

For and on behalf of
New Road (Ashbrook) Ltd. and the Taylor Family (ID: 5189)

Matter 21
North Hertfordshire Local Plan 2011 – 2031 Examination

Objectively Assessed Housing Need

Prepared by
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February 2020





Strategic Planning & Research Unit

North Hertfordshire Local Plan Examination
Matter 21 Hearing Statement
On behalf of New Road (Ashbrook) Ltd. and the Taylor Family
February 2020

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CONTENTS	PAGE
1.0 Introduction.....	4
2.0 Matter 21 – Objectively Assessed Housing Need	5
Q1) Issue 1 – Analysis of the ‘Alternative OAN’	5
a) Have the ‘alternative OAN’ figures been arrived at correctly/on a robust basis?	5
Summary of previous submissions.....	5
Issues with use of the 2016-based population and household projections	7
Assessment of Variant 2016-based population projection scenarios.....	9
Adjustments to take account of increased migration pressure.....	12
Appropriate Uplift for Market Signals and Suppressed Household Formation	13
b) In the light of the ‘alternative OAN’ figures, has there been a ‘meaningful change in the housing situation’	17
c) If there has been a ‘meaningful change in the housing situation’, should the Local Plan be modified to reflect it and, if so, how?	17
Appendix 1 – Comparison of annual rates of Household growth 2016-2031 using 2016-based Variant population projections and 2014-based household projections alongside 2014-based and 2016-based baseline positions.....	19
Appendix 2 – Comparison of ORS Baseline projection with GLA household projections across the wider HMA and 2011-2031 projections using official 2014-based and 2016-based population projections.....	20

1.0 INTRODUCTION

- 1.1 This response to the Inspector's Schedule of Further Matters, Issues and Questions (January 2020) in respect of the North Hertfordshire Local Plan 2011 – 2031 Examination has been prepared by the Strategic Planning Research Unit ('SPRU') of DLP Planning Ltd.
- 1.2 This Statement addresses the calculation of objectively assessed housing needs in the context of the NPPF2012 and relevant soundness tests.
- 1.3 SPRU has been instructed to appear at the Additional Hearings for the North Hertfordshire Local Plan Examination on behalf of New Road (Ashbrook) Ltd and the Taylor Family. Our client is an important stakeholder in achieving and delivering the Local Plan's objectives for sustainable development.
- 1.4 Our clients' specific interests are briefly summarised below and demonstrate opportunities to deliver sustainable development at land South West of Hitchin ('Hitchin Priory'):
 - New Road (Ashbrook) Ltd. and the Taylor Family (ID: 5189)
- 1.5 The Council's evidence base on relevant strategic priorities including housing need and release of land from the Green Belt provides support for the opportunities identified in order to provide for sustainable development at the main settlement of Hitchin.
- 1.6 These interests are in-turn informed by substantial local knowledge and experience of the context for development in North Hertfordshire and seeking to ensure this is reflected in a sound and legally compliant spatial strategy for the area.
- 1.7 SPRU have previously made submissions to previous rounds of consultation as part of the Local Plan process as well as participating in the 2017 Hearing Sessions. This statement should be read in conjunction with all previous contributions.

2.0 MATTER 21 – OBJECTIVELY ASSESSED HOUSING NEED

Q1) Issue 1 – Analysis of the ‘Alternative OAN’

a) Have the ‘alternative OAN’ figures been arrived at correctly/on a robust basis?

Summary of previous submissions

- 2.1 The ‘alternative OAN’ prepared on behalf of NHDC in Paper A takes account of the Inspector’s request to undertake further analysis of the 2016-based household and population projections but does not satisfy national policy in the NPPF2012 and associated practice guidance to establish the full objectively assessed need for housing.
- 2.2 SPRU’s submissions to the Matter 3 2017 Examination hearing session demonstrated a wide ranging assessment of the demographic, economic and market signals elements necessary to calculate objectively assessed need in North Hertfordshire. This built upon detailed commentary in evidence submitted as part of representations to the Regulation 19 Pre-Submission consultation on behalf of our clients.
- 2.3 SPRU has demonstrated and continues to maintain that in the context of this Examination under transitional arrangements the OAN, based upon the DCLG 2014-based household and population projection of 746 dpa plus a suitable response to market signals of 25%, should be **932 dwellings per annum**. Full analysis of the evidence relied upon to prepare the ‘alternative OAN’ in-fact serves to reinforce our previous conclusions. It can now be noted that this corresponds very closely to (although is lower than) local housing need calculated using the government standard method for the ‘current year’ 2020 of **981 dwellings per annum** (excluding unmet need from Luton).
- 2.4 Table 1 below replicates the analysis in Appendix 4 of the Council’s Paper B based on local housing need calculated for the ‘current year’ 2020 and noting where local plans are adopted with strategic policies less than five years old.
- 2.5 Table 1 compares the evidence which supported the submitted plan (table 2 ED2018) against the current outputs of the standard method. This highlights that for both HMA’s those areas with plans subject to an early review (and potentially further alteration of Green Belt boundaries) will need a significant step change in the level of land allocated for this round of plans. In particular the Stevenage HMA will need to plan for a significant uplift from 38,400 dwellings to some 52,575 dwellings - an increase of 37% from the Plan’s original evidence base.
- 2.6 For NHDC the uplift from this Plan’s evidence base of 13,800 to 19,622 under the Standard Method is 42%. It is very surprising that despite knowing the future scale of growth that will need to be accommodated in any early review that the most recent submissions from the council have been about pulling back delivery and reducing future supply.

