

Paper A: The 2016-based household projections and Objectively Assessed Need

1. The Inspector has requested that North Hertfordshire District Council (NHDC) provide further information to the Examination regarding the impact of the 2016-based household projections on the assessment of Objectively Assessed Need (OAN). In his letter of 9 July 2019 (the Inspector's July letter), the Inspector raises a number of specific questions and queries on this matter. In particular, he has asked for clarity upon:
 - The basis of the calculations previously set out in the Council's note on the implications of new household projections for the NHDC Local Plan (ED159);
 - What the Council considers the most appropriate OAN figure founded on the 2016-based projections;
 - The 'standard method' housing requirement for NHDC using the 2014-based projections;
 - Whether the Council considers the above represents a 'meaningful change' from the figures previously examined.
2. These issues are dealt with in turn below. All references to 'the Plan' or 'the Local Plan' in this response are to the submitted Plan (LP1) as suggested to be altered by the Proposed Main Modifications issued in November 2018 unless otherwise stated. All references to the National Planning Policy Framework (NPPF) are to the 2012 version unless otherwise stated.
3. It can be seen from the below that there is no justification on OAN grounds to alter the housing requirement set out in Policy SP8 (a) for the delivery of 14,000 net new homes for North Hertfordshire's own needs, consisting of (i) 13,800 net new homes in that part of the District that falls within the Stevenage Housing Market Area (HMA) and (ii) 200 net new homes in that part of the District that falls within the Luton HMA.

Inspector's Query 1 – The basis of the calculations in ED159

"...it would help if the precise vacancy rates and market signals uplifts applied [in ED159] were set out and briefly explained (Paragraph 9(a) of the Inspector's letter)

4. The workings behind the figures presented in ED159 are attached at Appendix 1. This sets out the relevant vacancy rates and market signals adjustments and identifies the sources from which these are taken. The explanatory notes in Appendix A show that the rates and adjustments from existing, published Strategic Housing Market Assessments across the relevant HMA authorities were collated and used. The relevant vacancy rates and market signals uplifts used for the purposes of ED159 are also shown in the table below:

Authority	Vacancy rate	Mkt signals uplift	Source
North Hertfordshire	2.9%	10%	Updating the Overall Housing Need (Opinion Research Services (ORS), 2016) (HOU3)
Stevenage	1.9%	10%	
Luton	2.8%	20%	Luton & Central Bedfordshire: Strategic Housing Market Assessment Update (ORS, 2015)
Central Bedfordshire	4.0%	5%	
Aylesbury Vale	3.7%	10%	Buckinghamshire Housing & Economic Development Needs Update 2017 (ORS & Atkins, 2017),
East Hertfordshire	3.1%	14%	West Essex and East Hertfordshire Strategic Housing Market Assessment (ORS, 2017)
Welwyn Hatfield	3.0%	10%	Strategic Housing Market Assessment Update 2017 (Turleys, 2017)

5. ED159 is clear (p.2, paragraph 11) that its indicative figures have not been subject to the same level of technical analysis as the 2014-based OAN set out in HOU3 and examined in November 2017. Rather, the vacancy rates and market signals from existing published evidence studies (as shown in the table above) were applied to the most recent Government household projections for those areas without expressing a view as to the appropriateness of this approach. There may well be factors in the 2016-based projections which might support use of alternate or adjusted demographic projections, vacancy rates and / or market signals adjustments. However, it was not the role or purpose of ED159 to consider or comment upon these.
6. The purpose of ED159 was to provide an early indication of how the 2016-based projections *might* (i) impact upon the OAN figures for North Hertfordshire previously examined and (ii) affect figures across wider Housing Market Areas which had previously been provided for context (see, for example, Table 4 on p.15 of HOU1). ED159 was submitted to the Examination in October 2018 to help the Inspector determine whether a more formal re-assessment of the OAN for the District or any other form of additional work should be undertaken. The Inspector's July letter now asks for this work to take place.

Inspector's Query 2 – Establishing an appropriate 2016-based OAN

I am not clear as to whether the vacancy rates and market signals uplifts previously applied remain appropriate for the purpose of establishing an OAN based on the 2016-based household projections...

...in order to identify an appropriate OAN for North Hertfordshire based on the 2016-based projections, I cannot tell whether the figures should be adjusted in order to address any issues there may be with the 2016-based household projections, including in relation to household formation rates and the issues on which the Government has expressed concern.

In short, I have reservations as to whether the Council's note sets out appropriate and robust OAN figures on the basis of the 2016-based projections. Considering the task with which I am charged in relation to the aforementioned 'meaningful change' issue, this is a shortcoming that must be resolved (Paragraph 9).

7. Opinion Research Services (ORS) have produced an update considering the matters requested. This is attached as Appendix 2. It identifies that an OAN on the basis of the 2016-based projections would be **12,900** dwellings, a reduction of 900 dwellings on the 2014-based figure. This is a robust figure informed by the most recent projections and should be preferred to the earlier, indicative 2016-based figures contained in ED159 of 11,000 dwellings. The main findings of the ORS update are summarised below. Appendix 2 should be referred to for the full analysis.
8. The section of the update titled "Population and household projections" (Appendix 2, p.2) collates the various official and bespoke projections that have informed the SHMA process for North Hertfordshire to date. These have suggested a demographic baseline of between 9,748 and 13,798 additional households over the period 2011-2031. The variations are influenced by the approach that is taken to the migration period, fertility and mortality rates and household formation, The commentary notes that "...all of the most recent official projections suggest a lower rate of growth than was identified by the previous 2012-based and 2014-based figures" (Paragraph 5).
9. Two new, updated SHMA projections are also presented. Both are based on a ten-year migration trend. Use of a ten-year migration trend is consistent with the approach taken in the August 2016 OAN Update (HOU3). HOU3 formed the basis of the Matter 3 hearing session in November 2017. The appropriateness of using a ten-year migration trend in HOU3 was considered at length at that hearing (NHDC Matter 3 Statement, pp.5-6, paragraphs 28 to 32). The Council still considers that this approach is robust and justified.
10. The fertility and mortality rates used for these most recent SHMA projections are consistent with the Government's latest population projections.
11. The variation between the two projections is created by using the latest Office for National Statistics approach to household formation ("ONS 2016 method") and the previous approach applied by the Department for Communities and Local Government ("CLG method") respectively. The technical difference between these two approaches is briefly summarised in Paragraph 15 of ED159 (p.3). As both are approaches (previously) used by the Government body responsible for household projections they are considered a robust basis for this element of the calculation.
12. The following section of the update (Appendix 2, p.3) moves on to consider market signals. The updated analysis shows North Hertfordshire "...has remained in roughly the same position in the hierarchy of appropriate comparator areas..." as when the analysis in HOU3 took place (Appendix 2, Paragraph 8 and p.4). The update also demonstrates that a proposed 10% uplift would remain consistent with uplifts endorsed at Local Plan

examinations elsewhere (Paragraph 9). The factors considered above are consistent with those explored at the original examination session in November 2017 (NHDC Matter 3 statement, pp.7-8, paragraphs 34 to 43).

