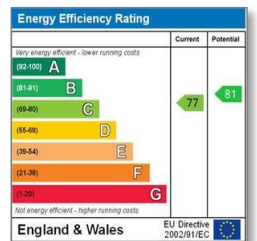# Luton & Central Bedfordshire Strategic Housing Market Assessment Update

Report of Findings

Summer 2015

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Contents

Executive Summary
Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)[1] requires Local Planning Authorities to *"ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area"* and *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change"* (paragraphs 47 and 159).

2. Figure 1 sets out the process for establishing the Objectively Assessed Need (OAN) for housing. Planning Policy Guidance (PPG)[2] identifies that *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need"* (paragraph 15) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied ('Market Signals') in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

Figure 1:   Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)

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[1] https://www.gov.uk/government/publications/national-planning-policy-framework--2
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
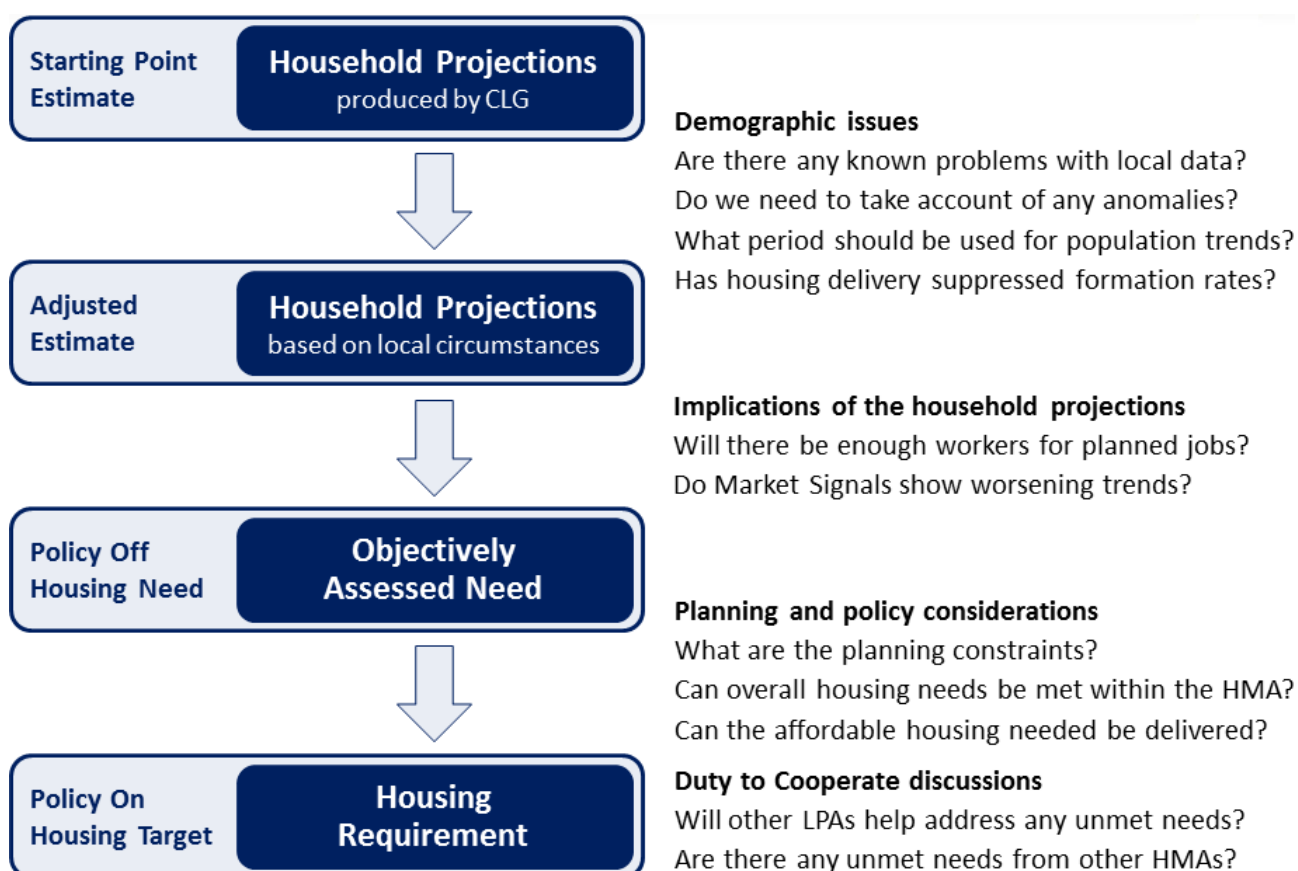
3. Opinion Research Services (ORS) was commissioned by Luton Borough Council and Central Bedfordshire Council to prepare a Strategic Housing Market Assessment (SHMA) to establish the Full Objectively Assessed Need (OAN) for housing across the Luton and Central Bedfordshire Housing Market Area (HMA) as a *"best fit"* to the Luton functional HMA.

4. The SHMA is fully compliant with both the NPPF and PPG. In addition, the study mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need and Housing Targets originally published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015[3].

Household Projections

5. The *"starting point"* estimate for OAN are the latest household projections published by the Department for Communities and Local Government (CLG). These projections suggest that **household numbers across Luton and Central Bedfordshire will increase by 53,300 over the 20-year period 2011-31, an average of 2,667 per year**. However, the CLG household projections are based on short-term migration trends, and these are generally not appropriate for long-term planning as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households. There are also a number of issues affecting local demography that need to be taken into account.

6. ORS have reviewed and assessed household projections as part of this study; the key scenario, that which uses 10-year migration trends show household numbers across the study area would increase by 41,300 households over the 20-year period 2011-31. The growth identified is lower than the CLG starting point; however this is mainly due to errors in the local population trend data. **Providing for this increase yields a housing need of 42,900 dwellings over the period 2011-31 across Luton and Central Bedfordshire.**

7. As these projections are based on long-term migration trends and take full account of local demography issues, these give the most reliable and appropriate demographic projections for establishing housing need.

Affordable Housing Need

8. Based on evidence of current unmet need for affordable housing and the future household projections, the analysis has identified that the overall housing need should be increased by 1,020 households to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established an overall need from 5,522 households in need of affordable housing in 2011.

9. Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. Overall, there will be a need to provide additional affordable housing for 14,400 households. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

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[3] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

Objectively Assessed Housing Need

Employment Trends

10. While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

11. The most recent outputs from the East of England Forecasting Model (EEFM 2014, published January 2015) suggest that total employment in Luton will increase by 11,300 jobs over the 20-year period 2011-31 with an increase of 26,700 jobs in Central Bedfordshire over the same period: a combined increase of 38,100 jobs. Taking account of existing commuting patterns and changes to unemployment recorded over the period 2011-15, the demographic projections (without any uplift for market signals) would provide 26,300 extra workers locally whereas 27,200 extra workers would be needed. **Therefore, there is need to increase housing delivery to ensure that there will be enough workers for the likely increase in jobs in the area.**

12. However, it is worth noting the volatility of economic forecasts and the way in which they are influenced by economic shocks such as the recent recession. It is important that planning for future jobs gives this due consideration. Whilst the forecasts provide an important context for considering future jobs numbers, the housing numbers need to consider the targets for employment growth that Luton and Central Bedfordshire are proposing in their Local Plans.

13. Luton is planning for 18,000 extra jobs over the 20-year period 2011-31 whereas Central Bedfordshire is planning for 27,000 extra jobs during this time. This results in a total planned increase of 45,000 jobs across the combined area. The two local authorities are undertaking FEMA and Employment Land Reviews in order to establish how these jobs can be delivered, and it is therefore appropriate that we balance future workers against these targets. Balancing jobs and workers yields a housing need for around 3,300 extra dwellings, equivalent to an uplift of 8%.

Market Signals

14. NPPF sets out that *"Plans should take account of market signals…"* (paragraph 17) and PPG identifies that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals"*. The SHMA has considered the Market Signals for Luton and Central Bedfordshire and compared these to other areas which have similar demographic and economic characteristics. On the basis of this data we can conclude:

   » **House Prices:** lower quartile prices are higher than the national average (with a lower quartile price of £140,800 compared to England's £126,200). The current price in Luton & Central Beds is higher than both Coventry and Peterborough, but lower than Slough; probably due to their relative proximity to and connectivity with London. This pattern is consistent with changes over the last 5-years, where prices reduced in Coventry and Peterborough, but increased in Slough;

   » **Rents:** for average private sector rents, Luton & Central Beds is lower than the national average. While rents in Coventry and Peterborough are lower than Luton & Central Beds, rents in Slough are significantly higher; consistent with house prices in those areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years – although the increase in Luton & Central Beds is lower than for most comparator areas;

» **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 20% 'worse' in Luton & Central Beds than across England as a whole (7.8x cf. 6.5x), and the rate in Luton & Central Beds is also worse that in Coventry and Peterborough, although not as 'bad' as Slough. Furthermore, whilst national affordability ratios have improved in Coventry and Peterborough over the last 5 years, the ratio has not improved as quickly in Luton & Central Beds. Slough has also seen a very low level of improvement in this ratio;

» **Overcrowding** (in terms of Census occupancy rates) shows that 9% of households in Luton & Central Beds are overcrowded based on an objective measure, although the proportion is much higher in Luton borough (15%). The proportion of overcrowded households has increased by 27% over the last 10 years although is comparable with England (9%);

» **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Luton and Central Bedfordshire has been relatively similar to England (9% cf. 8%). This rate is below Slough and Peterborough but higher than Coventry. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

15. On the basis of the Market Signals (in particular indicators relating to house prices and overcrowding), we can conclude that conditions across Luton and Central Bedfordshire suggest that the **Full Objectively Assessed Need for the HMA should be higher than suggested by household projections** in isolation. Based on comparisons with other areas, we would recommend an overall uplift of **10% of the housing need identified based on the household projections as a response to Market Signals** for Luton and Central Bedfordshire. The indicators identify that it is appropriate for differential uplifts to be applied to Luton and Central Bedfordshire, as Luton borough continues to experience acute housing market pressures (with notably higher levels of overcrowding, homelessness and high rents relative to local incomes).

Conclusions

16. The SHMA has calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is needed. CLG Household Projections suggest that household numbers across Luton and Central Bedfordshire will increase by an average of 2,667 per year, based on short-term migration trends. However, demographic projections that take account of factors affecting local demography and based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. The SHMA has identified an **increase of 41,345 households over the 20-year period 2011-31, an average of 2,067 households per year**.

17. An uplift of 10% is proposed in response to market signals and evidence from planned jobs and workers identifies a need to increase housing delivery by around 3,300 dwellings to provide enough workers for the likely increase in jobs. The baseline housing need is therefore increased to **a total of 47,300 dwellings over the 20-year period 2011-31, an average of 2,365 dwellings per year.** This will provide sufficient housing for the workers needed and exceed the proposed uplift in response to market signals.

18. The SHMA concludes that:

» The Full Objectively Assessed Need for Housing in **Luton** should remain at **17,800 dwellings**, a Market Signals response of 3,000 dwellings which represents an uplift of around 20%; and

» The Full Objectively Assessed Need for Housing in **Central Bedfordshire** should be increased to **29,500 dwellings**, a Market Signals response of 1,400 dwellings.

19. **Therefore, the Full Objectively Assessed Need for Housing in Luton and Central Bedfordshire is 47,300 dwellings over the 20-year period 2011-31, equivalent to an average of 2,365 dwellings per year. This <u>includes</u> the Objectively Assessed Need of Affordable Housing for 14,600 dwellings over the same period, equivalent to an average of 730 dwellings per year.**

20. This is the average number of dwellings needed every year over the period 2011-31 and represents a 1.2% increase in the dwelling stock each year across Luton and Central Bedfordshire (higher than the 1.1% growth required across England to deliver 253,600 dwellings annually).

1. Introducing the Study
Background to the project and wider policy context

1.1   Opinion Research Services (ORS) originally prepared a Strategic Housing Market Assessment (SHMA) for Luton and Bedfordshire in 2010. Luton and Central Bedfordshire Councils subsequently commissioned a SHMA Refresh to establish the Objectively Assessed Need (OAN) for housing, based on the most up-to-date information available at that time (June 2014). The ONS has since published 2012-based sub-national population projections, CLG has published 2012-based household projections and further outputs have been published from the 2011 Census; so this SHMA Update considers this information to update the OAN.

