CENTRAL BEDFORDSHIRE LOCAL PLAN EXAMINATION

Matter 1 – Compliance with Act and Regulations, the Habitats Regulations and the Public Sector Equality Duty

Issue 1 – Duty to Co-operate

It would appear from the Central Bedfordshire's Council's (CBC) Duty to Co-operate (DtC) Statement that there has been co-operation with the relevant bodies prescribed by legislation. In particular we welcome the steps taken to address the unmet needs arising from Luton. However, whilst we welcome this co-operation, we are concerned that there are still uncertainties with regard to the housing delivery required to meet housing needs arising in Luton following the update to the Strategic Housing Market Assessment. Whilst the figures for Luton's unmet needs were accurate at the time their plan was examined the updated SHMA published in 2017 show that Luton's unmet housing needs will now be higher than has been agreed between the relevant authorities. Given that Luton's tight boundary will leave limited options for future growth any additional unmet needs arising from the latest SHMA should have been considered by the CBC in preparing the Local Plan and included within its housing requirement.

Matter 2 – Objectively Assessed Need and the Housing Requirement

**Issue 2 – Population and Household Projections**

Q1. Paragraph 3.103 of the SHMA states that over the plan period, the 2014-based household projections predict an increase of 57,535 households (with 22,948 in Luton and 34,587 in Central Bedfordshire). How does this compare to the 2016-based projections?

The 2016-based household projections show that household growth will be lower than established in the 2014-based projections and would result in a total growth for the HMA of 44,330 households (30,481 in CBC and 13,489 in Luton). However, it is important to note the Government's concerns regarding the use of the 2016-based household projections and their decision not to use these latest projections in the application of the standard method. The concerns regarding the latest projections are set out in pages 6 to 9 of the technical consultation on the updates to planning policy and guidance published in October 2018. This document highlights the concerns that the use of the 2016-based projections could result in past trends that have seen reduced rates of household formation being perpetuated. The Government is clear that

it wants to improve the level of household formation and there must be some concern that an OAN that uses a demographic starting point that is virtually the same as the 2016-based projections will not address this concern.

As well as raising concerns regarding the impact of the 2016-based projections in perpetuating lower levels of household formation, the technical consultation reiterates the Governments commit to delivering at least 300,000 homes per annum from the 2020s. Given this stated aim there must be a concern that if transitionary plans adopt housing requirements that are in line with the latest projections, then this target will not be met. The transitionary period will already see Councils delivering well below the number of homes that would be required of them using the standard method and the use of the 2016-based projections, or indeed assessments of need that substantial reduce the 2014-based projections will compound this issue further. Therefore, whilst we recognise that the 2016-based projection is the most up to date evidence available, we would suggest that the Government's concerns and objectives require the continued use of the 2014-based projections.

Q2. The SHMA identifies that alongside mid-year estimates published in 2015, the Office for National Statistics ('ONS') published a 'quality assurance pack'. In summary, between 2011 and 2015 it shows that:
• Mid-year estimates were around 15% higher than the increase recorded on the NHS patient register;
• Mid-year estimates were around 46% higher than the increase recorded on the school census; and
• Mid-year estimates were around 8% higher than the increase in the number of people 65+ receiving state pension.

Why does this evidence support the conclusion in paragraph 3.31 of the SHMA that the population is increasing at a slower rate than projected? Is the available data sufficiently robust to substantiate this conclusion? If not, why not?

It is evident from the 2016-based projections that the ONS consider the population to be growing at a slower rate than was previously projected. However, we remain concerned that the significant departure from the 2014-based projections being proposed by CBC will not provide the necessary boost to housing supply required in order to deliver the Government's objectives. The approach taken by the Council has been to use a methodology that will significantly reduce the level of housing that it is required to deliver. This is not in the spirit of the positive approach to meeting housing needs required by the NPPF.

Q3. What is the justification for using 10-year migration trends in the SHMA (as opposed to the 5-year trends in the household projections)? Why are 10-year trends more likely to be representative of what will happen over the plan period than 5-year trends?