13. The update demonstrates that a market signals uplift of 10% remains appropriate (Appendix 2, Paragraph 10). The update is clear, however, that this conclusion is based upon the continued use of the 'CLG method' for household formation. Importantly, this section concludes that if the new 'ONS method' was used a "*larger upward adjustment*" for market signals would be justified due to a greater level of suppressed household formation (Appendix 2, Paragraph 11).
14. The final section of the update relates to "Establishing Objectively Assessed Need". This takes the various demographic baselines, applies a vacancy rate and then adds a 10% market signals uplift. This approach shows that an updated OAN based upon the latest projections, the ONS method for household formation and a 10% uplift would be 11,409 dwellings. However, the analysis makes clear that a 10% uplift would actually be considered insufficient if this approach were taken and "*would need a proportionately higher adjustment in response to market signals to be considered sound*" (Paragraphs 14 & 15).
15. The report concludes that it is "*more appropriate to maintain the original CLG method together with the 10% uplift that the SHMA proposed*" (Paragraph 15). This provides a 2016-based OAN of 12,900 dwellings over the period 2011-2031.
16. The approach taken in the update is proportionate and methodologically robust. It establishes a demographic baseline using accepted inputs and reviews the appropriateness of the market signals uplift in order to reach a conclusion. The Council is satisfied that the update provides a sound response to the Inspector's queries and concerns.
17. However, notwithstanding the above, the Council notes that the Government has, through consultation and updated PPG, expressed a preference for using the 2014-based projections over the 2016-based projections for plan-making purposes as

*"changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term."*¹
18. In this context, the Council also notes the Planning Practice Guidance cited under Paragraph 5 of the Inspector's July letter which acknowledges that housing assessments are not automatically rendered out-of-date every time new projections are issued.

¹ Government response to the technical consultation on updates to national planning policy and guidance, February 2019

19. This advice can be seen reflected and applied in the numerous Inspectors' reports issued since the publication of the 2016-based projections. Many of these have allowed Local Plans predicated on the 2014-based projections to proceed without requiring additional hearing sessions. A number of these reports recognise the PPG advice referenced above and have endorsed plans that use the 2014-based figures even where the 2016-based projections might suggest a reduction in OAN. A summary of key messages from these reports is attached as Appendix 3.
20. The above suggests that the existing SHMA figures, as set out in HOU3 and previously examined in November 2017, should be considered the more robust basis for this Plan in any event. This point is returned to in the Council's response to Query 4 and its conclusions below.

Inspector's Query 3 – Clarifying the housing requirement under the 'standard method'

It may, though, be instructive for the purpose of comparison to present the OAN figure derived from the standard method formula using the 2014-based projections (Paragraph 10)

21. Table 2 of ED159 provided indicative 'standard method' figures using the 2016-based projections. This was consistent with the September 2018 version of the Government's planning practice guidance (PPG) in force at the time of writing. Following the update to PPG in February 2019, authorities should now use the 2014-based projections². Revised standard method figures calculated on this basis are presented below. The workings supporting these figures are attached at Appendix 4.

	Potential 20-year standard method figure using 2014-based household projections
North Hertfordshire	19,680
By functional HMA	
Stevenage	8,880
North Hertfordshire*	19,420
Welwyn Hatfield*	9,040
Central Bedfordshire*	13,880
East Hertfordshire*	1,300
Stevenage HMA Total	52,650
Luton	11,900
Central Bedfordshire*	21,940
Aylesbury Vale*	510
North Hertfordshire*	260
Luton HMA total	34,610

*Figures for that part of the authority lying within the HMA only

² <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>, Paragraph: 004 Reference ID: 2a-004-20190220, Revision date: 20 02 2019

22. In providing these figures, the Council reiterates that in accordance with the transitional provisions in the NPPF and as recognised in the Inspector's July letter (Paragraph 4) this Examination is proceeding under the 2012 NPPF. It is therefore consistency with this version of the NPPF that informs whether the draft plan, and the housing requirement in SP8(a) of 14,000 dwellings, is sound. Therefore it would be inappropriate to use the Standard Methodology figures in setting the housing requirement for this plan. They can only provide the likely context for a future review. However, taking account of the figures under the standard methodology for North Hertfordshire cannot provide any possible justification for altering the housing requirement of 14,000 dwellings proposed in the draft plan under policy SP8(a). Indeed this additional information merely supports the current proposed housing requirement in the plan given the requirement in Paragraph 47 of the NPPF to "boost significantly the supply of housing".

Inspector's Query 4 – Whether the matters above result in a 'meaningful change'

This [paper] should indicate the Council's view as to whether the most appropriate 2016-based OAN figure represents a 'meaningful change' from the OAN currently underpinning the Local Plan housing requirement (Paragraph 32).

23. The ORS report, attached as Appendix 2, recommends that the most appropriate 2016-based OAN figure would be 12,900 homes for the period 2011-2031. This paper expresses the author's expert opinion that the latest OAN figure represents a reduction of only 6.3% which does not represent a "meaningful change" (Appendix 2, Paragraph 3). The Council supports this conclusion and is satisfied that a 2016-based OAN figure does not represent a meaningful change from the OAN currently underpinning the Local Plan housing requirement.

24. Moreover, it is of note that this reduction of 6% is a substantially smaller difference than the 21% decrease alluded to in Paragraph 8 of the Inspector's July letter.