1.2   The SHMA Update covers the whole administrative areas of Luton and Central Bedfordshire as a "best fit" to the Luton functional Housing Market Area (HMA). The definition of the Luton functional HMA was established by the original Luton and Bedfordshire SHMA and reviewed as part of the SHMA Refresh. ORS is currently reviewing the definition of all functional HMAs in Bedfordshire and the surrounding area based on data from the 2011 Census; however emerging findings from that study support that Luton continues to form the core of a functional HMA and that Luton and Central Bedfordshire continue to provide a "best fit" for that area.

1.3   The SHMA Update adheres to the requirements of the National Planning Policy Framework (NPPF) published in 2012 and Planning Practice Guidance (PPG). The study methodology was also mindful of Planning Inspector Decisions and Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need (OAN) and Housing Targets published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015[4].

Government Policy

1.4   The NPPF has a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. Given that Regional Spatial Strategies are now revoked, the responsibility for establishing the level of future housing provision required rests with the local planning authority.

> *At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*
>
> *Local planning authorities should positively seek opportunities to meet the development needs of their area.*
>
> *Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.*
>
> **National Planning Policy Framework (NPPF), paragraph 14**

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[4] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

> *To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.*
>
> **National Planning Policy Framework (NPPF), paragraph 47**

1.5   Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the Objectively Assessed Need (OAN) for housing in the HMA and provide information on the appropriate mix of housing and range of tenures needed.

> *Local planning authorities should have a clear understanding of housing needs in their area.*
>
> *They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
>
> » *meets household and population projections, taking account of migration and demographic change;*
>
> » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
>
> » *caters for housing demand and the scale of housing supply necessary to meet this demand;*
>
> **National Planning Policy Framework (NPPF), paragraph 159**

1.6   Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.

1.7   This report updates the key output from the SHMA – namely the Objectively Assessed Need for housing. Using secondary data, this report:

» Provides evidence of the need and demand for housing based on demographic projections;

» Reviews market signals about the balance between demand for and supply of dwellings;

» Considers the balance between future workers and jobs;

» Establish the Objectively Assessed Need for housing over the period 2011-31;

» Identify the appropriate balance between market and affordable housing; and

» Address the needs for all types of housing, including housing for older people, households with specific needs and people wishing to build their own home.

1.8   It is important to recognise that the information from this document should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. This document does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Duty to Co-operate

1.9   The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *"the homes and jobs needed in the area"*.

> *Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*
>
> *Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.*
>
> **National Planning Policy Framework (NPPF), paragraphs 178-179**

1.10   This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be *"a continuous process of engagement"* from *"thinking through to implementation"*.

> *Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.*
>
> **National Planning Policy Framework (NPPF), paragraph 181**

1.11   The SHMA Update was jointly commissioned by Luton and Central Bedfordshire local authorities to provide a consistent evidence base for housing across the Luton HMA. As part of the development of the previous SHMA Refresh, representatives from neighbouring authorities were invited to join the Steering Group for the project. The Steering Group was reconvened for this SHMA Update and emerging outputs were shared and discussed as part of this process.

1.12   The neighbouring authorities who were part of this process were:

» Aylesbury Vale District Council

» Bedford Borough Council

» Dacorum Borough Council

» Milton Keynes District Council

» North Hertfordshire District Council

» St Albans City & District Council

» Stevenage Borough Council

1.13 The key issue which emerged from their direct involvement concerned the robustness of the Objectively Assessed Need (OAN). In response, the SHMA Update has sought to clearly set out the evidence base for establishing the OAN, including developing household projections and considering the relevant market signals.

1.14 Luton and Central Bedfordshire Councils are continuing their dialogue with neighbouring authorities.

2. Demographic Projections
The starting point for Objectively Assessed Need

Process for Establishing Objectively Assessed Need

2.1 The Objective Assessment of Need (OAN) identifies the total amount of housing needed in the Housing Market Area (HMA). This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).

2.2 The process for developing OAN is now a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to embed the need in the real world.

Figure 2: **Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)**

2.3 It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

> *The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*
>
> **Planning Practice Guidance (PPG), paragraph 4**

Official Population and Household Projections

2.4   Planning Practice Guidance published in March 2014 places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections.

> *Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.*
>
> *The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.*
>
> **Planning Practice Guidance 2014, paragraph 15**

> *The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.*
>
> **Planning Practice Guidance 2015, paragraph 16**

2.5   Given this context, Figure 3 sets out the 2012-based **household** projections together with previous household projections that CLG has produced for the area. The projections have varied over time, with the most recent set of projections showing the highest projected rates of growth. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 3:   CLG Household Projections for Luton and Central Bedfordshire: annual average growth (Source: CLG Household Projections)

	2012-based		2011-based interim		2008-based	
	10 years 2012-22	**25 years 2012-37**	**10 years 2011-21**	**25 years Not published**	**10 years 2008-18**	**25 years 2008-33**
Luton	1,120	1,070	1,000	-	800	800
Central Bedfordshire	1,650	1,510	1,590	-	1,500	1,400
TOTAL	**2,770**	**2,590**	**2,590**	**-**	**2,300**	**2,200**

2.6   The CLG 2012-based household projections show an increase of 2,590 households each year over the 25-year period 2012-37, and a marginally higher rate of growth (2,770 households each year) for the initial 10-year period. These figures project forward over the normal 25-year period and supersede both the 2008-based household projections (which projected a household growth of 2,200 per year from 2008-33) and the interim 2011-based household projections (which projected growth of 2,590 per year from 2011-21). The differences are largely due to changes in the ONS population projections (Figure 4) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).

2.7   Given that the 2012-based household projections show an increase from 179,422 to 232,758 households in Luton and Central Bedfordshire over the 20-year period 2011-31, we can establish that the *"starting point estimate of overall housing need"* for the Plan period should be based on an overall growth of 53,336 households, equivalent to an average of around 2,667 households per year (1,084 in Luton and 1,583 in Central Bedfordshire).

Official Population Projections

2.8 Figure 4 shows the outputs from the latest (2012-based) ONS Sub National **Population** Projections together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2012-based projections follow a similar trajectory to the 2010-based and 2011 based projections.