Table 1. Comparison of 2014-based LHN and OAN for Transition Local Plans

		LHN 2020	20-yr Total	Local Plan Evidence	Source / Notes
By authority	% of area				
North Herts	100%	981	19,622	13,800	HOU3 Figure 2 and para 15
Stevenage	100%	457 ¹	9,140	7,600	
Luton	100%	595 ²	11,900	17,800	Luton & Central Bedfordshire SHMA 2015-2035 (Dec 2017)
Central Bedfordshire	100%	2,391	47,810	32,000	
Aylesbury Vale	100%	1,400	28,006	20,600	Based on VALP 2013-2033 proposed Modifications
East Herts	100%	1,047 ³	20,930	16,789	Based on EHDC Local Plan
Welwyn and Hatfield	100%	875	17,500	15,200	2017 SHMA Update 2013-32
Best Fit HMA					
North Herts and Stevenage		1,438	28,762	21,400	(13,800 + 7,600)
Luton and Central Bedfordshire		2,986	59,710	51,000	(17,800 + 32,000) (rounded)
By Functional HMA					
Stevenage	100%	457	9,140	7,600	
North Herts	98.70%	968	19,367	13,621	
Welwyn and Hatfield	52.10%	456	9118	7,919	
Central Bedfordshire	28.60%	684	13,674	9,152	
East Herts	6.10%	64	1277	1,024	
Stevenage HMA Total		2,629	52,575	39,316	
Luton	100%	595	11,900	17,800	(Local Plan evidence assumes all unmet needs addressed)
Central Bedfordshire	45.20%	1,081	21,610	14,464	
North Herts	1.30%	13	255	179	
Aylesbury Vale	1.80%	25	504	371	
		1,713	34,269	32,814	

¹ NB: LHN for Stevenage is not subject to a 40% cap based on adopted strategic policy requirement of 380dpa

² NB: LHN for Luton (1,431) is is subject to a 40% cap based on adopted strategic policy requirement of 425dpa

³ NB: LHN for East Hertfordshire (1,139dpa) is is subject to 40% cap based on adopted requirement of 839dpa

Issues with use of the 2016-based population and household projections

- 2.7 The Councils analysis of the 2016-based projections, in Paper A, concludes that there has not been a meaningful change. This is not our view. There have been some fundamental changes which extend beyond the publication of the new projections but also extend to the interpretation of the new evidence. As such it is not possible to “import” the 2016 based projections into the context of the 2012 Framework as the Guidance in the 2012 Framework was written on the basis that the methodology for projections would continue to reflect Local Housing Needs (2012 PPG paragraph 2a-016), but that further analysis may be required to consider Migration and Demographic Structures (2012 PPG paragraph 2a-017).
- 2.8 In the context of the 2016 projections the following should be noted:
- a. The projections were not produced by the DCLG as referred to in Paragraph 2a-016 of 2012 PPG.
 - b. The 2016 projections utilized significantly different assumptions to those being referred to in the 2012 PPG
 - c. Unlike the 2011 and emerging 2012 projections referred to in the PPG the 2016 projections do not enjoy the support of the government as being the basis against which plan makers should consider sensitivity testing.
- 2.9 In contrast to the endorsement of the previous projections for the basis of plan-making, the government has specifically rejected the 2016 based projections for these purposes. This is a marked departure from the relationship between previous projections and plan-making as expressed in the 2012 NPPF and relevant PPG.
- 2.1 The basis of the government’s position on the 2016 projections maybe summarised from the technical consultation on updates to national planning policy and guidance undertaken by the Government in October 2018. This sets out the following reasons that methodological changes to the approach to convert population into households should not affect the Government’s aspirations to achieve a sufficient supply of new homes to meet needs can be summarised as follows:
- Household projections are constrained by housing supply
 - The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall.
 - Other things being equal a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increasing demand, such as declining affordability, relative to a housing supply that is less responsive.
 - The above factors have led to declining affordability, as evidenced by the decrease in the number of people living in an area with an affordability ratio of 4 or less: from 23 million (47% of the population) in 2000, to 395,000 (less than 1% of the population) in 2017.
- 2.2 The Government highlight in paragraph 12 of the consultation that population changes are only one aspect of the drivers for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to demand for housing. In summary, the Government’s judgment is that these factors combine to indicate that there is no need to change its aspirations for increasing housing supply.

- 2.3 The response to the technical consultation (preceding the changes to practice guidance) confirms that this remains the Government's view. At present ongoing use of the 2014-based projections will provide greater continuity in the basis for assessments, prior to further explanation and analysis to be provided by ONS.
- 2.4 The ONS has already clarified that because the projections are trend-based they do not take account of how many people may want to form households but are unable to do so, hence they do not demonstrate the number of homes that must be built to meet demand. The ONS has gone on to state:
- “Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form.”⁴*
- 2.5 The recognition by both the government and the producers of the projections (ONS) that the 2016 projections do not take into account where homes might have been needed but not provided, and that this might have had an impact on both household formation and migration, is significant.
- 2.6 While there has been new population and household projections published since the original work on the submitted plan there has also been a significant change in the government's response to these projections and the government no longer consider these most recent 2016-based projections to be a suitable basis for plan making. As such it is not correct to import these new projections into the 2012 framework and treat them with the same weight as the earlier projections which did have the support of government for the purposes of plan-making.
- 2.7 There has also been a change in the approach to the response to market indicators.
- 2.8 In the Reg19 SPRU Report the high affordability ratios in NHDC were highlighted (Appendix 1 Charts 1 and 2). This report highlighted different approaches to address affordability notably the 38% uplift suggested by the NHPAU required to stabilise affordability and the 40% uplift based on the LPEG recommendations.
- 2.9 New evidence as to the appropriate response to the present level of affordability on NHDC is provided by the Standard Methodology which would suggest an affordability ratio of 10.69 requires an uplift of 41% (but capped at 40%).
- 2.10 The approach taken by the NHDC consultant is to effectively import the 2016 projections into their own (2012 framework) based approach with no recognition of the differences between these new projections and those that the framework supported as a basis for plan-making. This is a fundamental error in the interpretation of the 2012 framework as it relates to the 2016 projections.
- 2.11 The analysis undertaken of the 2016 projections principally reflects an evaluation of different approaches to the methodology of the 2016-based population and household projections. It is particularly significant that the 10% uplift for market signals has not been revisited.