25. In any event, the Council questions whether it is appropriate to rely on the 2016-based figures given the Government's approach and the outcomes of other examinations on this matter (see paragraph 17 to 20 above).

Conclusions

26. This supplementary paper clearly addresses the key concerns raised by the Inspector in relation to the consideration of the Objectively Assessed Need for housing. In summary:

- The data underpinning ED159 is published alongside this supplementary paper for transparency and to aid the Inspector's understanding;
- A 2016-based OAN for the District of **12,900 homes** has been identified;
- The Council does not consider this 6% decrease on the 2014-based OAN of 13,800 homes to represent a 'meaningful' change;

- Planning Practice Guidance accepts that housing assessments are not automatically rendered out of date each time new projections are issued; and
- Based upon Government advice and the approach taken in other examinations, the existing 2014-based projections in HOU3 should be viewed as the most appropriate basis for the Plan.

27. The Inspector sets out, in Paragraph 7 of his 9 July letter, his view that it would be unfair to proceed without a further hearing on this matter. However, this conclusion has been reached prior to determining whether the most appropriate 2016-based OAN figure (as established in this paper and associated appendices) represents a 'meaningful change'. As set out above, the Council is of the view that the change is not meaningful.

28. The Inspector has reached the conclusion in Paragraph 7 of his 9 July letter on the basis of the figures in ED159. However, these were explicit that they were indicative and "for illustrative purposes only to help understand the potential implications of the revised household projections" (ED159, p.2, paragraph 11). They were not a formal reassessment of OAN.

29. Given the relatively small reduction in OAN suggested by the latest figures, the Council's view is that the 2014-based figures in HOU3 remain the most appropriate basis for the Plan. On this basis and having regard to the approaches taken by Inspectors elsewhere, the Council is unconvinced that it would be "unfair to participants to proceed without a hearing". The Council considers that the Inspector can reach a conclusion on this matter based upon the evidence before him without giving rise to any prejudice to other participants in the examination.

Appendix 1: ED159 - calculations and workings

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		SHMA				Hhold Projs					Indicative 16-based 'OAN'		Change vs assessed OAN		Indicative 16-based standard method	
<i>By authority</i>	% of area	OAN 2011-31		%Vacancy	%Mkt signals	14-based		16-based		Change 16vs14	Annual	20-year	%	#	Annual	20-year
		Annual	20-year			Annual	20-year	Annual	20-year							
North Hertfordshire	100%	690	13,800	2.9%	10%	690	13,800	485	9,700	-30%	550	11,000	-20%	-2,800	716	14,320
Stevenage	100%	380	7,600	1.9%	10%	375	7,500	290	5,800	-23%	325	6,500	-14%	-1,100	341	6,820
Luton	100%	890	17,800	2.8%	20%	1,165	23,300	690	13,800	-41%	850	17,000	-4%	-800	651	13,020
Central Bedfordshire	100%	1,475	29,500	4.0%	5%	1,825	36,500	1,615	32,300	-12%	1,765	35,300	20%	5,800	2,224	44,480
Aylesbury Vale	100%	980	19,600	3.7%	10%	1,080	21,600	1,190	23,800	10%	1,355	27,100	38%	7,500	1,614	32,280
East Hertfordshire	100%	835	16,700	3.1%	14%	790	15,800	705	14,100	-11%	825	16,500	-1%	-200	1,069	21,380
Welwyn Hatfield	100%	745	14,900	3.0%	10%	650	13,000	575	11,500	-12%	650	13,000	-13%	-1,900	740	14,800
<i>By best fit HMA</i>																
North Herts & Stevenage		1,070	21,400			1,065	21,300	775	15,500	-27%	875	17,500	-18%	-3,900	1,057	21,140
Central Beds & Luton		2,365	47,300			2,990	59,800	2,305	46,100	-23%	2,615	52,300	11%	5,000	2,875	57,500
<i>By functional HMA</i>																
Stevenage	100.0%	380	7,600			380	7,500	290	5,800	-23%	330	6,500	-14%	-1,100	340	6,800
North Hertfordshire	98.7%	680	13,600			680	13,600	480	9,600	-29%	540	10,900	-20%	-2,700	710	14,100
Welwyn Hatfield	52.1%	390	7,800			340	6,800	300	6,000	-12%	340	6,800	-13%	-1,000	390	7,700
Central Bedfordshire	28.6%	420	8,400			520	10,400	460	9,200	-12%	500	10,100	20%	1,700	640	12,700
East Hertfordshire	6.1%	50	1,000			50	1,000	40	900	-10%	50	1,000	0%	0	70	1,300
Total		1,920	38,400			1,970	39,300	1,570	31,500	-20%	1,760	35,300	-8%	-3,100	2,150	42,600
Luton	100.0%	890	17,800			1,170	23,300	690	13,800	-41%	850	17,000	-4%	-800	650	13,000
Central Bedfordshire	45.2%	670	13,300			820	16,500	730	14,600	-12%	800	16,000	20%	2,700	1,010	20,100
Aylesbury Vale	1.8%	20	400			20	400	20	400	0%	20	500	25%	100	30	600
North Hertfordshire	1.3%	10	200			10	200	10	100	-50%	10	100	-50%	-100	10	200
Total		1,590	31,700			2,020	40,400	1,450	28,900	-28%	1,680	33,600	6%	1,900	1,700	33,900

Sources

Column B Housing Market Areas in Bedfordshire & surrounding areas (ORS, 2015), Figure 39, p.48

Column C, D, E & F North Hertfordshire & Stevenage: Updating the Overall Housing Need (ORS, 2016), Paragraphs 3, 12 & 17
 Luton & Central Bedfordshire: Strategic Housing Market Assessment Update (ORS, 2015), Paragraphs 18 & 2.96
 East Hertfordshire: West Essex and East Hertfordshire Strategic Housing Market Assessment (ORS, 2017), Paragraph 1.7 & Figure 5
Note: East Hertfordshire SHMA covers period 2011-2033. Figures pro-rated to 20-year period
 Welwyn Hatfield: Strategic Housing Market Assessment Update 2017 (Turleys, 2017), Paragraphs 21 & 4.9, Table 1.1
 Aylesbury Vale: Buckinghamshire Housing & Economic Development Needs Update 2017 (ORS & Atkins, 2017), Figure 3, Paragraphs 3.107 & 7.87
Note: Welwyn Hatfield and Aylesbury Vale SHMAs have 2013 start dates. SHMA Figures pro-rated to 18-year period 2013-31.
 Actual housing completions used for period 2011-2013. Completions data sourced from monitoring reports

Column G Calculated from Column H

Column H DCLG Live Tables on Household Projections, Table 406: Household Projections by District, accessed 27 September 2018

Column I Calculated from Column J

Column J DCLG Live Tables on Household Projections, Table 406: Household Projections by District, accessed 27 September 2018

Column K Calculated from Column H and Column J

Column L & M Vacancy and Market Signals rates from Columns E & F applied to Column J.