The use of the 10-year trend is stated in the SHMA as being one of preference and whilst it may be appropriate to use a longer-term trend in some areas there is a concern

that its use in this HMA could lead to an underestimation of housing needs. The ten-year trend used in the SHMA includes a two-year period, 2008/09 and 2009/10 when internal migration into the HMA was considerably lower than is seen in the years before and after. Internal migration during these years is set out in figure 38 of the SHMA and in these two years internal migration was estimated respectively at 178 and 508 persons. This is significantly lower than in previous years and reflects the reduced internal migration resulting from the 2008 recession. Since this 2010/11 migration has exceeded these levels and would suggest that the ten-year trend used in the SHMA will include a period of migration that is not reflective of future trends. We would therefore recommend that the ten-year trend is not used in this case and the 2014-based projections are not adjusted.

Q4. What impact do the adjustments in Questions 2 and 3 have on the projected change in households (and subsequently the need for dwellings) over the plan period? Are they justified?

The application of Council's adjustments sees the demographic starting point for the HMA reduce from 57,535 to 44,389 – a 22.8% reduction. The decision to reduce the demographic starting point will not support the Government's aim of delivering 300,000 homes each year by 2020 and cannot be considered a positive approach to the boosting the supply of housing as required by paragraph 47.

Q6. Does the evidence relating to concealed families and homeless households point to the need for further adjustments to account for households that would not be captured by demographic assessments? If so, what should this be?

The Council's SHMA makes an adjustment for concealed families and homeless households which in figure 92 indicates is being used as an adjustment for suppressed household rates. The SHMA then subtracts the adjustment for concealed families and homeless from the adjustment for market signals. Whilst we would support the adjustment being made we would suggest that this should be made to the demographic starting point as outlined in paragraph 2a-015-20140306 of Planning Practice Guidance. This paragraph outlines that adjustment should be made to the demographic starting point where there is evidence that household formation rates have been supressed by supply and is separate to the adjustment for market signals outlined later in PPG.

Issue 3 – Market Signals

Q1. The PPG advises that household projections should be adjusted to reflect appropriate market signals, as well as other market indicators. How does the evidence demonstrate that Central Bedfordshire is performing with regard to:
• Land prices;
• House prices;
• Rents;
• Affordability;
• Rates of development; and

• Overcrowding

The evidence clearly indicates that Central Bedfordshire is a housing market under pressure and that a substantial response is required if the Council is to ensure that affordability does not continue to decline at its current rate. This indicates that affordability has continued to worsen in Central Bedfordshire. For example, the latest information on affordability and houses prices published earlier this year by ONS[1] shows that the lower quartile earnings to house price ratio now stands at 11.97 and the median earning to house price ratio at 10.86. These are higher than regional average for the East of England (9.92) and for the country as a whole (7.18).

It is not only the current levels of affordability that are a concern but also the rate at which affordability has worsened that must be a concern. Between 2008 and 2018 lower quartile affordability ratios increased by 41% in CBC compared to 17% in Luton. It is also high compared to other authorities across the East of England region with Central Bedfordshire having the fourth highest increase in its affordability ratio within this region. House prices are also high with lower quartile house prices currently at £246,500 and median house prices at £312,725 – respectively a 58% and 60% increase since 2008.

However, the worsening in affordability has been seen against a back drop of relatively high levels of housing delivery within Central Bedfordshire. The latest Authority Monitoring Report shows that delivery over the last ten years has averaged over 1,350 dpa and over 1,600 dwellings per annum for the last five years, yet affordability continued to worsen which would suggest that any uplift should see the Council delivering above current rates of development – especially if the demographic starting point used in the SHMA is to be retained.

Q2. Paragraph 5.75 of the SHMA suggests that the objectively assessed need for housing (the 'OAN') should be higher than the (adjusted) household projections to account for worsening affordability. In response, paragraph 5.78 concludes that a 10% uplift would be appropriate in Luton and Central Bedfordshire. How has the SHMA arrived at a figure of 10%? What is it based on?

We would agree that there is a need for an uplift to take account of market signals but do not agree with the conclusion that this should be 10%. We recognise the decision made at the Luton examination that a 10% uplift for the HMA was considered appropriate, but we would disagree that this should now be automatically applied to Central Bedfordshire. The evidence would indicate that the worsening affordability of housing in Central Bedfordshire when compared to Luton would suggest a higher uplift is required to improve the affordability of housing in CBC.