⁴ <https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>

- 2.12 The appropriateness of the analysis using the 2016-based projections must first be justified particularly in respect of:
- a. lower rates of migration
 - b. household formation rates
 - c. the continued use of a 10% adjustment for market indicators
- 2.13 The Government's concern over the outcome of the 2016-based household projections has resulted in the government rejecting them in favour of the 2014 projections as the basis for plan-making.
- 2.14 Regarding the background to the Government's methodology to assess minimum local housing need, it is noted that the consultation figures for the country as a whole as released by the DCLG in September 2017, if delivered in full by all LPA's, would only deliver some 265,936 dwellings. This is less than 89% of the government's stated aim to increase levels of housebuilding to 300,000 dwellings per annum, so even using the 2014-based household projections the Standard Methodology would fail to deliver the Government's target. This suggests that any review would in general have to raise the LHN based on 2014 household projections by an average of 12.8% to achieve the Government's stated target of 300,000 dwellings.

Assessment of Variant 2016-based population projection scenarios

- 2.15 We consider the starting point of this assessment should be the 2014 based household projections which for NHDC suggest some **690 hpa** (appendix 2). This is because these were the last 2012 Framework compliant projections as discussed above,
- 2.16 It is noted that prior to publication of variant projections for household formation (released May 2019) the ONS issued variant 2016-based population projections. These can be converted into approximate rates of annual household growth using the 2014-based household projections (following Government guidance). It is also possible to compare these scenarios with the main 2014-based and 2016-based population and household projections. This analysis is provided at **Appendix 1** to this statement.
- 2.17 It should be noted that the original publication of the 2016 household projections did produce a variant projection applying the 2014 household formation rates to the 2016-based population projection ('sensitivity test 2'). Another test demonstrates the impact of applying the 2016-based household representative rates to the 2014-based population projections ('sensitivity test 1'). These can also be considered for the purposes of comparison.
- 2.18 The analysis shows that the difference between projected population growth between the 2014-based and 2016-based population projections is relatively significant for North Hertfordshire. Projected population growth between 2016 and 2031 in the 2016-based dataset is around 33% lower. However, the impact on trends in household formation between the two datasets is relatively minor – the 2014-based population projections with 2016-based headship rates applied generates only 5.7% fewer households between 2016 and 2031. Nonetheless, the core scenario for the 2016-based population and household projections (annualised growth of 503 households 2016-2031) is below the Council's calculations of 'alternative OAN' and the household growth assumed in the submission Local Plan.
- 2.19 The recent downward trends in average population change (including impacts upon net migration) inevitably correspond to significant constraints on housing land supply in the context of no up-to-date development plan.

- 2.20 Appendix 1 shows the 10-year trend and ‘high migration’ variants of the 2016-based subnational population projections. Both show average annual population change of between 1,050 and 1,100 persons per annum from 2016 to 2031. When the 2014-based household projections are applied to these figures the projected household growth is between **600 and 613 hpa**. Both figures materially exceed the Council’s ‘alternative OAN’ based on the CLG method for household projections (567 households per annum).
- 2.21 The GLA projections (relied upon by ORS in the context of the Epping LP Examination) suggest for NHDC a similar average of **647 hpa**. The GLA long term projection result in a slightly higher number of households at **657 hpa**. These projections add support to the use of the 2014-based projection of **690 hpa** as the appropriate starting point for the assessment of housing need and not the much lower figure of 584 hpa from the ORS 2016 based OAN update.
- 2.22 The underestimate of need within the Council’s updated figures is compounded by adoption of a lower ten-year migration trend 2008 to 2018 and a failure to assess variant migration scenarios driven by recent constraints to supply. It is significant that the Council’s own ten-year trend (+19,892 population increase 2011-2031) is lower than the ONS 2016-based 10-year migration scenario (+21,489).
- 2.23 It is also significant that the Council has not applied the ‘CLG method’ for household formation to the ONS 2016-based 10-year trend. This broadly corresponds with the annual change in households of 613 per annum calculated in our Appendix 1.
- 2.24 Table 2 below compares the average annual population change in the Council’s alternative OAN with other published sources. This demonstrates the significance of the Council’s alternative OAN calculation relying on lower projected population growth.

