

LUTON COUNCIL HEARING STATEMENT

Matter 21 – the objective assessment of housing need ('the OAN') and the housing requirement

Based on the Council's original calculation of the OAN, Policy SP8 of the Local Plan sets out the housing requirement for the period 2011 to 2031. As submitted, it commits to the delivery of 14,000 new homes to meet the needs of North Hertfordshire and 1,950 new homes to meet unmet housing needs arising from Luton – being a housing requirement of 15,950 in total.

The Planning Practice Guidance ('PPG') supporting the National Planning Policy Framework 2012 ('the NPPF') says:

"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should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued."

(Paragraph: 016 Reference ID: 2a- 016-20150227)

Subsequent to the last hearing sessions, 2016-based population and household projections were published. The Council considered the implications of these projections in its note 'Implications of new household projections for NHDC Local Plan' [ED159]. This also considered the implications of using the 'Standard Method' introduced through the new NPPF published in 2019. I raised some issues in relation to the figures used in ED159 in my letter to the Council dated 9 July 2019. Paper A of the Council's response to my letter re-considered these figures.

However, on 29 June 2020 the ONS published 2018-based household projections. I wrote to the Council on 8 July [ED190] seeking its view on whether, among other things, the 2018-based projections represent a 'meaningful change in the housing situation'. The Council's response to my letter and the various questions raised is provided in two papers, ED191A and ED191B. This represents the Council's updated position on the matters covered.

ED191A sets out a revised calculation of the OAN. This concludes that 11,500 dwellings is now the most appropriate OAN figure for 2011 to 2031. The Council considers this to be a 'meaningful change in the housing situation'.

The three 'East of Luton' sites are proposed to deliver 1,950 new homes to assist in addressing the unmet housing needs of Luton Borough. 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. The Council concludes that this does not represent a 'meaningful change in the

housing situation’.

As I understand it, the Council intends that the housing requirement should be modified in the light of the revised OAN calculations, and that an overall requirement of 13,000 dwellings is proposed, comprising of 11,600 to meet North Hertfordshire’s needs and 1,400 to help address unmet needs in Luton.

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?

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

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?

Luton Council’s Response:

1. Luton Council has no comments on Questions 21.1, 21.2 and 21.3 on the clear understanding that those questions relate only to the housing situation in North Hertfordshire itself.

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

Luton Council’s Response:

2. The latest household projections do not have any implications for Luton’s OAN which is part of the adopted Luton Local Plan.
3. The Luton Local Plan (2011-2031) was adopted in November 2017. It is based on an OAN for the borough of 17,800 net additional dwellings. The Luton Local Plan makes provision for 8,500 dwellings over the plan period within the administrative area of Luton. Therefore, Luton has an unmet housing need of 9,300 net additional dwellings over the plan period. The submission North Hertfordshire Local Plan made provision for 1,950 dwellings as a contribution to Luton’s unmet needs.
4. 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. Luton Council has a statutory obligation by reason of Regulation 10A of the Local Planning (England) Regulations 2012 to complete a review of its Local Plan within 5 years of adoption (i.e. by 2022), and any review of the housing requirement which arises from that process will be undertaken

in line with the applicable policy guidance at that time. Whilst it is not yet clear precisely what that guidance will be (in view of the Government’s recent consultation on proposed reforms in the Planning White Paper), it is clear that the policy guidance will not be based on the OAN methodology which applies to transitional local plans currently being examined under the 2012 version of the NPPF and its related guidance.