Figure 4: ONS Mid-Year Estimates and Sub-National Population Projections for Luton and Central Bedfordshire (Source: ONS. Note: Household projections were not produced for the 2010-based SNPP)
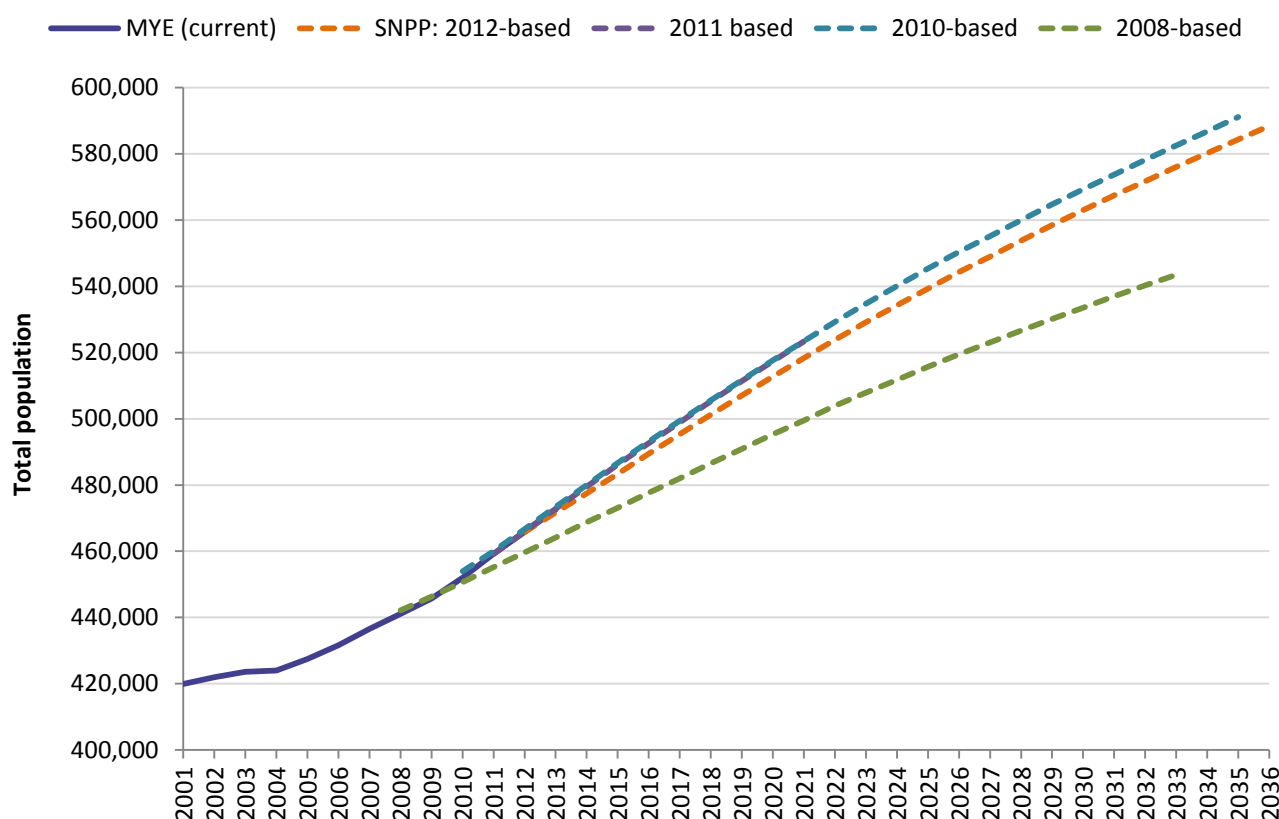
2.9 Differences in the projected increase in population between the different projections are largely associated with the **assumed migration rates**, which are based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth. There were also methodological changes to the migration assumptions between the 2008-based and 2010-based figures.

Population and Household Projections based on Local Circumstances

2.10 Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

> *Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates*
>
> **Planning Practice Guidance 2014, paragraph 17**

2.11   Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

> *"To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. … The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward."*

2.12   This issue has also been reinforced in PAS advice to Local Authorities[5], where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

> *"For migration the base period is only five years:*
> - *Makes the official projections very unstable*
> - *And recent projections lock in the recession"*

2.13   The second version of the PAS OAN technical advice note (July 2015)[6] has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

> *"In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS's five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable."*

2.14   The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning (April 2015)[7].

> *"The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. … A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections."*

2.15   The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)[8]:

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[5] "SHLAA, SHMA and OAN aka 'Pobody's Nerfect'", PAS presentation at Urban Design London (July 2015) http://learningspace.urbandesignlondon.com/course/view.php?id=339
[6] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d
[7] "Making sense of the new English household projections", Town and Country Planning (April 2015)

*"3.6 Migration. The demographic model used in the SHMNA and the more recent ONS
projection uses migration flows from the previous 5 years only. Given the significance of
migration as a component of change for Cornwall and to even-out the likely effect of the
recent recession on migration between 2008-2012 a longer period than 5 years would give a
more realistic basis for projecting this component. A period of 10-12 years was suggested at
the hearing and I consider that this would be reasonable, rather than the 17 year period
used in ID.01.CC.3.3. I also consider that the ONS' Unattributable Population Change
component should be assigned to international migration for the reasons given by Edge
Analytics in ID.01.CC3.3. This approach was not disputed at the hearing."*

2.16 On balance, we consider that:

   » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term
     trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term
     planning.

   » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as
     dependent on trends that may be unlikely to be repeated. **Therefore, we favour using 10-year
     migration trends as the basis for our analysis.**

2.17 The SHMA has, therefore, produced additional independent population projections based on 10-year
migration trends using Census data for the period 2001-11. This is consistent with our standard approach
when establishing OAN which recognises that Census data is inherently more reliable than any other
population estimates at a local level, a view echoed by the Public Administration Select Committee:

   *"The International Passenger Survey does not provide accurate estimates of international
   migration in local areas. The Census provides the most accurate data on the number and
   characteristics of migrants at the local level… As the only reliable source of data on migrant
   populations in local areas, the potential loss of the Census is a concern."* House of Commons
   Public Administration Select Committee Migration Statistics (HC 523, July 2013)

2.18 We have adopted this approach systematically across all SHMAs that we have undertaken since the
publication of the NPPF, and the approach was supported by the Inspector examining the Core Strategy for
Bath and North East Somerset. His report[9] concluded (paragraphs 42-43):

   *"Given the uncertainties inherent in some of the data, particularly for flows of migrants
   internationally, a 10 year period is a reasonable approach … The inter-censal period provides
   a readily understandable and robust check on the reasonableness of the average of about
   550 per year for migration and other change used in the ORS model. Thus I consider that the
   ORS mid-trend population projection is a reasonable demographic projection."*

2.19 We have therefore considered the EPOA 10-year migration trend scenario alongside the separate SHMA
population projections as a basis for establishing demographic projections based on local circumstances.