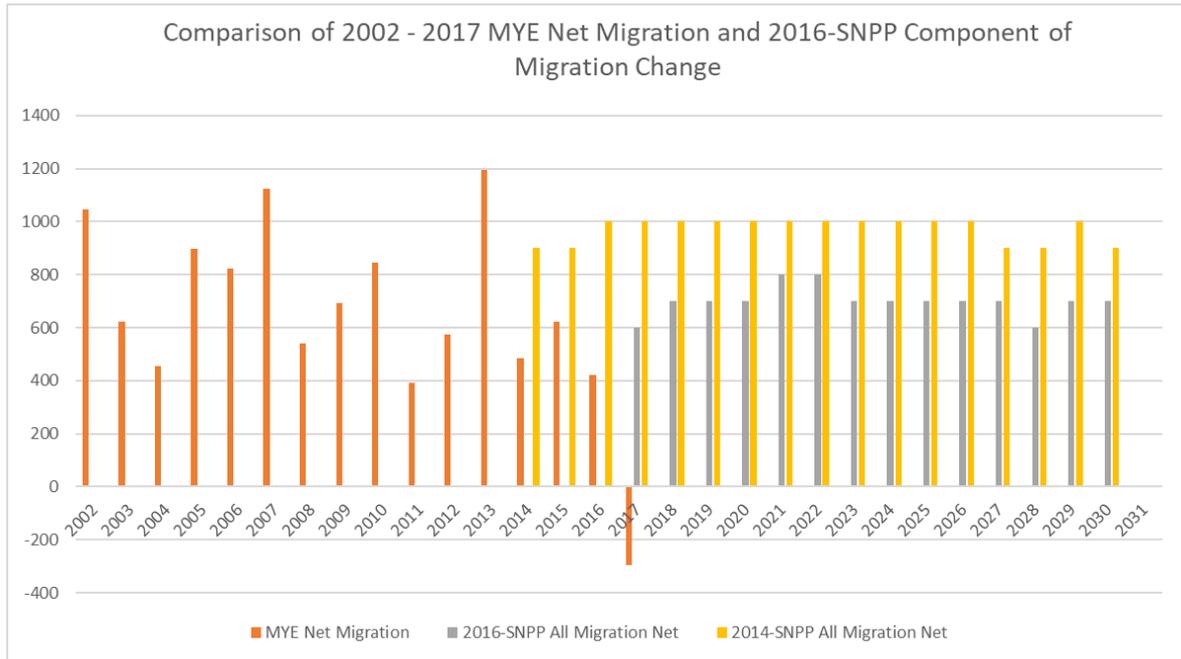
Table 2. Comparison of SHMA projections for population change against MYE averages and SNPP assumptions

	2006	2008	2011	2016	2018	2031	Average Change
2014-SNPP			127,494			154,336	1342
2016-SNPP			127,494			146,485	950
MYE 2006 – 2011	121,900		127,500				1120
MYE 2006 – 2016	121,900			132,700			1080
MYE 2011 - 2016			127,500	132,700			1040
MYE 2008 - 2018		124,400			133,200		880
ORS OAN Update August 2016			127,494			150,185	1135
ORS EIP ‘Alternative OAN’ ⁵			127,494			147,386	995

⁵ Note that the ORS ‘Alternative OAN’ population projections at Para 4 to Appendix 2 of Paper A are identical for the ‘CLG Method’ and ‘ONS Method’

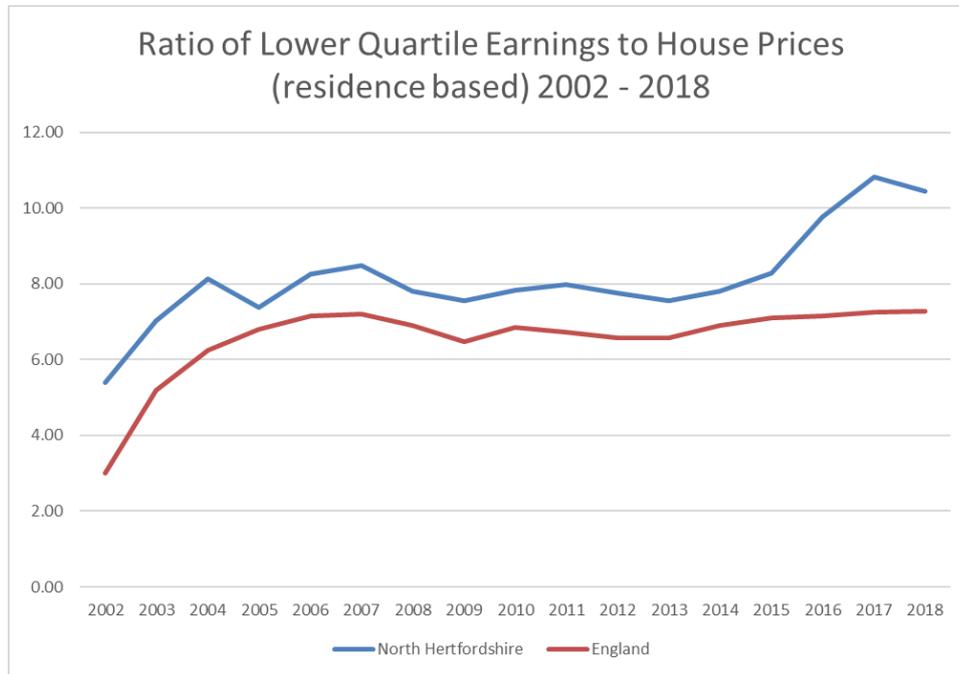
2.25 Chart 1 below shows the migration assumptions in the 2014 and 2016 projections compared with annual net change through migration record in Mid-Year Estimates for the period 2001/2 to 2017/18. This shows that net migration flows in recent years have been directly constrained by housing delivery, and subsequently reflected in the 2016-based SNPPs. Net migration was typically above +800 people per annum from 2001 to 2010.

Chart 1: Comparison of Net Migration Components of Change – 2001 to 2031



2.26 In effect NHDC has benefited from its long term under provision of housing as this continued restriction of supply below projected needs has impacted on past migration. Migration pressure has not resulted in greater net migration but instead the increased competition for the limited housing stock has resulted in increasing affordability pressures relative to the national average. Chart 2 below shows the change in the lower quartile residence-based house price to earnings ratio. The workplace-based ratio for North Hertfordshire has increased from 6.21 to 12.28 over the same period.