Column N & O Calculated from Columns M and D

Column P The 2016-based Household Projections for England (Lichfields, 2018)

Column Q Calculated from Column P

Best fit HMA figures Calculated by summing the relevant authority figures

Functional HMA figures Calculated by pro-rating the relevant authority figure(s) in line with the % figure shown in Column B

North Hertfordshire Local Plan EiP

Response to the Inspector's questions raised after the hearings

Summary

1. The Inspector has recently raised a number of questions relating to the SHMA (in particular the implications of the 2016-based household projections and other data that has been updated since the hearings) and requested that further information be provided. The Council has asked Opinion Research Services (ORS) to respond to these points to provide the Inspector with the additional details required.
2. The SHMA Update identified an Objectively Assessed Need (OAN) of 14,400 dwellings for the 20-year period 2011-31; however, analysis of the 2014-based projections reduced the OAN to 13,800 dwellings and this formed the basis of the housing requirement of 14,000 dwellings proposed by the emerging Local Plan. Analysis of the 2016-based projections undertaken to respond to the Inspector's questions has identified an OAN of 12,900 dwellings, a reduction of 900 dwellings on the 2014-based figure.
3. The latest OAN figure represents a reduction of only 6.3% which does not represent a "meaningful change" that would necessitate the housing requirement in the emerging Plan to be revised.

Population and household projections

4. The following table presents the full range of official population and household projections together with the various independent projections that have been prepared for the SHMA, including two new projections prepared to demonstrate the impact of the 2016-based data in the context of the SHMA assumptions. The table also summarises 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 total population and households resident in 2011, the equivalent projections for 2031 and the net change over the 20-year Local Plan period 2011-2031.

Projection	Migration Period	Fertility/ Mortality	Household Formation	Total Population			Households		
				2011	2031	2011-31	2011	2031	2011-31
OFFICIAL PROJECTIONS									
CLG 2012-based	5-yr trend 2007-12	2012-based SNPP rates	CLG method	127,494	153,419	25,925	53,580	67,285	13,705
CLG 2014-based	5-yr trend 2009-14	2014-based SNPP rates		127,494	154,336	26,842	53,599	67,397	13,798
ONS 2016-based sensitivity 2	5-yr trend 2011-16	2016-based SNPP rates	ONS 2016 method	127,494	146,485	18,991	53,427	64,255	10,828
ONS 2016-based 5-yr migration							53,260	63,008	9,748
ONS 2016-based 10-yr migration			10-yr trend 2006-16				127,494	148,983	21,489
SHMA PROJECTIONS									
SHMA Update June 2015	10-yr trend 2001-11	2012-based SNPP rates	CLG method	127,494	150,914	23,420	53,577	66,284	12,707
OAN Update August 2016	10-yr trend 2005-15	2014-based SNPP rates		127,494	150,185	22,691	53,600	65,714	12,114
EiP Update September 2019	10-yr trend 2008-18	2016-based SNPP rates	ONS 2016 method	127,494	147,386	19,892	53,600	64,948	11,348
			53,260				63,336	10,076	

5. The CLG 2012-based and CLG 2014-based household projections (both based on 5-year migration trends) are broadly consistent with each other, with growth of 13,705 households and 13,798 households respectively over the Plan period. However, the more recent ONS 2016-based household projections show a lower figure of 9,748 households (based on 5-year migration trends and the new ONS method for household formation) or 10,828 households (with the same population, but using the previous CLG formation method). The official projection based on 10-year migration trends identifies a growth of 10,547 households (based on the new ONS formation method). Taken collectively, it is evident that all of the most recent official projections suggest a lower rate of growth than was identified by the previous 2012-based and 2014-based figures.
6. The SHMA Update projection (based on 2012-based rates and migration trends for the period 2001-11) is broadly consistent with the OAN Update projection (which uses 2014-based rates and migration trends from 2005-15), with growth of 12,707 and 12,114 households respectively. Whilst both were lower than the earlier 2012-based and 2014-based official projections, they are notably higher than all of the 2016-based figures. The further work undertaken to model the impact of the 2016-based rates identify a projected growth of 11,348 households (based on the CLG method for household formation) and 10,076 households (based on the new ONS formation method). Evidently, these figures are lower than the previous SHMA projections though broadly consistent with the current 2016-based official projections.

Market signals

7. More recent market signals indicators have been released since the publication of the SHMA Update. The latest figures are presented in the table overleaf, which is a version of figure 39 of the SHMA reproduced to incorporate up-to-date information and expanded to include local authorities in which local plans have been recently examined; or are in the process of examination. Cells highlighted in orange identify market pressures greater than and cells highlighted in blue represent indicators that are lower than both North Herts and the Stevenage & North Herts HMA. Cells highlighted in green represent indicators with values between those for North Herts and the HMA.
8. The table shows that North Herts has remained in roughly the same position in the hierarchy of appropriate comparator areas (West Essex & East Herts, South West Essex, Crawley & surrounds). Lower quartile house prices are toward the lower end of the range (£265,000 within a range of £246,100 to £304,400), as have rents (£970 within a range of £966 to £1,122), and North Herts is the most affordable of the group (affordability ratio of 11.6 within a range of 11.6 to 13.5).
9. The proposed 10% uplift for North Hertfordshire remains consistent with other uplifts that have been endorsed by Inspectors examining Local Plans elsewhere.
 - » The indicators for Cambridge (where a 30% response to market signals was endorsed) consistently identify greater pressure, and the indicators for East Herts (uplift of 14%) also identify that pressures are generally greater in that area.
 - » Huntingdonshire (uplift of 5% endorsed) and Bedford (uplift of 5% proposed) both identify lower pressures.
 - » Central Bedfordshire and Milton Keynes (with responses of 10% proposed and endorsed respectively) are broadly comparable with North Herts and its HMA (some higher figures, some lower), and South Cambridgeshire (10% endorsed) appears slightly worse than North Herts.
10. On this basis, we would suggest that an uplift of 10% in response to market signals remains appropriate for this area in the context of the original demographic projections.
11. However, as discussed further below, this uplift is proposed based on the CLG method for household formation being applied. The new ONS method projects fewer household formations (so a greater level of suppressed household formation) and this would justify a larger upward adjustment to the household-projection based housing need than the 10% currently proposed – although that would only be necessary if household projections were used which apply the new ONS formation rates.