5. The Examination processes for the North Hertfordshire Local Plan (and the Central Bedfordshire Local Plan) are not equipped with the tools or the evidence base that would enable them to embark on an exercise of robustly updating the Luton OAN, as now settled in its statutory Development Plan, not least because they would not be able to hear from the full range of participants who would legitimately have an interest in any updating of Luton’s housing requirement (whether by reference to OAN or by reference to any other methodology). It would also create a risk of inconsistent decision making if an updating exercise was to be undertaken using the OAN methodology that it is known will not be used when the formal review of the Luton Local Plan takes place in line with the statutory requirements. It would be an entirely proper planning judgment for the Inspectors to regard any such exercise as beyond the remit of their respective Local Plans. That was the stance recently taken by the Inspector examining the Waverley Borough Local Plan in relation to the question of updating the OAN for the adjacent Woking plan area, in analogous circumstances where Waverley was to meet some of Woking’s unmet need, and that decision was upheld as wholly lawful by both the High Court and the Court of Appeal in CPRE Surrey v Waverley Borough Council [2018] EWHC 2969 (Admin); [2019] EWCA Civ 1826.
6. The OAN for Luton is not subject to the transitional arrangement in Paragraph 214 of the National Planning Policy Framework 2019 because the relevant examination has long since concluded and any review of the Luton Local Plan’s provisions will be conducted in the light of policy which is applicable at the time.
7. It remains the case that the OAN for Luton (or any alternative methodology for establishing housing need) is a matter best and most appropriately addressed as part of Luton’s plan-making.
8. Nonetheless, in order to assist the Inspectors, in response to the North Hertfordshire Local Plan Examination and the Central Bedfordshire Local Plan Examination Inspectors’ letter dated 8 July 2020 [ED190], Luton Council, North Hertfordshire District Council and Central Bedfordshire Council jointly commissioned ORS to indicatively model several scenarios. These suggest that, in the event that Luton’s Objectively Assessed Need was formally reassessed under the provisions of the 2012 NPPF, a revised figure of approximately 16,700 homes for the period 2011-2031 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. ORS' Review of Luton Population and Household Projections (July 2020) is included as Appendix 1 to this Statement.

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

Luton Council's Response:

9. No – for two separate reasons. First, for the reasons set out above, the North Hertfordshire examination process is not equipped to deal with a full reassessment of the housing situation in Luton, and therefore should proceed on the basis of the adopted Luton Local Plan. Second, for the reasons set out below the ORS analysis of the most recent figures does not demonstrate a 'meaningful change in the housing situation' in Luton in any event.
10. Based on the methodology accepted and adopted by the Inspector who examined the Luton Local Plan, in the event that Luton's OAN was formally reassessed under the provisions of the 2012 NPPF, a revised figure of approximately 16,700 homes for the period 2011-2031 is the most robust figure at this level of analysis. This can be compared to the OAN of 17,800 dwellings in the adopted Luton Local Plan.
11. Luton Council, North Hertfordshire District Council and Central Bedfordshire Council 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. It should also be noted that the PPG advice refers to "a meaningful change in the housing situation" rather than to a meaningful change in the household projections per se. The "housing situation" is clearly a broader concept, and allows consideration of the overall circumstances rather than merely focusing on one particular set of statistics. The High Court has recently emphasised that these concepts of "meaningful change" and "housing situation" are very much matters for planning judgment and are fact sensitive in Keep Bourne End Green v Buckinghamshire Council [2020] EWHC 1984 (Admin). The fundamentals of the housing situation in relation to Luton and its neighbouring authorities have not changed since the adoption of the Luton Local Plan. The modest change to the housing need figure, as calculated by ORS, that would flow from an updating of the statistical analysis does not amount to a meaningful change in that housing situation.
12. It should also be noted that for separate reasons concerned with the housing trajectory (dealt with under Matter 22), North Hertfordshire District Council now expects to provide only 1,400 dwellings in the plan period as its contribution to

Luton's unmet needs. That is a reduction of 28% compared to the position at the time of submission (when a contribution of 1,950 dwellings was expected). It is clear from the indicative figures provided by ORS that Luton's unmet needs have not reduced by anything like that degree (noting, of course, that the greater part of the unmet need is expected to be delivered in Central Bedfordshire).

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?

Luton Council's Response:

13. For the reasons already stated, Luton Council does not consider that the guidance on 'meaningful change' is applicable to the now adopted Luton Local Plan, and nor does it consider that there has been a 'meaningful change', so the question of making any change to the East of Luton sites does not arise. The adopted Luton Local Plan continues to set out the unmet housing need for Luton of 9,300 net additional dwellings over the plan period, and there remains a need for North Hertfordshire's Local Plan to contribute to meeting that unmet need.
14. Consequently, Luton Council considers that the exceptional circumstances previously identified, as required by paragraphs 79-86 of NPPF 2012, continue to exist to justify the proposed revisions to the Green Belt boundaries at the East of Luton to address Luton's unmet housing need as close to Luton's boundary as possible.
15. Luton Council strongly supports the allocation of the East of Luton sites to contribute to meeting Luton's unmet housing needs. The Council considers there are no realistic alternative options to the East of Luton sites for addressing Luton's unmet housing need - see Luton Council's response to Matter 24.
16. In the light of the fact that there is now an urgent and pressing need to meet Luton's identified unmet housing needs, Luton Council considers it is particularly important for the North Hertfordshire Local Plan to be progressed and adopted as soon as possible to enable the East of Luton sites, allocated in the Local Plan to contribute to meeting Luton's housing needs, to come forward.