Chart 2: Change in Affordability Ratio 2002 to 2018 – England and North Herts



2.27 The under provision of housing compared to projected needs impacts on present and future affordability as in-migration becomes limited to the wealthy households better able to compete for housing in this market. This forces the displacement of less well-off households out of NHDC. The impact of this is a gradual reduction in the net migration figure, which is then reflected in the future projections, most notably the 2016 projections.

2.28 This process has a positive feedback loop in that the more constrained the housing market the less in-migration occurs. Lower future projected trends in population and household growth, if these result in less housing being planned, would lead to a greater mismatch of supply and demand. It is this feedback which the Government is seeking to address in terms of adjusting for Market Signals both in terms of the discretionary approach in the 2012 framework and the Standard Method in the 2019 Framework.

Adjustments to take account of increased migration pressure

2.29 SPRU also highlight that the ‘alternative OAN’ and the Council’s overall evidence base takes no account of migration trends from London (including the GLA’s own population projections) when assessing the impact of uplift for market signals on future trends. This represents an important consideration given the impact of London (and potential unmet needs) on the wider south east.

2.30 Recent submissions by the London Metropolitan Authorities to the recent London Plan Examination highlighted how the assumptions regarding the future level of house building in the capital have been greatly overestimated and will not be achieved. The implications of this is that there is likely to be much greater demographic pressure emanating out from London than in the past, which unless it is met by increased provision will continue to fuel the very high constraints to affordability in NHDC.

2.31 Omission of this comparison is significant given that the same appointed consultants (ORS) prepared the SHMA for the ongoing Epping Forest Local Plan Examination. In this example the consultant considered the amount of housing necessary to accommodate net migration at an average of 2,809 persons each year (as identified by

the GLA 2016-based central trend) and confirmed this would be met by the level of uplift proposed at 14%.

- 2.32 This omission is an important consideration and demonstrates that the Council's interpretation of the lower projected rates of population growth are not justified. The 2016-based population projections do indicate lower rates of growth. **Appendix 2** demonstrates that the 2016 variant projection using 2014 HRRs (+3% vacancy adjustments) are around -5% lower than the 'alternative OAN' using the CLG Method. However, the critical point is that the 'alternative' OAN is between 9% and 15% **lower** than each of the short, central and long-term GLA 2016-based household projections. The GLA's central and long-term projections broadly correspond to the DCLG 2014-based population and household projections that should remain preferred for the purposes of this Examination.
- 2.33 It is relevant to highlight that in relation to the ongoing Vale of Aylesbury Local Plan Examination it remains the case that the appointed Inspector has maintained the soundness concerns on the level of objectively assessed housing need argued by the consultant ORS in his interim findings issued in August 2018.
- 2.34 To overcome these concerns, it has been necessary for the Council (contrary to their consultant's (ORS') view that no response was required to increased migration pressure) to accept a higher housing requirement because the inspector found that the submission SHMA incorporated a migration component that was too low in terms of determining full housing needs. This also utilised a longer-term trend period including the recession.

Appropriate Uplift for Market Signals and Suppressed Household Formation

- 2.35 In this context it is inappropriate that the Council has based its assessment of the 'alternative OAN' on longer-term migration trends and the 2016-based population projections without revisiting the 10% uplift for market signals.
- 2.36 Like the Vale of Aylesbury Local Plan (VALP), the consultants have continued to promote a 10% uplift for NHDC based on a comparison with Eastleigh Borough and an Inspector's Report from some considerable time ago. The appointed Inspector's concerns raised during the VALP Examination have also addressed the inappropriately low uplift for market signals (10%) also having regard to the methodology to calculate local housing need.
- 2.37 ORS has continued to maintain that comparisons with the LPEG methodology should be treated with caution and that ORS' own ten-year migration trends can be relied upon and yet this is not the case that is being pursued, What objectors to the plan are highlighting is that the various approaches that experts have taken to the issue of responding to market indicators have shown that in all cases the response of a district like NHDC should be much higher than the 10% being proposed.
- 2.38 In the case of Aylesbury Vale ORS conceded that a minimum 15% uplift should be applicable to Aylesbury, but the Inspector suggested an initial range of 20-25% for overall uplift required. The Council has decided to settle on a 'mid-point' between 15% and 20% to provide an overall uplift of 17%. Despite the defence of past long-term migration trends, ORS specifically acknowledges this would amount to support for a 42% increase in future migration compared to recent 10-year trends, addressing the Inspector's concern in this respect. This of course assumes the uplift drives migration and not increased access to the housing market by newly forming households.
- 2.39 The analysis of indicators for market signals at p.4 of Appendix 2 to Paper A does not provide a reliable comparison with neighbouring areas or justification for an uplift of only

10%. The acute housing need pressure in North Hertfordshire is demonstrated by the application of the 40% cap to the uplift for affordability under the government's standard method. A key factor differentiating North Hertfordshire from comparator areas is that it has the joint-lowest (0.6% - shared with Luton) annual average increase in dwelling stock from 2011 to 2018. Only one other comparator (South Cambs) has seen a reduction in the rate of increase in dwelling stock compared to 2001-2011. This clearly highlights the acute constraints to growth in the absence of an up-to-date plan providing for full needs.

2.40 At Appendix 3 of its Paper A the Council provides examples of Examinations where the 2016-based projections have been considered. We regard the Council's analysis of the example of the Guildford Local Plan, where the 2016-based projections were adopted to inform the requirement, as incomplete and potentially misleading. The specific circumstances for this can be summarised as follows:

- The demographic projection produced a requirement of 313 dpa (IR paragraph 25)
- The adjustment for improved household formation for 24 to 45 age groups back to 2001 rates (an adjustment not made by the SHMA in this case) increased this by 26% (83 dpa) to 396 dpa. It is worth noting the inspector's comment with regard to this uplift was:

"This is a sound approach, although it should be recognised that it does not provide a full adjustment for affordability, since the additional dwellings are available to all, not just the 25 to 44 age group, and it is unlikely to increase the stock sufficiently to have a significant effect on affordability on its own."