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[8] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf
[9] Report on the Examination into Bath and North East Somerset Council's Core Strategy (June 2014)

Population Trends and Projections for Luton borough

2.20 Figure 5 shows the current and historic mid-year **population** estimates and Census estimates for Luton over the period since 1981. The data suggests that the borough's population increased rapidly over the period 1987-1994 and again over the period since 2004; but suggests much slower growth was experienced before 1987 and from 1994-2001, and that the population actually reduced from 2001-2004 (Figure 6).

2.21 It is evident that natural change has remained relatively consistent over the period, averaging an additional 1,700 persons each year. Nevertheless, it is worth noting that recently rates have consistently exceeded 2,000 persons annually; with a higher number of births and fewer deaths recorded. Migration and other changes vary much more – ranging from a net loss of more than 3,000 persons recorded for 2003-04 up to a net gain of more than 2,000 persons recorded for 2009-10.

Figure 5: **Official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)**
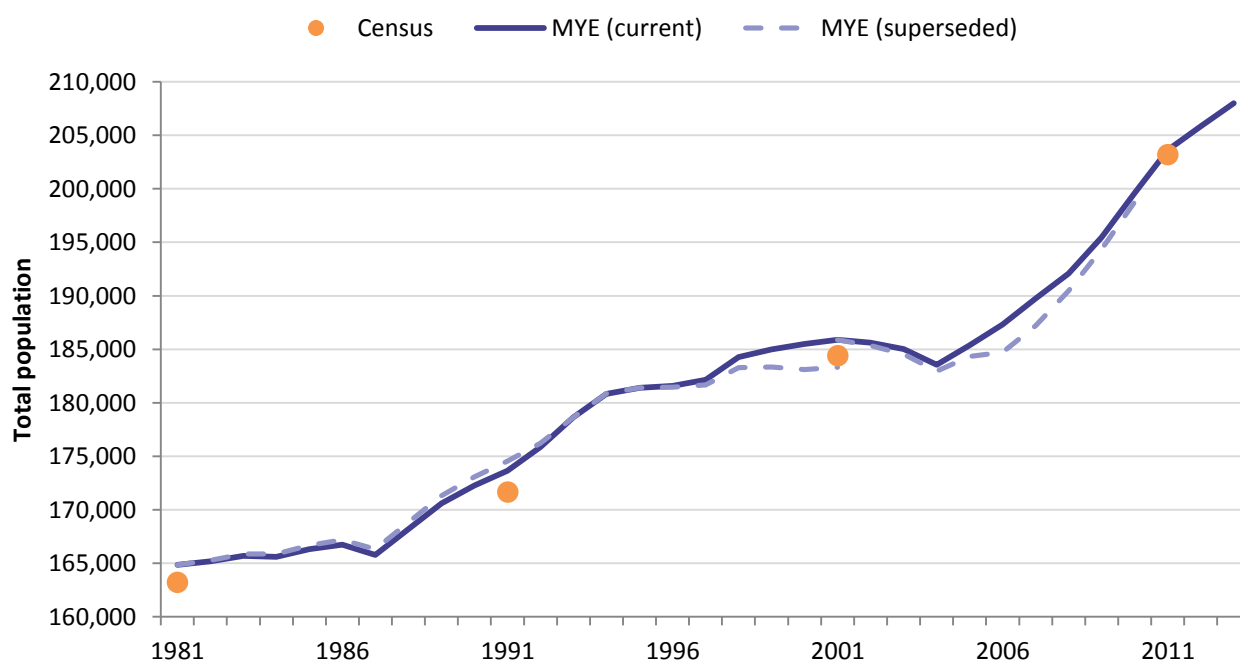
Figure 6:   Components of population change (Source: ONS Mid-Year Population Estimates, revised)
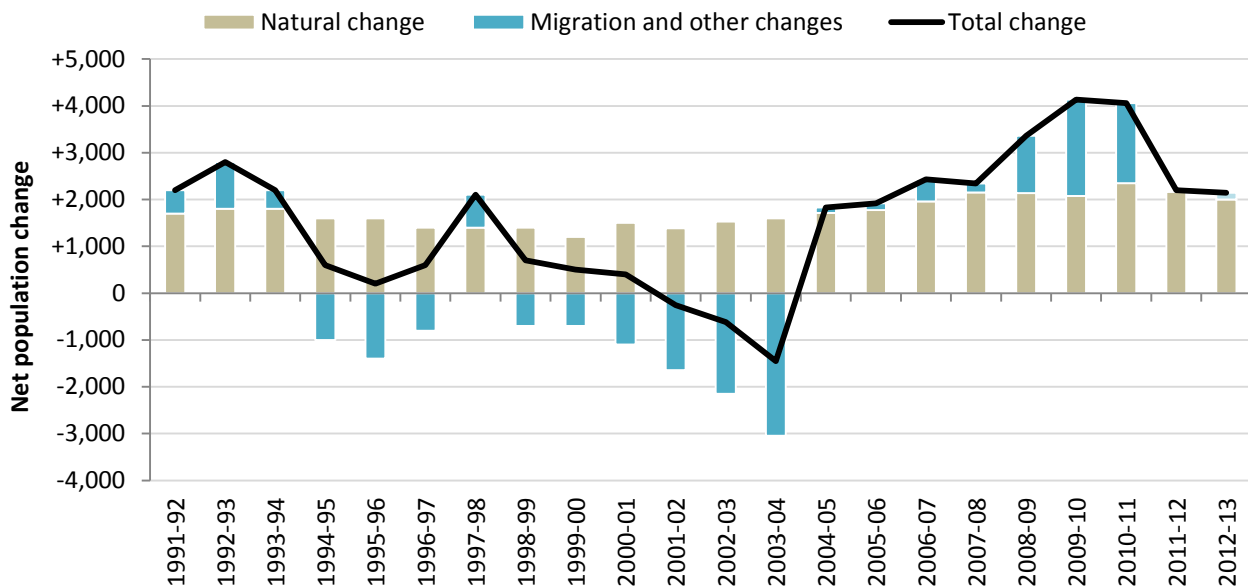
2.22 The original mid-2001 population estimate of 183,300 people was revised upward to 185,900 people following the 2001 Census, which represented an increase of 2,600 on the original estimate; but on the basis of the administrative data available at the time, Luton Council considered that the underestimate was more significant than suggested by the 2001 Census. Whilst the Council did not produce an official alternative population estimate for 2001, they believed that the resident population was likely to be at least 190,000 people at that time.