Review of the Luton Population and Household Projections

1. The Office for National Statistics (ONS) published the 2018-based sub-national population projections (SNPP) in March 2020. These formed the basis of the 2018-based household projections, published in June 2020.
2. The official projections provided the starting point estimate for housing need in the context of the original National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG),¹ and given that the local plans for Central Bedfordshire and North Hertfordshire are being examined under the original NPPF and both Plans provide for Luton's unmet need, Luton Borough Council, Central Bedfordshire Council and North Hertfordshire District Council have jointly commissioned Opinion Research Services (ORS) to consider if the latest figures represent "a meaningful change in the housing situation" [ID 2a-017-20140306].
3. Figure 1 presents the range of official population and household projections that have been published since the original SHMA was commissioned, together with the independent projections produced by ORS that have informed the SHMA analysis. The table sets out the key assumptions for each projection (in terms of the migration period, the rates applied for fertility and mortality and the household formation method used) together with the change in population and households resident over the 20-year period covered by the Luton Local Plan (2011-2031) and the associated housing need prior to any market signals uplift, and with uplifts of 10% and 20% applied.

Figure 1: Population and Household Projections for Luton, 2011-2031 (Sources: CLG; ONS; SHMA)

Projection		Migration Period	Fertility/ Mortality	Household Formation	Change 2011-31		Housing Need			
					Pop	HH	No uplift	10% uplift	20% uplift	
CLG 2012-based		5-yr trend 2007-12	2012-based SNPP rates	CLG method	45,111	21,682	22,306	24,537	26,767	
2015 SHMA		10-yr trend 2001-11			30,576	14,349	14,762	16,238	17,714	
CLG 2014-based		5-yr trend 2009-14			2014-based SNPP rates	48,979	23,336	23,965	26,361	28,758
2017 SHMA		10-yr trend 2005-15				43,813	16,651	17,100	18,810	20,520
ONS 2016-based	Sensitivity analysis 2	5-yr trend 2011-16	2016-based SNPP rates	ONS method	34,154	19,110	19,625	21,587	23,550	
	Principal scenario					13,776	14,147	15,562	16,977	
	10-yr migration variant	10-yr trend 2006-16			35,341	13,624	13,991	15,390	16,789	
ONS 2018-based	Principal scenario	2-year trend 2016-18	2018-based SNPP rates	1,077	3,775	3,877	4,264	4,652		
	Alt. internal migration variant	5-year trend 2013-18		17,558	8,543	8,773	9,651	10,528		
	10-yr migration variant	10-yr trend 2008-18		26,815	11,494	11,804	12,984	14,164		