- The adjustment for employment led growth (using Office for Budget Responsibility activity rates in 2016 and 2017) was an increase of 143 dpa (39%) to 539 dpa. Again it is pertinent to note that the inspector in commenting on this approach stated that:

"28. Planning needs to have regard to longer term population changes and business growth rather than short term cycles in the economy and it would be wrong of the plan to place undue weight on some of the current pessimistic short-term economic predictions."

- A final adjustment for an increased student population was made of 23 dpa taking the overall requirement to 562 dpa

2.41 In considering the final figure the inspector acknowledges the variation in employment led housing forecasts (paragraph 32) but then in paragraph 33 undertakes a further review:

"33. But an examination of the wider context supports a housing requirement of 562 dpa. Guildford is an important employment centre within easy reach of London, with a big university, other significant higher education establishments, a successful science park, economic strength in growing sectors and a long record of economic growth. It is the largest town within the housing market area, one of four growth towns in the LEP's Strategic Economic Plan and continues to benefit from the EM3 LEP Growth Deals. The university is expanding and students have made a significant incursion into the housing market. These factors, together with the seriously poor and deteriorating housing affordability and the very high level of need for affordable housing make a compelling case for a supply of housing significantly above historic rates."

2.42 The overall scale of the uplift from the 2016 based projections is considerable. There is a 26% uplift which is acknowledged does not provide a full adjustment for affordability and the employment led forecast is an 80% uplift (from 313 dpa to 562 dpa) to address economic growth.

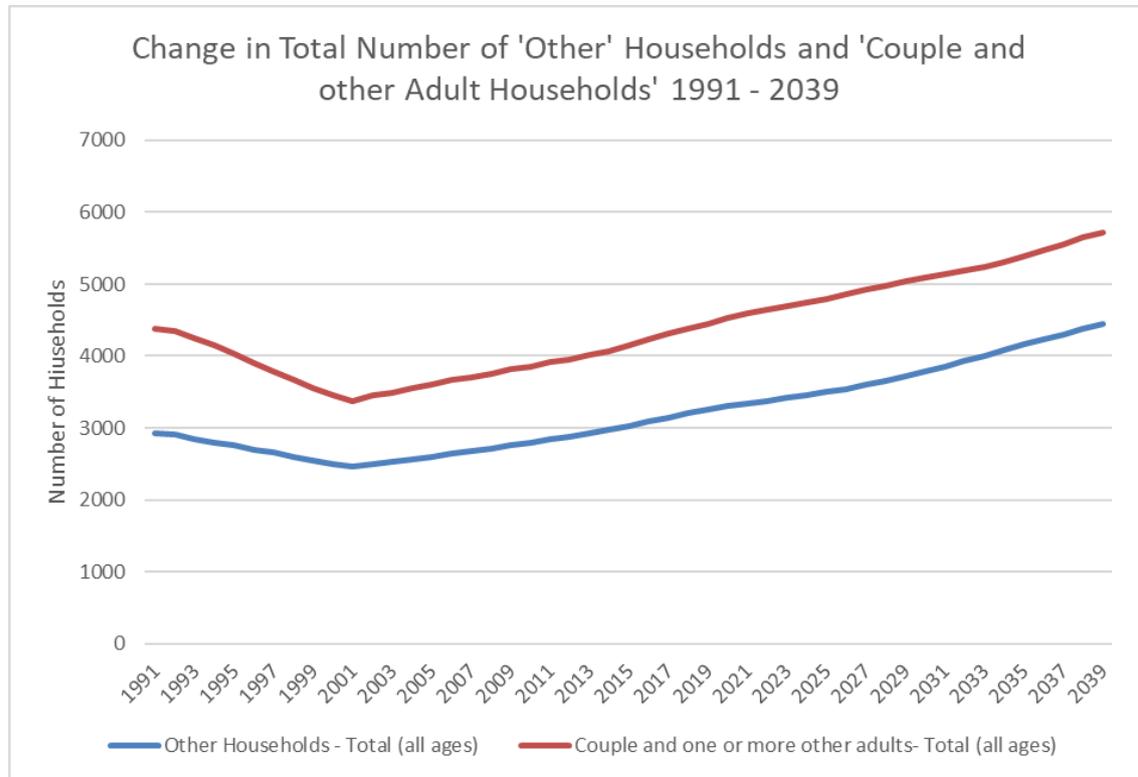
- 2.43 The important finding here is that where the 2016-based projections are assessed all elements of the OAN calculation, including adjustment to market signals and household formation rates, must be addressed. This is not reflected in the analysis for North Hertfordshire.
- 2.44 In respect of affordability, it is noted that a 26% uplift for Guildford on the 2016 projections was insufficient to address affordability. For comparison Guildford has according to the latest evidence a median-based affordability ratio of 12.53 compared to a ratio of 10.69 in North Hertfordshire. In these circumstances, if no further adjustments are being made, then an uplift of at least 20% to address affordability would be justified
- 2.45 In preparing the 'alternative OAN' the Council's consultants have also not explored potential amendments to household formation rates. The 2001 to 2011 period for North Hertfordshire demonstrates a marked increase in the number of 'Other Households' in both absolute and relative terms.
- 2.46 The average size of Other households without dependent children increased nationally from 2.92 people in 2001 to 3.06 in 2011 and saw the largest percentage increase (5.1%). Within this main category, the Other category includes unrelated adults sharing a household space and multi-family households with no dependent children; this category increased by 4.1% from 2.90 people to 3.02. Table 3 below illustrates change in the number of 'Other Households' in North Hertfordshire between 2001 and 2011 and projected change to 2031 using the 2014-based housing projections:

Table 3. Projected Growth in 'Other Households' – 2014-based household projections

	2001	2011	2031
A couple and one or more other adults: No dependent children	3,378	3,912	5,143
One family and no others: Couple: No dependent children	14,165	15,197	18,406
Other households	2,462	2,844	3,853
Total	20,005	21,953	27,402
		2001-2011	2011-2031
% Increase- Couple and one or more other adult		16%	31%
% Increase – 'Other'		16%	35%

- 2.47 Chart 3 below demonstrates the growth in 'other' household types comprising multiple adults is a departure from longer-term trends since 1991.