		Stevenage	North Herts	Stevenage & North Herts	Similar demographic and economic areas			Surrounding areas									Greater London	England
					West Essex & East Herts	South West Essex	Crawley & surrounds	Cambridge	South Cams	Aylesbury Vale	East Herts	Central Beds	Luton	Milton Keynes	Bedford	Hunts		
INDICATORS RELATING TO PRICE																		
House prices																		
Lower quartile house price	2017-18 value	£240,000	£265,000	£255,200	£304,400	£246,100	£292,700	£340,000	£280,000	£255,000	£300,000	£240,000	£180,000	£215,000	£217,000	£200,000	£350,000	£154,000
	Relative to England	+56%	+72%	+66%	+98%	+60%	+90%	+121%	+82%	+66%	+95%	+56%	+17%	+40%	+41%	+30%	+127%	-
	10-year change	+55%	+53%	+54%	+59%	+56%	+44%	+65%	+45%	+50%	+54%	+51%	+34%	+47%	+55%	+35%	+67%	+20%
	2012- 13 value	£148,000	£171,000	£162,000	£201,200	£154,800	£207,900	£226,500	£195,000	£170,000	£205,000	£153,000	£125,000	£144,400	£141,000	£142,000	£227,500	£125,000
	Relative to England	+18%	+37%	+30%	+61%	+24%	+66%	+81%	+56%	+36%	+64%	+22%	0%	+16%	+13%	+14%	+82%	-
	5-year change	-5%	-1%	-2%	5%	-2%	+2%	+10%	+1%	-0%	+5%	-4%	-7%	-1%	+1%	-4%	+8%	-2%
	2007-08 value	£155,000	£173,000	£166,000	£192,000	£157,900	£203,000	£206,300	£192,500	£170,500	£195,000	£159,000	£134,000	£145,800	£140,000	£148,000	£210,000	£128,000
Rents																		
Average monthly rent	2017-18 values	£858	£970	£923	£1,086	£966	£1,122	£1,188	£1,023	£903	£1,048	£903	£813	£955	£806	£832	£1,605	£829
	Relative to England	+3%	+17%	+11%	+31%	+17%	+35%	+43%	+23%	+9%	+26%	+9%	-2%	+15%	-3%	+0%	+94%	-
	10-year change	+54%	+84%	+71%	+73%	+62%	+78%	+108%	+80%	+62%	+73%	+74%	+64%	+72%	+66%	+74%	+107%	+65%
	2012- 13 value	£731	£790	£759	£897	£803	£965	£965	£819	£790	£881	£670	£620	£731	£611	£623	£1,425	£724
	Relative to England	1%	9%	5%	24%	11%	33%	33%	13%	9%	22%	-7%	-14%	1%	-16%	-14%	97%	-
	5-year change	+31%	+50%	+41%	+43%	+35%	+53%	+69%	+44%	+42%	+46%	+29%	+25%	+32%	+25%	+30%	+84%	+45%
	2008 value	£557	£526	£539	£627	£596	£630	£570	£567	£556	£605	£519	£495	£554	£487	£478	£775	£501
Affordability																		
Lower quartile house price to earnings	2018 ratio	10.5	12.3	11.6	13.3	11.6	13.5	13.3	10.5	11.5	13.2	12	8.7	9.5	10.6	9.5	13	7.3
	Relative to England	+43%	+68%	+59%	+82%	+59%	+85%	+83%	+44%	+58%	+81%	+64%	+19%	+30%	+46%	+30%	+78%	-
	10-year change	+37%	+29%	+32%	+32%	+37%	+30%	+27%	+12%	+20%	+16%	-	+11%	+30%	+32%	+24%	+31%	+5%
	2013 ratio	7.4	8.6	8.1	10.4	7.9	10.6	10.7	8.9	8.3	10.7	8.7	7	6.9	7.5	6.9	9.9	6.7
	Relative to England	+11%	+29%	+22%	+56%	+19%	+60%	+61%	+34%	+25%	+60%	+31%	+5%	+4%	+13%	+4%	+53%	-
	5-year change	-3%	-10%	-7%	+3%	-6%	+2%	+2%	-5%	-13%	-6%	-	-11%	-5%	-7%	-9%	0%	-4%
	2008 ratio	7.6	9.5	8.8	10	8.4	10.4	10.5	9.3	9.6	11.4	-	7.8	7.3	8.1	7.7	9.9	7
INDICATORS RELATING TO QUANTITY																		
Overcrowding																		
Overcrowded households	2011 proportion	8%	6%	7%	7%	8%	7%	14%	4%	6%	6%	5%	15%	10%	8%	4%	22%	9%
	Relative to England	-10%	-34%	-24%	-24%	-12%	-26%	+61%	-55%	-28%	-30%	-48%	+77%	+9%	-12%	-50%	+148%	-
	2001 proportion	6%	5%	5%	5%	6%	5%	12%	3%	5%	5%	4%	12%	8%	8%	4%	17%	7%
	10-year change	+24%	+18%	+20%	+22%	+31%	+26%	+17%	+33%	+20%	+31%	+16%	+33%	+25%	+1%	+20%	+25%	+23%
Rate of development																		
Increase in stock	2011-18 annual average	0.6%	0.6%	0.6%	0.9%	0.7%	0.9%	1.7%	1.1%	1.6%	0.9%	1.3%	0.6%	1.3%	1.2%	0.9%	0.8%	0.7%
	Relative to England	-14%	-14%	-14%	+29%	0%	+29%	+143%	+57%	+129%	+29%	+86%	-14%	+86%	+71%	+29%	+14%	-
	7-year change	-14%	-40%	-33%	+13%	+17%	+13%	+55%	-21%	+78%	0%	+8%	+20%	-24%	+33%	0%	0%	-13%
	2001-11 annual average	0.7%	1.0%	0.9%	0.8%	0.6%	0.8%	1.1%	1.4%	0.9%	0.9%	1.2%	0.5%	1.7%	0.9%	0.9%	0.8%	0.8%
	Relative to England	-13%	+25%	+13%	0%	-25%	0%	+38%	+75%	+13%	+13%	+50%	-38%	+113%	+13%	+13%	0%	-
RESPONSE TO MARKET SIGNALS																		
Uplift to housing need		10%	10%	10%	-	-	-	30%	10%	17%	14%	10%	10%	10%	5%	5%	-	-
Status in relation to Local Plan Examination		Endorsed Oct 2017	Proposed	-	-	-	-	Endorsed Aug 2018	Endorsed Aug 2018	Endorsed Mar 2019	Endorsed July 2018	Proposed	Endorsed Aug 2017	Endorsed Feb 2019	Proposed	Endorsed Apr 2019	-	-