¹ Planning Practice Guidance (PPG) ID 2a-015-20140306

4. It is apparent that the ONS 2018-based projections are considerably lower than previous official projections, with the principal projection showing a growth of only 3,775 households over the 20-year period 2011-2031 equivalent to an average of 189 per year. This contrasts with the CLG 2012-based projections (the starting point for the 2015 SHMA, which informed the Luton Local Plan) which showed a growth of 21,682 households over the same 20-year period (an average of 1,084 per year) and the CLG 2014-based projections which showed yet higher growth of 23,336 households (1,167 per year).
5. However, all of these projections are based on relatively short-term migration trends: the 2012-based and 2014-based projections covering the 5-year periods 2007-12 and 2009-14 respectively, and the 2018-based projections covering the 2-year period 2016-18. As migration trends tend to be cyclical (and often have peaks and troughs) the SHMA projections were based on trends that covered 10-year periods. At the time that the SHMA analysis was prepared, these suggested lower rates of growth than the official projections. Whilst the 2012-based projections identified a growth of 21,682 households, the 2015 SHMA projections identified a growth of 14,349 households – a figure that was around one third (33.8%) lower than the starting point.
6. The official household projections that were published by CLG did not provide any migration sensitivity tests; however, the more recent ONS figures provide variants based on a number of scenarios, which include an analysis based on 10-year migration trends. This scenario shows a growth of 11,494 households for Luton, which is only 2,855 households fewer than identified by the 2015 SHMA projections based on 10-year trends (14,349 households); a reduction of less than a fifth (19.8%). This contrasts with the 17,907 household difference between the 2012-based starting point (21,682 households) and the 2018-based principal scenario (3,775 households); a reduction of more than four-fifths (82.6%).
7. The Luton projections exemplify why it is right to focus on longer-term migration trends (as was argued by the SHMA and endorsed by the Inspector that examined the Luton Local Plan) and not rely uncritically on the starting point figures. It would have been wrong to rely on the CLG 2012-based projection, as it was unduly high; and it would be equally wrong to rely on the ONS 2018-based principal projection, as it is unduly low. Given this context, when considering the latest official projections, it is appropriate to focus on the 10-year migration variant to determine if these figures represent a “*a meaningful change*”.
8. On balance, it would probably be reasonable to conclude that a reduction of a fifth was a meaningful change if the figures had been derived on an otherwise like-for-like basis. However, changes that the ONS introduced for establishing household formation when they took responsibility for the producing the 2016-based figures have had a significant impact in Luton.
9. Using the new ONS household formation method, the 2016-based projection identified a growth of 13,776 households; but “sensitivity analysis 2” showed that the same population projections would result in a growth of 19,110 households if the previous CLG household formation method had been applied. Therefore, the methodological change that was introduced for calculating household formation resulted in 5,334 fewer households. On this basis, we can conclude that the 2018-based household projections are not directly comparable with the projections that were produced by the SHMA, given the impact of the different household formation calculations.

Household Formation

10. As previously noted, the ONS introduced an entirely new methodology for calculating household formation when they took responsibility for the 2016-based household projections. Whilst the previous CLG household formation method used Census data covering the period 1971 to 2011 (see the Luton & Central Bedfordshire SHMA Refresh 2015, paras 2.87-2.94) the new ONS household formation method only uses data from the 2001 and 2011 Census. Consequently, recent trends (such as the reduction in young households being able to form in some areas) can have a significant impact on the future projection.
11. Furthermore, the 2001 Census had a particularly low response rate in Luton which led to a likely under-enumeration of the population for this area (see the SHMA Refresh 2015, paras 2.20-2.24). Whilst this had an impact on migration trends, it would also affect household formation.
12. The methodology for establishing household formation is based on the probability of individuals being household representatives (the statistical “head of household”). This is based on dividing the total number of persons in the household population within each age/gender group with the total number of household representatives within that same group. If the total number of persons is underestimated, then this would lead to the household representative rate (i.e. the probability of individuals being household representatives) being overestimated.
13. Since the household representative rates calculated based on 2001 Census data formed only one of the five Census data points in the trends used to inform the previous CLG household formation method, the impact of any error in the 2001 Census would only have had limited impact. However, as the 2001 Census data forms one of only two Census data points in the trends used to inform the new ONS household formation method, any errors in that data would have a substantial impact on the resulting projections.
14. Figure 2 shows the male and female household representative rates by age group for Luton from the 2018-based household projections, and how these are projected to change over time. The new ONS method assumes that the trends observed between the 2001 and 2011 Census will continue up until 2021, and then holds the rates constant from 2021 onwards. The charts also show a combined rate for all persons for the 2018-based projections, but this is only illustrative as the household projections are based on the separate male and female data.
15. It is clear that the overall rates declined across all 5-year age bands for those aged under 40 over the 10-year period 2001 to 2011, with similar reductions evident for those aged between 60 and 79. Since the projections are trend-based, the rates for each of these 5-year age bands are projected to continue declining until 2021, at which point they are held constant.
16. Figure 3 compares the combined rates by age group for Luton from the 2018-based household projections with the previous CLG 2014-based projections. Once again, this is illustrative given that the previous CLG method divided each age band into six groups, with separate male and female rates established for those (i) currently living as a couple (either married or cohabiting); (ii) previously married but now separated, divorced or widowed; and (iii) single people who have never been married.
17. It is apparent that the new ONS household formation method is based on lower household representative rates than were projected by the previous CLG method across all age groups aged under 45 and also for those aged between 60 and 74. As a consequence of these lower rates, there is less probability of individuals being counted as household representatives which results in fewer households overall; so the ONS 2018-based projections are more likely to result in suppressed household formation.