Chart 3: Time-Series of Long-Term Trends in ‘Other’ Household Types



- 2.48 The 2016-based household projections amalgamate the above components of ‘Other Households’ into a single category. However, there remains a strong projected growth in the overall category between 2011 and 2031 (+4,458 households) (compared with the combined growth of +5,449 from the relevant components of the 2014-based household projections as per Table 3 above). Growth in ‘other’ household types represents 45.7% of total projected growth in the 2016-based projections, compared to 39.5% in the 2014-based data, demonstrating their increasing importance in overall trends.
- 2.49 This indicates a significant proportion of growth will be multi-adult households rather than couples with no dependent children. In-line with the 2014-based projections this particularly affects the household characteristics amongst younger age groups and thus offsets overall decline in household formation rates.
- 2.50 Notwithstanding the recent reduction in trends for projected population growth the associated constraints upon household formation also contribute to estimates of need based on the official projections. It is suggested by the ONS that this may reflect an increase in young working adults sharing accommodation and multigenerational households. These factors indicate barriers to home ownership and growth in the proportion of the population in private rented tenure. Planning for levels of future housing provision that would maintain and ‘lock-in’ these trends is not a sound approach to policy-making.

b) In the light of the ‘alternative OAN’ figures, has there been a ‘meaningful change in the housing situation’

- 2.51 The real meaningful change in the housing situation is the worsening of the affordability ratio and the significant undersupply of housing against any meaningful projection of housing need.
- 2.52 The publication of the 2016 projections by ONS and the rejection of these for the purposes of plan-making do not in themselves represent a meaningful change for the purpose of plan making under the 2012 Framework. As explained the 2012 Framework treated the then projections as a basis for plan making and scenario testing. The 2016 projections do not come with the same authority and therefore cannot be imported into the 2012 Framework policy environment unencumbered by the narrative that surrounds them. Considering that narrative particularly as it relates to suppressed household formation and levels of net migration our analysis continues to support the use of the 2014-based projections for the reasons set out above.
- 2.53 For these reasons there has not been a ‘meaningful change’ that would justify a downward adjustment to the housing requirement in the plan as submitted. Our analysis further demonstrates the methodology adopted by the Council fails to provide for a full objective assessment of housing needs, which therefore remain acute and unaddressed.
- 2.54 The Council’s application of its methodology to more recent data in a manner that fails to address the issues associated with that data but results in a further reduction in the housing requirement compounds the issues with the original approach.
- 2.55 We have demonstrated that the most recent information, including variant projections issued by the ONS, updated affordability indicators and the appropriate response to them, as supported by reference to other Examination findings, continues to justify our previous conclusions that the Plan should provide for an objectively assessed need for North Hertfordshire in the region of **932 dpa**.

c) If there has been a ‘meaningful change in the housing situation’, should the Local Plan be modified to reflect it and, if so, how?

- 2.56 It is considered that the new data, and the government’s response to it, coupled with worsening affordability and continued undersupply in NHDC, requires the Plan to be modified to provide for a housing requirement for North Hertfordshire (excluding unmet needs from Luton) of **18,640** dwellings for the period 2011 to 2031.
- 2.57 We do not endorse Modifications that result in any lower figure for the housing requirement than that calculated in our submissions (**932dpa**). The Plan should acknowledge that this is a lower figure than local housing need calculated under the standard method so even planning for this level of provision will require an early review of the plan.
- 2.58 If the 2016-based population projections are to be considered, then a 10-year variant with application of the 2014-based headship rates and a minimum 25% uplift for market signals should be preferred, which is some 789dpa. This is calculated from the 2016-based SNPP 10-year variant shown in our **Appendix 1** as follows:

Table 4. Objectively Assessed Needs Using 2016-based SNPPs

	Annual Pop Change 2016-31	2016 HHs	2031 HHs	Annual Rate HH Change	Annual Change (Dwellings) (3% Vacancy)	Market Signals Adjustment (+25%)	20-Year Total (OAN)
2016-based SNPP 10 year variant	1,087	56,182	65,373	+613	631	789	15,777

- 2.59 This would result in a plan requirement of 15,777 dwellings plus any unmet need from Luton.
- 2.60 The government has robustly rejected use of the 2016-based projections under the standard method and the figure of 789dpa is inherently preferable to the figure for local housing need using the 2016-based projections (722dpa). Such an approach should further be resisted given the Examination of the Plan under transitional arrangements, though it nonetheless provides a greater assessment of need than that contained in the submission Plan.