2.23 An analysis undertaken by Mayhew Harper Associates (MHA) identified a minimum confirmed population of 202,700 people in 2010; and Figure 7 shows a simple linear trend based on the official mid-year population estimate for 1991 and the MHA estimate for 2010. The previous SHMA Refresh considered the full range of population information available for Luton and established best estimates of the population for the period 2001-12 (also shown in Figure 7).

Figure 7:   Official population estimates for the period 1981-2012 with the SHMA Refresh population estimate for the period 2001-12 (Source: Luton SHMA Refresh 2014)
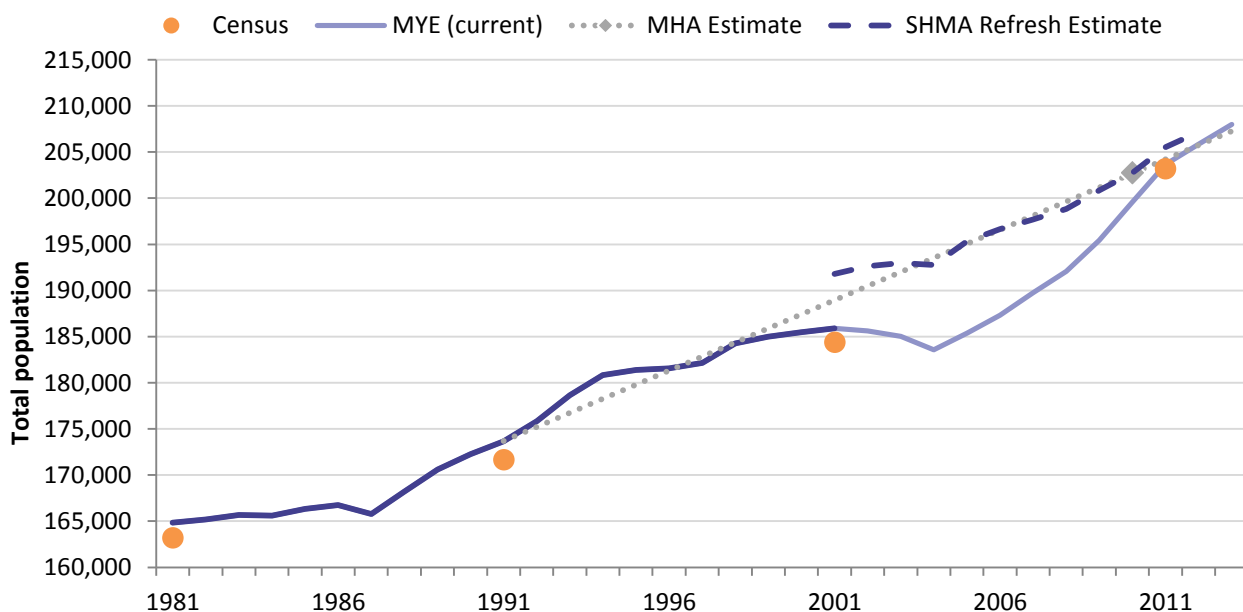
2.24 The SHMA Refresh identified that the population for mid-2011 was 205,500 people, which was broadly consistent with the Council's internal estimate of 205,300 for that year based on a range of administrative data. The population had increased to 207,200 people in mid-2012, which was marginally higher than the ONS estimate of 205,800 people. Nevertheless, the SHMA Refresh showed a population of 191,800 people for mid-2001; and whilst this is broadly consistent with the Luton Council estimate of around 190,000 people at that time, it strongly supports that the Census and official mid-year estimates were too low at the time (184,400 people and 185,900 people respectively).

Components of Population Change

2.25 Changes in the population can be broadly classified into two categories:

» natural change in the population (in terms of births and deaths) and,

» changes due to migration, both in terms of international migration and also moves within the UK.

2.26 Figure 8 summarises the annual components of population change based on the SHMA Refresh population estimates which corrected for errors identified in the ONS Mid-Year Estimate data. On the basis of this information, annual net migration ranged from a loss of almost 1,800 persons (in 2003-04) to a gain of over 800 persons the following year (2004-05).

2.27 Migration over the intercensal period 2001-2011 led to a net loss of 4,900 people, equivalent to an average net out-migrant flow of 490 persons each year.

Figure 8:   **SHMA Refresh components of population change, based on data from the ONS Mid-Year Estimates with adjustments based on secondary data and other administrative data sources (Source: Luton SHMA Refresh 2014. Figures presented unrounded for transparency, but should only be treated as accurate to the nearest 100)**

Period	Natural Change			UK Migration		International Migration		Overall Net Migration	Total Change
	Births	Deaths	Net	In	Out	In	Out		
2001-02	2,953	1,565	**1,388**	7,574	10,055	3,499	1,575	**-557**	831
2002-03	3,089	1,557	**1,532**	7,263	10,767	3,724	1,404	**-1,185**	347
2003-04	3,098	1,503	**1,595**	6,644	10,661	3,717	1,487	**-1,787**	-192
2004-05	3,210	1,498	**1,712**	7,167	10,541	5,650	1,431	**844**	2,556
2005-06	3,219	1,443	**1,776**	6,999	11,061	5,064	1,462	**-461**	1,315
2006-07	3,368	1,406	**1,962**	6,988	11,571	5,135	1,478	**-926**	1,036
2007-08	3,611	1,461	**2,150**	7,012	10,707	4,271	1,563	**-987**	1,163
2008-09	3,522	1,385	**2,137**	7,095	10,363	4,595	1,461	**-134**	2,003
2009-10	3,473	1,396	**2,077**	7,474	10,943	4,755	1,458	**-173**	1,904
2010-11	3,642	1,291	**2,351**	7,469	10,719	5,153	1,473	**430**	2,781
2011-12	3,544	1,379	**2,165**	8,201	11,596	4,210	1,341	**-526**	1,639

Establishing Updated Population Projections for Luton Borough

2.28 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year-to-year; and relatively small changes in gross flows can have a significant impact on overall net migration. In establishing future population projections, it is important to recognise the importance of migration and other changes.