Figure 2: ONS 2018-based Household Representative Rates for Luton by age and gender, 2001-2031

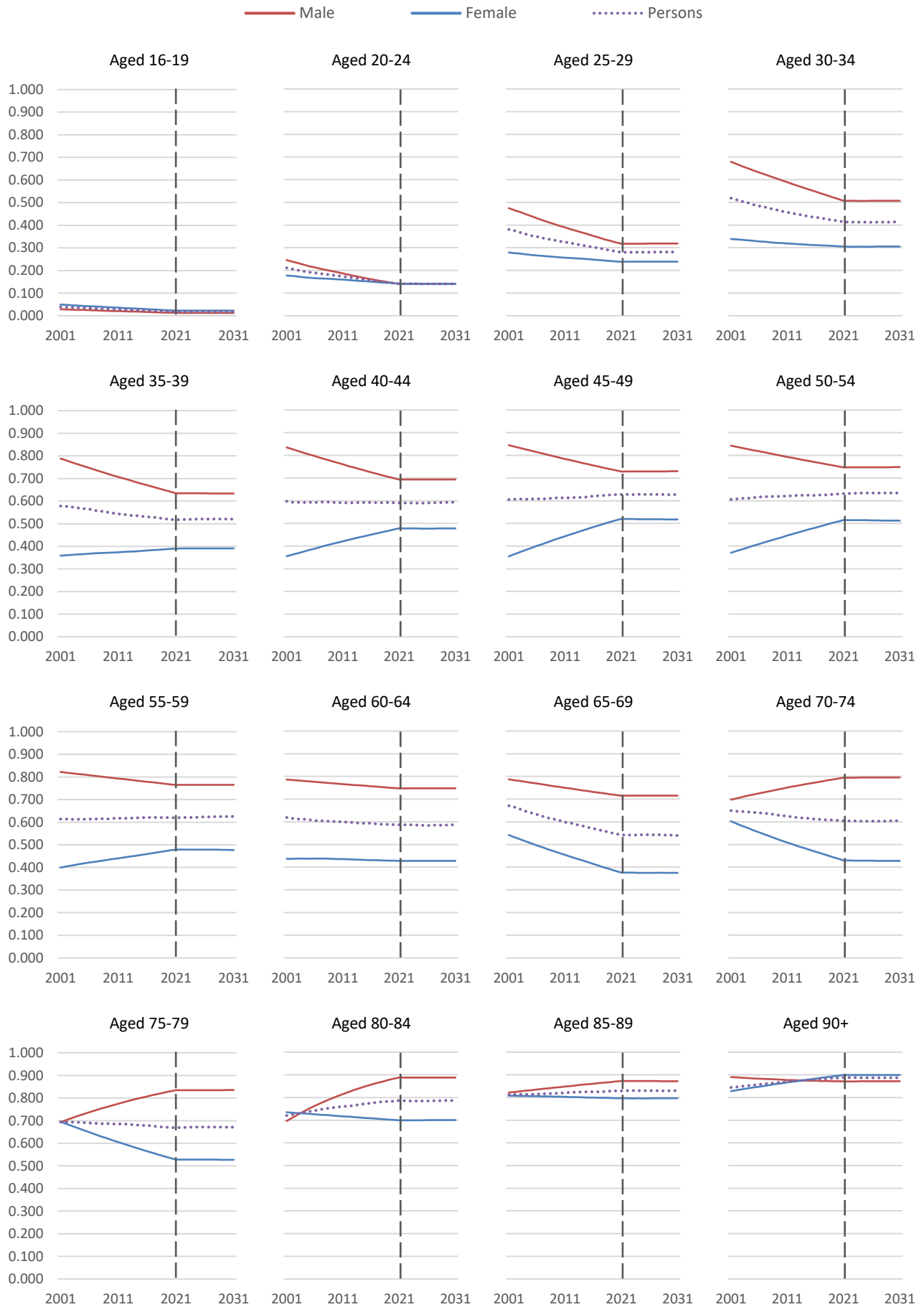