Establishing Objectively Assessed Need

12. The following table identifies the various stages that the SHMA methodology adopted to translate the projected household growth into the OAN. The SHMA analysis took projected household growth (column 2), applied a vacancy rate to derive a dwelling number ("household projection-based housing need" – column 3), and then added a 10% market signals uplift to establish the OAN for the period 2011-31.
13. The table identifies the OAN resulting from each of the different projections following the consistent application of the SHMA approach. It is evident that the latest projections suggest a lower level of household growth than had previously been identified and we can reasonably conclude that the resulting OAN is also likely to have reduced.

Projection	Population change 2011-31	Household growth 2011-31	Household projection-based housing need	10% market signals uplift	Objectively Assessed Need
OFFICIAL PROJECTIONS					
CLG 2012	25,925	13,705	14,107	1,411	15,518
CLG 2014	26,842	13,798	14,203	1,420	15,623
ONS 2016 sensitivity 2	18,991	10,828	11,146	1,115	12,261
ONS 2016 5-yr migration	18,991	9,748	10,034	1,003	11,037
ONS 2016 10-yr migration	21,489	10,547	10,857	1,086	11,943
SHMA PROJECTIONS					
SHMA Update June 2015	23,420	12,707	13,080	1,308	14,388
OAN Update August 2016	22,691	12,114	12,470	1,247	13,717
EiP Update Sept 2019	CLG method	19,892	11,348	1,168	12,849
	ONS method	19,892	10,076	1,037	11,409

14. The latest official projections (the ONS 2016-based projections, using 5-year migration trends and the new ONS methodology for establishing household formation) suggest an OAN of 11,037 dwellings; but this increases to 11,943 dwellings when 10-year migration trends are applied. However, the new ONS method projects far fewer household formations than when the previous CLG method is applied to the same population and therefore a larger uplift in response to market signals would be necessary. The CLG method (applied to the population projections using 5-year migration trends) yields an OAN of 12,261 dwellings, which is 1,224 dwellings (11%) higher than the equivalent figure based on the new ONS method. This highlights the extent of the additional uplift likely to be needed in response to market signals.
15. The updated SHMA projections (which take account of the latest 2016-based data) suggest an OAN figure of 12,849 dwellings (based on the CLG household formation method) or 11,409 dwellings (based on the ONS method). Given that an OAN based on household projections derived using the ONS method would need a proportionately higher adjustment in response to market signals to be considered sound, it is more appropriate to maintain the original CLG method together with the 10% uplift that the SHMA proposed. **Therefore, taking account of the latest demographic trends from the ONS 2016-based projections, a Full Objectively Assessed Need for housing in North Hertfordshire would be 12,900 dwellings over the 20-year period 2011-2031.**

Appendix 3: Consideration of 2016-based household projections in plans found sound since their publication