2.29 Whilst migration estimates can vary from year-to-year, these differences may be partly due to changes in the underlying trends but can also be associated with uncertainties in measuring the flows. It is recognised that the impact of international migration is particularly difficult to measure; and although current estimates have been improved, data can still be unreliable at a local level.

2.30 For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. The SHMA has therefore developed population projections using migration trends based on the 10-year intercensal period (2001-2011) which normally relies on Census data instead of mid-year estimates. However, as previously noted, the SHMA Refresh identified that the 2001 Census under-enumerated the population at that time. We have therefore based the 10-year population change on the SHMA Refresh population estimates for mid-2001 and mid-2011.

2.31 Figure 9 compares the 2012-based sub national population projections (based on short-term migration trends) with the projections based on longer-term 10-year migration trends over the period 2011-31. The SNPP projections suggest that the population will increase from 203,600 to 248,800 by 2031, whilst the 10-year trend projects an increase from 205,500 to 236,100 persons (20-year increases of 45,200 persons and 30,600 persons respectively).

Figure 9:   Luton population projection based on migration trends
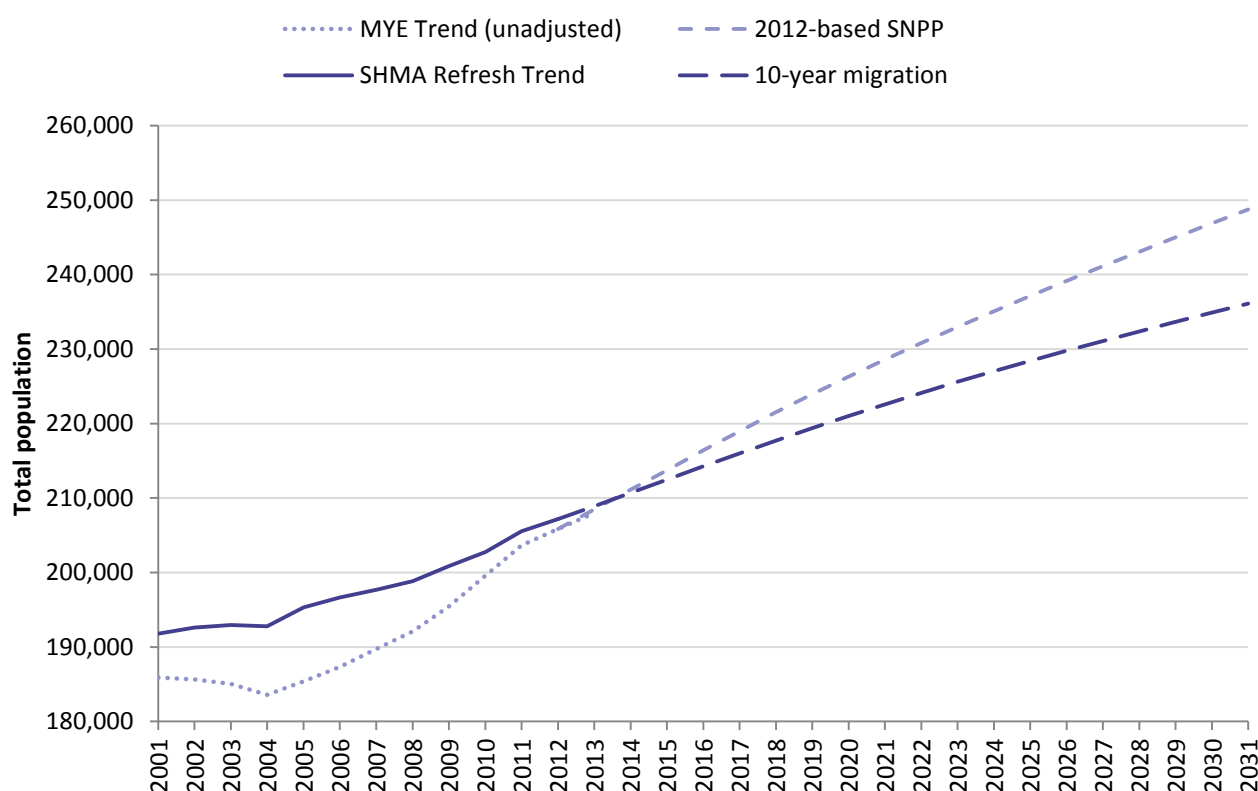
2.32   It is evident that the differences between the projections are due to differences in the population trends. As previously noted, the ONS Mid-Year Estimates suggested a period of population decline to 2004, before a rapid population growth over the period to 2011. This steep trajectory in the population trends has directly influenced the projected future population; however annual growth estimated for 2011-12 and 2012-13 is notably lower than both the ONS trend and projection.

2.33   The detailed analysis undertaken by the SHMA Refresh concluded that the population for Luton was notably higher than officially estimated in 2001, but broadly consistent with official estimates by 2011 and 2012 – so the annual growth over the period 2001-11 has been more moderate than suggested by the ONS trends, and similar to levels actually recorded in 2011-12 and 2012-13. The more moderate trajectory in the corrected population trends yields a lower projected future population, as growth patterns over the period 2001-11 are assumed to continue.

2.34   Figure 10 provides a detailed breakdown of the projected population by gender and 5-year age cohort for 2011 (based on the SHMA Refresh population estimate) and 2031 (based on the 2012-based sub-national population projection and 10-year migration trend scenarios).