Q3. What impact will this uplift have on affordability and is it appropriate? If not, what adjustments should be made to account for market signals?

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[1]https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian

The 10% adjustment to market signals proposed in the SHMA leads to an OAN for Central Bedfordshire of 1,600 dpa. As we have stated above despite the Council delivering relatively high level of housing over the last ten years no impact has been seen in the affordability of housing in the area. In fact, affordability has worsened during this period. Whilst we accept that housing supply is just one element with regard to improving affordability the evidence would suggest that a 10% uplift which maintains delivery at the rate seen over the last five years is unlikely to improve affordability in CBC and certainly cannot be seen as the boost to housing supply required by paragraph 47 of the NPPF. As outlined in PPG precise estimates of the impact of any uplift are not required with any adjustment being made on the basis of reasonable assumptions as to what level of delivery could be expected to improve affordability. There has been increasing recognition, that has ultimately culminated in the introduction of the Standard Method, that market signals uplifts have been insufficient to address the growing concerns regarding the affordability of housing in the wider South East. This has led to market signals uplifts of up to 30% being applied in the least affordable areas. Figure 1 below shows a selection of those authorities where market signals of 20% or more have been considered necessary and plots the lower quartile affordability ratio for the last 10 years. What is evident is the similar trend within Central Bedfordshire compared to these other authorities and is a further indicator that a 20% uplift is required in order to boost the supply of housing.

Figure 1: Lower Quartile hose price to income ratios for authorities proposing a 20% uplift to take account of market signals
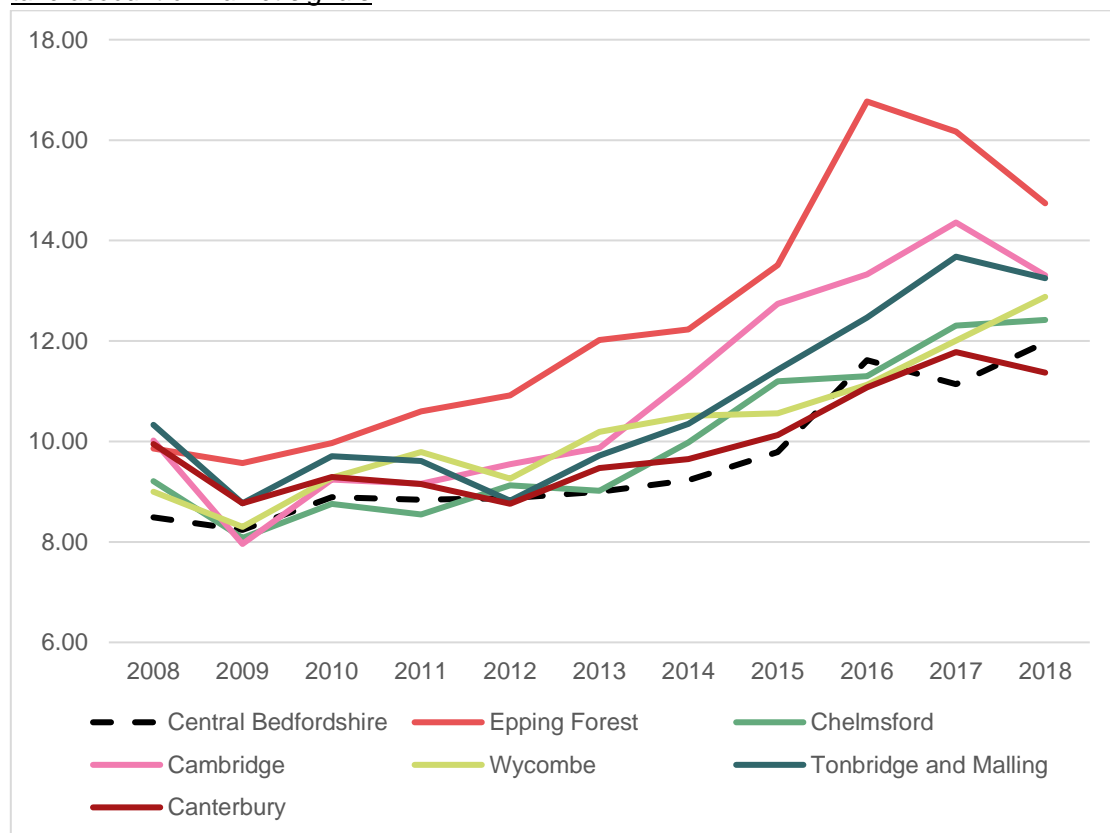
Source: ONS