Authority	Found sound	Inspector(s)	SHMA uses:	Discussion of 2016-based projections in Inspector's report
Poole, Borough of	24/10/2018	Malcom Rivett	2012-based and 2014-based projections	Conversely, it is the case that the most recent (2016-based) Office of National Statistics population projections indicate lower population growth in Poole than that on which the 2015 and 2017 SHMAs were based and since the consultation on main modifications was completed related household projections have been published. However, such projections would not necessarily lead to a housing OAN for Poole significantly lower than the 710 dpa on which the plan is based; as with the 2015 and 2017 documents a SHMA based on these projections would need to consider the case for uplifts to reflect suppression of household formation, alignment with economic growth and affordable housing. Considering these matters through a further update of the SHMA would inevitably take a considerable amount of time. There is almost always some emerging, or about to emerge, new evidence or guidance of potential relevance to a local plan. If the completion of plan examinations were to be delayed to take account of such new evidence/guidance few plans would ever be adopted. It is also of note that the PPG (Paragraph: 016 Reference ID: 2a-016-20150227) indicates that housing assessments are not automatically rendered outdated every time new projections are issued (Paragraph 28).
Barnsley Metropolitan Borough Council	14/12/2018	Sarah Housden	2014-based	<i>Not directly discussed in Inspector's report</i>
Stockton-on-Tees Borough Council	17/12/2018	Matthew Birkinshaw	2012-based and 2014-based projections	During consultation on the MMs the 2016-based household projections were published. Nationally, the figures show a slower household growth than previously projected. A similar trend was identified when assessing historic projections in the SHMA. However, assessing the full implications of the changes would require an update of the SHMA, and inevitably delay adoption of the Plan. In addition, the latest projections would not necessarily result in a lower OAN for Stockton-on-Tees, as the SHMA uses 10-year trends and applies uplifts for concealed families and the Council's strategy for elderly accommodation. The PPG also confirms that that housing assessments are not automatically rendered outdated every time new projections are issued.
Ashford District Council	02/01/2019	David Smith / Steven Lee	2014-based projections	<i>Not directly discussed in Inspector's report</i>
Sedgemoor District Council - Local Plan	10/01/2019	Susan Heywood	2014-based projections	The 2016-based household projections were published in September 2018. The Council's analysis of the updated projections (EX149) concludes that they would result in a drop of 804 households by the end of the plan period, which equates to 38 fewer households per annum. The Council are satisfied that this is not a meaningful change that would justify a change to the OAN in the Plan. The PPG states that new projections do not automatically mean that housing assessments are rendered out of date. As the Plan seeks to meet the higher household growth using the 2014-based household projections as the starting point, I do not consider that the revised household projections figures would justify a change to the OAN identified in the Plan for soundness purposes.
Rushmoor Borough Council	14/01/2019	Louise Gibbons	2012-based and 2014-based projections	Whilst some components of the demographic starting point and the OAN are challenged for Rushmoor, they are based on a sensible set of assumptions which have been suitably sensitivity tested including where updated data has been produced. (Note: Not clear if this explicitly relates to 2016-based projections)
Boston Borough Council (South East Lincs Local Plan)	29/01/2019	Elizabeth Ord & Anne Napier	2014-based projections	Although the government's 2016-based Household Projections are now available, they emerged late on in the examination. There must come a point when the carousel of updating evidence stops so that a plan can proceed to adoption, and for this reason it is reasonable to adhere to the 2014-based projections.
South Holland District Council (South East Lincs Local Plan)				
Kirklees Metropolitan Borough Council	30/01/2019	Katie Child Elizabeth Hill	2014-based projections	Since the Local Plan hearings the Ministry for Housing, Communities and Local Government (MHLG) has published new 2016-based household projections which indicate lower household growth for Kirklees compared to the 2014-based projections. However, this does not automatically mean that OAN should be revised downwards, as the projections represent a starting point and the case for uplifts linked to market signals, affordability and economic growth would need to be assessed. The Government's recent consultation paper indicates that Council's applying the standard methodology should continue to use 2014-based figures, but the Kirklees Plan is being considered under transitional arrangements. Nonetheless, the Council has confirmed that it wishes to continue to pursue the OAN identified in the SHMA 2016 in order to support economic growth and the delivery of jobs. Taking these factors into account, in the case of Kirklees I conclude that a revision to the demographic starting point and the approach to OAN is not necessary at this stage.

Authority	Found sound	Inspector(s)	SHMA uses:	Discussion of 2016-based projections in Inspector's report
Wyre Borough Council	01/02/2019	Mark Dakeyne	2012-based and 2014-based projections	Following the hearings in September 2018 the Office for National Statistics (ONS) published the 2016-based household projections. This latest data set suggests a reduced household growth of some 668 households in Wyre compared to the 2014-based projections. However, given that household projections are a starting point, the same factors referred to above would need to be applied and would still support a considerable uplift on the demographic forecasts.
Milton Keynes Council (Plan:MK)	12/02/2019	David Spencer	2014-based projections	The 2016-based population and household projections have emerged during the examination and after the hearings. The 2016 projections for Milton Keynes are lower but not markedly so. In accordance with PPG paragraph 2a-016-20150227 I do not consider the 2014-based projections should be immediately rendered out-of-date. They still provide a sound basis for establishing need.
Newark and Sherwood District Council Core Strategy Review	25/02/2019	Paul Griffiths	<i>Not directly discussed in Inspector's report</i>	<i>Not directly discussed in Inspector's report</i>
Waveney District Council	01/03/2019	Malcolm Rivett	2014-based projections	Following the submission of the plan for examination the Office of National Statistics published updated 2016-based household projections, which were discussed at the hearings. Doc H3 details that, on the 2016 base, there would be a marginally higher number of new households (11 households per year) in Waveney during the plan period. These projections are, therefore, not materially different from the earlier ones on which the plan is based and would not justify a modification to the plan.
Plymouth City Council, Plymouth & South West Devon Plan	18/03/2019	Wendy Burden / Yvonne Wright	2014-based projections	<i>Not directly discussed in Inspector's report</i>
South Hams District Council, Plymouth & SW Devon Plan				
West Devon Borough Council, Plymouth & SW Devon Plan				
Barrow-in-Furness Borough Council	20/03/2019	Karen Ridge	2014-based projections	Following the end of the examination the latest (2016-based) household projections were published on 20 September 2018. I wrote to the Council asking them to comment upon whether the latest household projections would result in any meaningful change to the OAN figure promoted in the submitted Local Plan. The Council confirmed that if the 2016 based projections were used there would be very small changes to their population projections with small increases in population losses. I am satisfied that the updated figures do not result in any revisiting of the OAN which in any event is based upon an employment-led scenario.
Oadby and Wigston Borough Council (New Local Plan)	25/03/2019	Claire Sherratt	2014-based projections	<i>Not directly discussed in Inspector's report</i>
Guildford Borough Council*	27/03/2019	Jonathan Bore	2016-based projections	The position changed again in September 2018, after the public consultation on the main modifications had begun. The ONS 2016-based household projections were published and the Council were invited to consider their impact. Submissions were invited from interested persons and two days of hearings were held, on 12 and 13 February 2019, to discuss the matter. The Council reformulated the Borough's housing requirement using the 2016-based household projections as a starting point, employing the same methodology as the previous calculations (GBC-LPSS-033b). The outcome is a housing requirement of a minimum of 562 dpa, or 10,678 homes during the plan period to 2034. This is the housing requirement figure now incorporated into MM2. There is no stepped trajectory or allowance in the figure for unmet need from Woking, although the latter is capable of being accommodated within the headroom between the requirement and the overall level of provision, a point I return to later.
Rugby Borough Council	27/03/2019	Mike Hayden	2012-based and 2014-based projections	Taking account of the 2016-based projections as part of this examination would also require a further update of the SHMA, which, given the sub-regional nature of the HMA, would need to be conducted on a joint basis for all of the LPAs in Coventry and Warwickshire. This would inevitably take time, resulting in a significant delay in the adoption of the Plan and the delivery of new housing in the borough. And there is no guarantee that an update to the SHMA using the 2016-based projections would lead to a significant change in the housing requirement for Rugby, when other factors affecting the housing requirement across the HMA are taken into account. For all of these reasons, I conclude that using the 2016-based household projections as the demographic starting point for Rugby's OAN and housing requirement would not be justified for this Plan.
Harborough District Council*	08/04/2019	Jonathan Bore	2014-based projections	The 2016-based household projections give a figure of 428 dpa using 10 year migration trends, which does not make a meaningful difference to the outcome. The calculation methodology and the evidence base are sound.