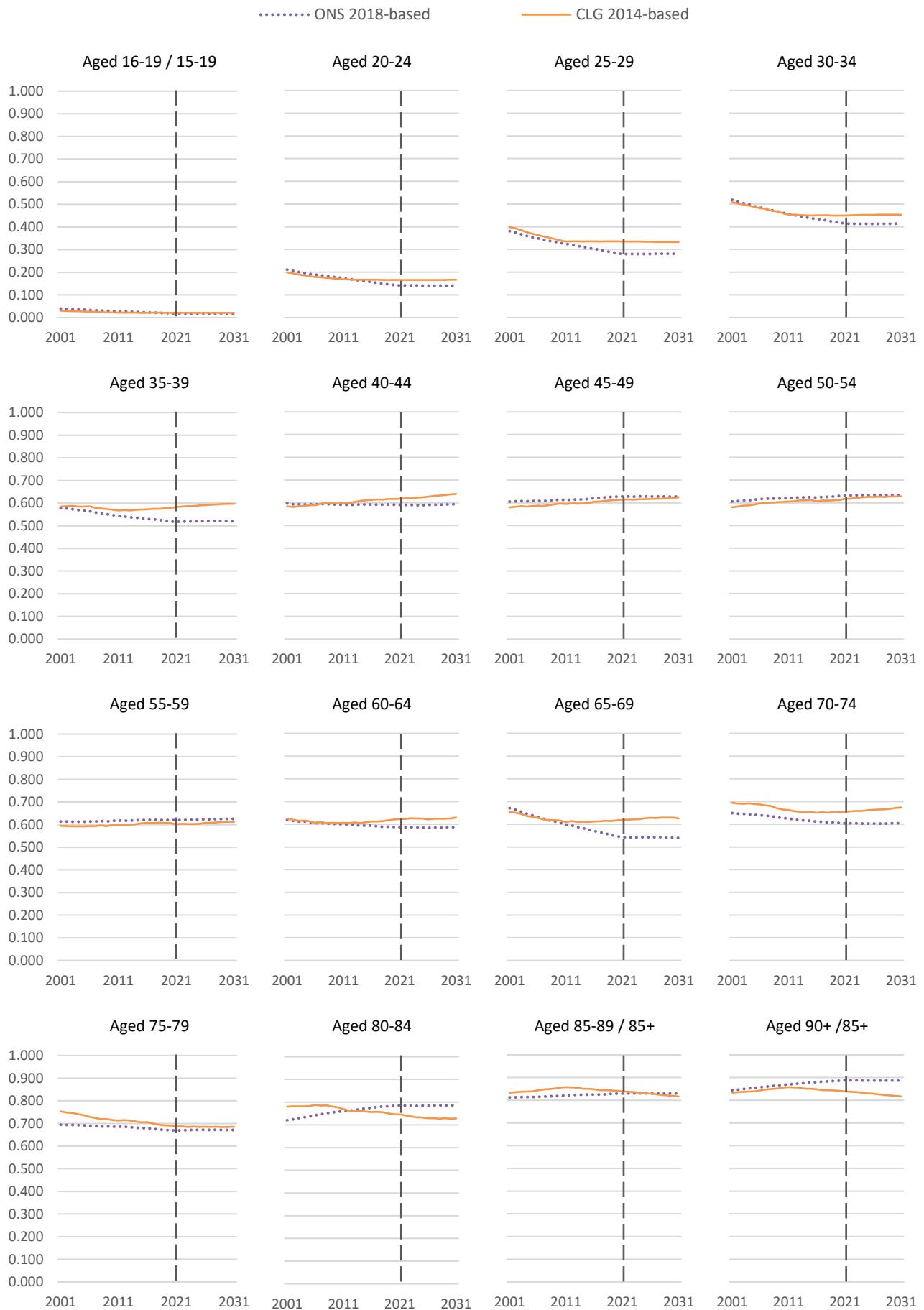


Figure 3: Comparison of ONS and CLG Household Representative Rates for Luton by age and gender, 2001-2031