APPENDIX 1 – COMPARISON OF ANNUAL RATES OF HOUSHOLD GROWTH 2016-2031 USING 2016-BASED VARIANT POPULATION PROJECTIONS AND 2014-BASED HOUSEHOLD PROJECTIONS ALONGSIDE 2014-BASED AND 2016-BASED BASELINE POSITIONS

	North Herts	2016			2031			Change		Annual change		Average Household Size_2016	Average Household Size_2031	Estimated HH in 2016^	Estimated HH in 2031^	Estimated HH Change	Annual rate
		Base	HH Pop	Communal	Base	HH Pop	Communal	Base	HH Pop	Base	HH Pop						
2014-based Subnational population projections (2014 HHR)	All ages	133,600	132,177	1,375	154,300	152,305	2,031	20,700	20,128	1,380	1,342	2.33	2.26	56,770	67,397	10,627	708
2014-based Pop Sensitivity Test 1# (2016 HHR)	All ages	133,600	132,177	1,375	154,300	152,305	2,031	20,700	20,128	1,380	1,342	2.35	2.30	56,233	66,248	10,016	668
2016-based subnational population projections (2016 HHR)	All ages	132,700	131,327	1,373	146,500	144,653	1,847	13,800	13,326	920	888	2.37	2.30	55,457	63,008	7,551	503
2016-based: Projected HRR 2001 to 2041 variant	All ages	132,655	131,282	1,373	146,485	144,638	1,847	13,830	13,356	922	890	2.37	2.33	55,457	62,067	6,610	441
2016-based Pop Sensitivity Test 2* (2014 HHR)	All ages	132,655	131,282	1,373	146,485	144,638	1,847	13,830	13,356	922	890	2.34	2.25	56,163	64,255	8,092	539
10 year variant	All ages	132,700	131,327	1,373	149,000	147,153	1,847	16,300	15,826	1,087	1,055	2.34	2.25	56,182	65,373	9,190	613
High Migration Variant	All ages	132,700	131,327	1,373	148,600	146,753	1,847	15,900	15,426	1,060	1,028	2.34	2.25	56,182	65,195	9,013	601
Low Migration Variant	All ages	132,700	131,327	1,373	144,300	142,453	1,847	11,600	11,126	773	742	2.34	2.25	56,182	63,285	7,103	474
		2011			2031									2011	2031		
NHDC 'Alternative OAN' - CLG Method **		127,494			147,386			19,892		995				53,600	64,948	11,348	567
NHDC 'Alternative OAN' - ONS Method ***		127,494			147,386			19,892		995				53,260	63,336	10,076	504
*Table 429b : Sensitivity analysis of the 2016-based household projections using 2016-based population and 2014-based household formation by local authority, England, mid-2014 and mid-2039																	
#Table 429a : Sensitivity analysis of the 2016-based household projections using 2014-based population and 2016-based household formation by local authority, England, mid-2014 and mid-2039																	
^For Sensitivity Tests 1and 2, 2011-2041 variant and 2016-based projection and 2014-based projection the Household Number is the total reported in the Published Scenario Result (Detailed Modelling) (top 5 rows of table)																	
All scenarios use 2014-based household formation rates except shaded rows																	
** - SOURCE: NHDC Paper A Appendix 3 paragraph 15																	
*** - SOURCE: NHDC Paper A Appendix 3 paragraph 15																	

APPENDIX 2 – COMPARISON OF ORS BASELINE PROJECTION WITH GLA HOUSEHOLD PROJECTIONS ACROSS THE WIDER HMA AND 2011-2031 PROJECTIONS USING OFFICIAL 2014-BASED AND 2016-BASED POPULATION PROJECTIONS

	Local Authority Area	2011	2031	Total Households	Annual Average HHs	Total Dwellings including 3% vacancy	Average Dwellings (inc Vacancy)
Short (5yr)	North Hertfordshire	53,603	66,052	12,449	622	12,823	641
Short (5yr)	Stevenage	35,016	41,745	6,728	336	6,930	347
Short (5yr)	Welwyn Hatfield	43,720	58,758	15,038	752	15,489	774
Short (5yr)	East Hertfordshire	56,811	73,330	16,519	826	17,015	851
Short (5yr)	Central Bedfordshire	104,974	143,529	38,556	1,928	39,712	1,986
	HMA (5yr)	294,124	383,414	89,290	4,465	91,969	4,598
Central (10 yr)	North Hertfordshire	53,603	66,546	12,944	647	13,332	667
Central (10 yr)	Stevenage	35,016	41,456	6,440	322	6,633	332
Central (10 yr)	Welwyn Hatfield	43,720	57,860	14,140	707	14,564	728
Central (10 yr)	East Hertfordshire	56,811	72,853	16,042	802	16,523	826
Central (10 yr)	Central Bedfordshire	104,974	140,490	35,516	1,776	36,582	1,829
	HMA (10yr)	294,124	379,206	85,082	4,254	87,635	4,382
Long 15 year	North Hertfordshire	53,603	66,751	13,148	657	13,543	677
Long 15 year	Stevenage	35,016	40,608	5,591	280	5,759	288
Long 15 year	Welwyn Hatfield	43,720	57,093	13,372	669	13,774	689
Long 15 year	East Hertfordshire	56,811	71,834	15,023	751	15,474	774
Long 15 year	Central Bedfordshire	104,974	138,886	33,912	1,696	34,929	1,746
	HMA (15yr)	294,124	375,171	81,047	4,052	83,478	4,174
North Hertfordshire							
	Total Households			Annual Average HHs			ORS percentage lower
Government projections							
Standard Method	19,620	981	40%				
2014 (DCLG Table 427)	13,798	690	15%				
2016 SNPP with 2014 HRR (ONS Table 429a)	11,153	558	-5%				
GLA 2016 based projections							
Short (5yr)	12,823	641	9%				
Central (10 yr)	13,332	667	12%				
Long 15 year	13,543	677	14%				
ORS 2016-based OAN Update (CLG Method)	11,681	584	0%				

(ORS 2016-based OAN Update (CLG Method) based on NHDC Paper A Appendix 3 paragraph 15)

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