Authority	Found sound	Inspector(s)	SHMA uses:	Discussion of 2016-based projections in Inspector's report
Nuneaton and Bedworth Borough Council	09/04/2019	David Spencer	2012-based and 2014-based projections	The updated 2016-based population and household projections were published by the Office for National Statistics (ONS) in 2018. As raised through the MM consultation process, these show a reduction in projected housing need for the Borough such that the exceptional circumstances for Green Belt alterations are further disputed. The 2016-based projections have generated reflection on the appropriateness of the ONS' methodology for household projections and particularly the use of two historical points (2001 and 2011) rather than longer trends to project household formation rates. This feeds into wider considerations on how the 2016-based projections align with stated national objectives to deliver at least 300,000 homes a year to address housing affordability such that the Government has advised against the use of the 2016-based projections. On this basis, the 2014-based projections (and earlier) remain a valid starting point for assessing housing need. Additionally, given that the Borough is part of a wider housing market area, it would be premature to consider adjustments in one authority area.
Broads Authority	15/04/2019	Katie Child	Bespoke projections	<i>Not applicable - Nationally produced population and household projections are not available for the Broads geographical area</i>
Peterborough City Council	16/04/2019	Louise Crosby	2015-based projections and Local Housing Need	If the OAN was updated to take of the more recent, ONS 2016 based household projections it would fall below 900dpa. Various other figures were put to me by representors at the hearing sessions, as set out above, but the majority were very similar to the Council's OAN figure. The small difference between the LHN figure and the OAN figure does not indicate a need to uplift the LHN figure either. Overall, having taken all the above into account I find the LHN figure of 942dpa to be a sound one.
Huntingdonshire District Council	29/04/2019	Kevin Ward	2014-based projections	<i>Not directly discussed in Inspector's report</i>
South Downs National Park*	18/06/2019	Brian Sims	2014-based projections	<i>Not directly discussed in Inspector's report</i>
Wycombe District Council	10/07/2019	Nicola Gulley	2014-based projections	The 2016 – Based Household Principal Projections for England were issued shortly after the completion of the LP hearing sessions in September 2018. The projections indicate that household growth in Wycombe has slowed significantly and that the number of households shown in the 2016-based household projections is approximately 40% lower than that shown in the 2014-based household projections. Additional evidence presented in respect of this matter indicates that should the OAHN be revisited in light of the latest projections it is likely to result in a reduced housing requirement for the District. However, there are some doubts about the reliability of the 2016-projections and their reliability for plan making. Notwithstanding this, the PPG on HEDNA makes clear that the household projections are only the starting point for establishing a housing requirement figure. For these reasons and having regard to the importance of boosting the supply of housing, it would be unjustified to revisit the Plan's evidence base and delay adoption of the Plan in the light of the 2016-based projections. In order to ensure certainty about the approach, it is recommended that the revisions outlined in MM6 in respect of this matter are included in the plan.
New Forest National Park Authority*	24/07/2019	Caroline Mulloy / Kevin Ward	2014-based projections	The 2016 based household projections were again published after the 2017 OAN Study was prepared. In simple terms they indicate household growth of 465 per annum between 2016 and 2036 in the combined New Forest District area (this compares with the figure of 490 above). The Authority accepts that there are concerns regarding the use of these latest household projections. However, if 2014 based household representative rates are applied, the household growth figure would rise to approximately 500 per annum, giving a very similar result to the 2017 OAN Study.
Forest Heath District Council	13/08/2019	Simon Berkeley / Christa Masters	2012-based projections	Since the conclusion of the examination hearings, the 2016 based sub national household projections have been produced. However, the Council has put forward a main modification (MM3) introducing a commitment to commencing a review of the Plan in 2018. This would ensure that the Council's housing needs figure remains up-to-date and based on robust evidence. While we are aware that this review has now begun, it is nonetheless necessary for the SIR to include such an early review mechanism, to ensure that it is justified.
Leeds City Council Selective Review	27/08/2019	Claire Sherratt	2014-based projections	<i>Not directly discussed in Inspector's report</i>

Note: Excludes London Boroughs which are required to conform to the requirements of the London Plan; * Denotes authorities where hearings took place after publication of the 2016-based household projections

Appendix 4: Revised standard method calculations

A	B	C		D
		Indicative 14-based standard method		
<u>By authority</u>	% of area	Annual	20-year	
North Hertfordshire	100%	984	19,680	
Stevenage	100%	444	8,880	
Luton	100%	595	11,900	
Central Bedfordshire	100%	2,427	48,540	
Aylesbury Vale	100%	1,423	28,460	
East Hertfordshire	100%	1,175	23,500	
Welwyn Hatfield	100%	868	17,360	
<u>By best fit HMA</u>				
North Herts & Stevenage		1,428	28,560	
Central Beds & Luton		3,022	60,440	
<u>By functional HMA</u>				
Stevenage	100.0%	444	8,880	
North Hertfordshire	98.7%	971	19,420	
Welwyn Hatfield	52.1%	452	9,040	
Central Bedfordshire	28.6%	694	13,880	
East Hertfordshire	6.1%	72	1,430	
Total		2,633	52,650	
Luton	100.0%	595	11,900	
Central Bedfordshire	45.2%	1,097	21,940	
Aylesbury Vale	1.8%	26	510	
North Hertfordshire	1.3%	13	260	
Total		1,731	34,610	

Sources

Column B

Housing Market Areas in Bedfordshire & surrounding areas (ORS, 2015), Figure 39, p.48

Column C

<http://www.bartonwillmore.co.uk/Knowledge/Intelligence/2019/New-PPG-clarifies-methodology-for-assessing-housin>

Accessed 5 August 2019

Column D

Calculated from Column C

Best fit HMA figures

Calculated by summing the relevant authority figures

Functional HMA figures

Calculated by pro-rating the relevant authority figure(s) in line with the % figure shown in Column B