18. Whilst it is likely that the ONS 2018-based household projections under-estimate future household growth, it is also likely that the CLG 2014-based household projections over-estimated the likely growth. This was partly due to the reliance on historic data from 1971 and 1981 at a time that the demographic characteristics and ethnic mix of Luton were very different to that of the current population; but, more importantly, as a consequence of not taking account of cohort effects within the analysis.
19. This was reviewed by the 2017 SHMA, which considered the likely impact of the ethnic mix across the different population cohorts (see the Luton & Central Bedfordshire SHMA 2017, paras 3.90-3.100). The SHMA concluded that some of the household representative rates for Luton from the CLG 2014-based household projections were probably too high, and as a consequence both the currently estimated and the projected future average household sizes were too low (2017 SHMA, figure 55). Therefore, the rates from the 2014-based projections were adjusted to take account of local evidence.
20. To establish the impact of each of these different household formation calculations, ORS has undertaken sensitivity analysis using the 10-year migration variant of the official 2018-based population projections; applying the household formation rates from the CLG 2014-based projections (an analysis that is comparable with “sensitivity analysis 2” undertaken by the ONS as part of the 2016-based projections) and also the adjusted rates that were used for the 2017 SHMA. Figure 4 shows the outcome of this analysis set alongside the figures from the 2015 SHMA which informed the Luton Local Plan.

Figure 4: Sensitivity analysis based on the ONS 2018-based Population Projections for Luton, 2011-2031

Household Projection		Change 2011-31		Housing Need		
		Population	Households	No uplift	10% uplift	20% uplift
ONS 2018-based household projections 10-year migration variant		26,815	11,494	11,804	12,984	14,164
ORS sensitivity analysis	CLG 2014-based household formation rates		16,179	16,615	18,276	19,938
	2017 SHMA adjusted household formation rates		13,501	13,865	15,251	16,638
2015 SHMA household projections 10-year migration trends		30,576	14,349	14,762	16,238	17,714

21. Both of the sensitivity analysis are based on the same population as the 2018-based household projections: the 10-year migration variant, which projects a growth of 26,815 persons over the 20-year period 2011-2031. However, whilst the ONS household formation method yields a growth of 11,494 households, applying the previous CLG method yields a notably higher growth: a total of 16,179 households, which is 4,685 more than projected by the ONS method, equivalent to an increase of around two-fifths (40.8%).
22. On this basis, it is reasonable to take a range of between 11,494 and 16,179 households when considering household growth based on the latest official population projections. However, for the reasons set out above it is likely that the official figure published by the ONS is too low for establishing housing need given (i) the extent of suppressed household formation, and (ii) errors likely to have been introduced by relying unduly on data from the 2001 Census. Therefore, for the reasons set out in the 2017 SHMA (paras 3.90-3.100), it is likely that sensitivity analysis based on the CLG 2014-based rates yields a figure that is too high.
23. The adjusted rates that were derived for the 2017 SHMA yield a growth that is between these two extremes: 13,501 households, which is 2,007 more than the ONS method (an increase of 17.5%) but 2,678 fewer than the CLG method (a reduction of 16.6%). Taking account of all of the evidence, we believe that this provides the most appropriate basis for considering if there has been “*a meaningful change in the housing situation*”.

Conclusions

24. When compared with the 2015 SHMA (which formed the basis of the OAN for the Luton Local Plan), it is evident that the latest data shows a lower rate of population growth (26,815 cf. 30,576 persons) and a lower household growth based on our best estimates (13,501 cf. 14,349 households). Therefore, whilst the starting point for establishing housing need in Luton has reduced from a growth of 14,349 households to only 3,775 households, projections based on longer-term migration trends and that take account of changes to the household formation method provide far more consistency.
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 – would yield a housing need of 16,638 dwellings. **On this basis, a full Objectively Assessed Need would be 16,700 dwellings for the 20-year period 2011-2031 equivalent to an average of 835 dpa.** This compares to the OAN of 17,800 dwellings (890 dpa) that formed the basis of the housing numbers in the Luton Local Plan.
26. On balance, whilst it is likely that the overall OAN has reduced by around 55 dpa over the Plan period, **we do not consider that a reduction of only 6% represents a meaningful change.**



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