (875 dpa) with more up-to-date policy, guidance and data suggesting that it could be as high as 19,100 ²³ dws (955 dpa).
- 2.58** In summary, it is not necessary for the Examination of the North Hertfordshire Local Plan to re-examine the OAN for Luton. In short, there are no implications stemming from the 2018-based HHPs in respect to the OAN for Luton, or for the agreed quantum of unmet need, which remains at 9,300 dws.

²² 17,414 rounded up

²³ 19,023 rounded up

Issue 21.5 In the light of this, has there been a ‘meaningful change in the housing situation’ in Luton?

2.59 Given our conclusions set out above in relation to Issue 21.4, we do not consider that there has been a meaningful change in the housing situation in Luton.

2.60 Indeed, it is critically important for the integrity of the plan-making system and co-operation between authorities that the quantum of Luton’s identified need is met as envisaged, and without further delay.

2.61 However, to consider the matter a little further in detail, the Updated Schedule of Further MIQs (ED194) states (p. 2):

*“... From Luton’s adopted local plan, the unmet need is identified as being 9,300 homes over the plan period of 2011 to 2031. From the indicative OAN figures for Luton set out in ED191A, **the unmet need is 8,200 dwellings.** ...”*

2.62 We do not interpret the LPAs’ Statement of Common Ground (SoCG) to say this. The SoCG agreed by the three LPAs (Luton, North Hertfordshire and Central Bedfordshire) states (ED191A, Appendix 2, para. 6) (our emphasis):

*“... ORS, as requested by all three authorities, have indicatively modelled several scenarios. These suggest that, **in the event** Luton’s OAN was formally reassessed under the provisions of the 2012 NPPF, a revised figure of approximately 16,700 homes is the most robust figure at this level of analysis and based on the methodology previously accepted by the Inspector examining the Luton Local Plan*

Yet, as concluded by both CBC and NHDC (our emphasis):

*(NHDC: ED191A, para. 21) “... **it is outside the remit of the Examinations into the plans of CBC or NHDC to formally re-examine Luton’s objectively assessed need.**”*

*(CBC: EXAM 119 – see **Appendix 2** hereto) “**It is not appropriate for the examination into CBC’s plan to seek to update or compare the adopted OAN for Luton based on the “most up to date information set out in the 2018 based projections”.**”*

2.63 The ‘Indicative OAN’ was arrived at directly in response to a question posed by the Inspector and was provided by the three LPAs in the SoCG as a figure that would be arrived at “*in the event*” of a particular form of re-assessment. However, and fundamentally, both CBC and NHDC conclude that such a re-assessment is outside the remit of the current Examinations and not appropriate.

2.64 Notwithstanding this, the position set out by NHDC in ED191A (para. 24), and in the SoCG signed by all three LPAs, is very clear in respect to the Indicative OAN, in that (ED191A, Appendix 2, para. 7) (our emphasis):

*“CBC, NHDC and LBC **are all agreed that the indicative revised figures** which represent a 6% difference **do not represent a ‘meaningful change’** from those contained in the adopted Plan.”*

- 2.65 Accordingly, although the LPAs provide an Indicative OAN for Luton, they do not suggest a change in Luton's unmet need. We agree.
- 2.66 For completeness, as set out in respect to Issue 21.4, the Indicative OAN would in fact be 17,500 (see para. 2.57 above) – a figure very similar to that identified in the Luton Local Plan. This is plainly not a meaningful change.
- 2.67 Further, as set out above, any formal reassessment of the Luton OAN would not be done under the 2012 NPPF but under the Standard Methodology which would lead to a higher OAN than contained in the adopted plan. This is further reason not to revise the unmet need downwards.

Conclusion

- 2.68 It is clear that both CBC and NHDC consider that the unmet housing need from Luton remains, for the purposes of the current emerging Local Plans, as 9,300 dws.**
- 2.69 The Crown Estate concurs with the position set out above. As such, we do not consider that there has been a meaningful change in the housing situation in Luton.**



Issue 21.6 If there has been a ‘meaningful change in the housing situation’ in Luton, should the East of Luton sites be modified or deleted from the Local Plan?

- 2.70 We concur with the points raised in the new Matter 22 Hearing Statement submitted by White Peak Planning on behalf of Bloor Homes.

3. Summary

3.1. Overall, in relation to Matter 21, we conclude as follows:

1. In relation to Luton, the OAN should not be reconsidered, and the unmet need remains as 9,300 dws.
2. If the OAN for Luton were to be reconsidered, then it should be reconsidered in accordance with the Standard Method for calculating LHN, not by applying the 2018 HHPs to the 2015 Luton SHMA. Assuming a base year of 2020, the Standard Method results in an uncapped LHN for Luton of 1,376 dpa, some 486 dpa more than the OAN provided for by the Luton Local Plan.
3. The work in ED191A focuses on the changes to the household projections. We regard this work as reasonable and do not seek to go behind it.
4. However, the reason the work has been undertaken is because the PPG (ID: 2a-016-20150227) advises that: *“Wherever possible, local needs assessments should be informed by the latest available information”*. Such information includes but is not limited to household projections. The ED191A analysis does not update for the latest information on market signals.

In relation to North Hertfordshire ORS apply a 10% uplift, whilst in Luton ORS apply a 20% uplift – both uplifts are unchanged since the 2015 SHMA (which used 2013 Affordability Ratios). However, the affordability of housing in North Hertfordshire has worsened by 27% since 2013 (and by 28% in Luton), thus it is clear that the uplifts that ORS continue to apply in ED191A are, having regard to the latest information, insufficient and no longer justifiable

Our assessment suggests that the Revised OAN for North Hertfordshire (absent unmet need from Luton) is at least 11,800 dws (590 dpa) with more up-to-date policy, guidance and data suggesting that it could be as high as 14,400 dws (720 dpa).

For Luton, our assessment suggests that the Indicative OAN would be at least 17,500 dws (875 dpa) with more up-to-date policy, guidance and data suggesting that it could be as high as 19,100 dws (955 dpa). However, as per points (1) and (2) above, The Crown Estate considers that, as a matter of planning judgement, the OAN for Luton should not be reconsidered.



Appendices



Appendix 1: Implications of 2018 Household Projections (Savills, September 2020)



Appendix 2: EXAM 119: CBC Response to Inspectors on Household Projections (CBC, 05/08/20)