Issue 5 – Housing Requirement

Q1. Is the housing requirement justified and is it based on robust, up-to-date and available evidence? If not, what should the housing requirement be?

No. We remain concerned that the Council has looked to substantially reduce the demographic starting point from the 2014-based projections and that the adjustment for market signals is not sufficient to improve the worsening affordability of housing within CBC. We would suggest that a 20% market signals uplift should be applied to the 2014-based household projections which have been adjusted to take account of suppressed household formation, second homes and vacant properties. This would result in a demographic starting point of 37,121 (1,856 dpa). Applying a 20% uplift for market signals to this starting point would result in an OAN of 44,545 (2,227 dpa). This is more consistent with the Government's expectations of delivery using the standard method which would require the Council to deliver 2,478 dwelling each year. Including the unmet needs of Luton would lead to a housing requirement of 51,895 (2,594 dpa).

Q2. Policy SP1 states that provision is made for 39,350 homes over the plan period. Is this consistent with the evidence-base, or should the figure be referred to as a minimum (as per the figure for new jobs)?

Housing requirements should be expressed as a minimum to ensure that they are not seen as a cap on development.

Q3. Tables 3 and 4 of the Housing Implementation Strategy show that around 12,500 dwellings are expected to come from strategic site allocations SA1-SA4, compared to around 5,500 dwellings from small and medium allocations in the Plan. The Strategy (paragraph 3.6.1) also confirms that due to their strategic nature, sites SA1-SA4 are likely to take longer to come forward and will deliver later in the plan period. With this in mind, is a flat trajectory realistic and appropriate? Should the housing requirement be re-profiled so that the annual targets are lower earlier on in the plan period and higher later on?

Any re-profiling of the housing trajectory would push back the delivery of housing until later in the plan period and as such would not be consistent with paragraph 3-035029140306 of PPG. This paragraph requires Council's to address any backlog within the first five years of the plan and a lower trajectory early in the plan period would contradict this requirement. Any concerns regarding the ability of the Council to deliver the number of homes required each year due to the high proportion of homes to be delivered on strategic sites should be addressed through the allocation of further smaller and medium sites not through adjustments to the housing trajectory.

Issue 6 – Luton's Unmet Need

Q1. Table 6.1 in the Plan refers to Luton's unmet housing need and confirms that 7,350 dwellings will be provided over the plan period. A further 1,950 dwellings will be

provided as part of the North Hertfordshire Local Plan. How were the respective figures reached? What are they based on and are they accurate?

As we outlined in our comments on matter 1 the 2017 SHMA shows that Luton's housing needs have increased compared to its assessed needs in in the 2015 SHMA. Given that Luton cannot meet its own needs any increase in their housing needs will need to be met elsewhere in the HMA. As such CBC should have considered how they could address these needs through this plan and increased delivery accordingly.

Issue 7 – Partial Review

Q1. What is the current status of the Cambridge-Milton Keynes-Oxford Arc, and what is the justification for starting a Partial Review of the Plan within six months of adoption?

Whilst we support the commitment to an early review the Local Plan to take into account the of the CaMKOx Arc the review we would suggest that a more effective approach would have been to plan more positively for housing growth on the basis of the unadjusted 2014 household projections and a 20% uplift for market signals. This would have placed the Council in a much stronger position with regard to the delivery of the homes required to support the development required as part of CaMKOx Arc. The Local Plan will also have a housing requirement that is substantially lower then would be expected under the 2019 NPPF which would suggest that an early review would also be necessary to ensure the Council have an up to date Local Plan.

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