Figure 10: Luton population projections 2011-31 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2011			2031					
				2012-based SNPP			10-year migration trend		
	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	8,695	8,151	**16,846**	9,363	8,900	**18,264**	8,886	8,453	**17,339**
Aged 5-9	7,515	6,941	**14,456**	8,977	8,579	**17,555**	8,790	8,414	**17,204**
Aged 10-14	6,646	6,622	**13,268**	8,616	8,313	**16,929**	8,676	8,384	**17,060**
Aged 15-19	6,901	6,752	**13,653**	8,367	8,115	**16,482**	8,588	8,288	**16,876**
Aged 20-24	8,613	8,038	**16,651**	9,669	9,084	**18,752**	9,490	8,657	**18,148**
Aged 25-29	9,764	9,214	**18,977**	10,560	8,804	**19,364**	10,179	8,145	**18,324**
Aged 30-34	8,344	8,049	**16,393**	10,403	8,593	**18,996**	9,761	7,782	**17,543**
Aged 35-39	7,256	6,948	**14,203**	9,914	8,320	**18,234**	9,053	7,457	**16,510**
Aged 40-44	7,012	6,892	**13,905**	8,929	7,754	**16,683**	8,064	6,995	**15,059**
Aged 45-49	6,781	6,920	**13,701**	7,989	7,448	**15,436**	7,216	6,818	**14,035**
Aged 50-54	5,740	5,640	**11,380**	6,818	6,556	**13,374**	6,221	6,109	**12,330**
Aged 55-59	4,749	4,683	**9,432**	5,943	5,730	**11,673**	5,493	5,401	**10,894**
Aged 60-64	4,200	4,249	**8,449**	5,600	5,577	**11,177**	5,231	5,286	**10,517**
Aged 65-69	3,245	3,437	**6,681**	5,115	5,259	**10,374**	4,829	4,996	**9,826**
Aged 70-74	2,915	3,146	**6,061**	4,012	4,096	**8,108**	3,821	3,920	**7,741**
Aged 75-79	2,410	2,743	**5,153**	3,058	3,265	**6,323**	2,937	3,144	**6,081**
Aged 80-84	1,510	1,982	**3,492**	2,394	2,735	**5,130**	2,311	2,639	**4,950**
Aged 85+	972	1,857	**2,829**	2,457	3,441	**5,898**	2,368	3,301	**5,669**
Total	**103,266**	**102,262**	**205,529**	**128,184**	**120,568**	**248,752**	**121,916**	**114,190**	**236,105**

Population Trends and Projections for Central Bedfordshire

2.35 Figure 11 shows the official population estimates for Central Bedfordshire for the period since 1981, based on Census data and ONS Mid-Year Population Estimates. It is evident that the 2011 Census was broadly consistent with the previous Mid-Year Estimates, and there no substantial change was required to the overall population.

Figure 11: Official population estimates for Central Bedfordshire for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded. Note: For the period before Central Bedfordshire being established, data for Mid Bedfordshire and South Bedfordshire has been combined)
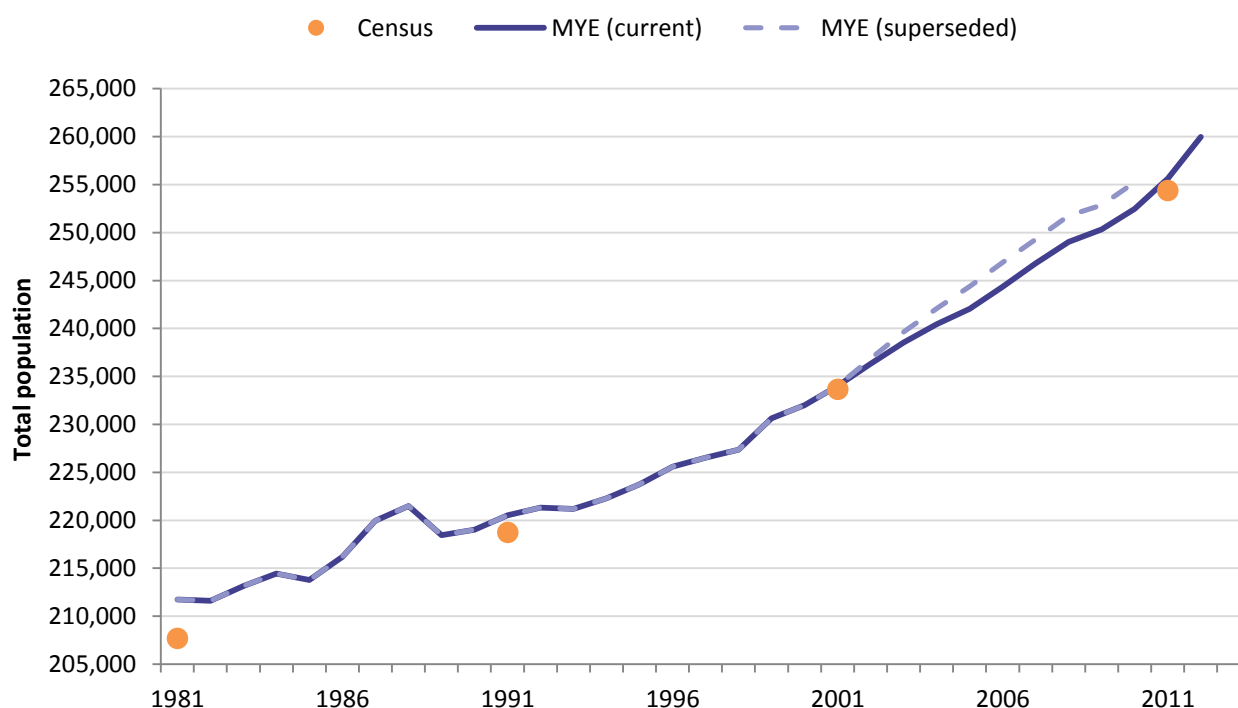
2.36 Whilst the overall population estimates did not significantly change, the ONS also incorporated other changes to the underlying components of population change. Most changes were only marginal, but the estimate for international in migrants increased by an average of 418 persons each year (Figure 12). Incorporating this increase in net international migration meant that the original estimates for total population changed from being marginally too high to being markedly higher than was suggested by the 2011 Census.

Figure 12: Components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Estimates, original and revised. Note: "Other Changes" includes adjustments for prisoners, armed forces and other unattributable changes. Figures presented unrounded for transparency, but should only be treated as accurate to the nearest 100)

Annual Average 2002-10	Births	Deaths	UK Migration (Net)	International Migration		Asylum Seekers (Net)	Other Changes (Net)	Unattributable Change
				In	Out			
Original estimate	2,999	1,940	+943	1,109	818	+4	+8	-
Revised estimate	2,999	1,940	+940	1,527	799	+4	-6	-705
Net change	**0**	**0**	**-3**	**+418**	**-19**	**0**	**-14**	**-705**

Figure 13: Official population estimates for Central Bedfordshire for the period 1981-2012 showing the impact of the adjustments to international migration (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded. Note: For the period before Central Bedfordshire being established, data for Mid Bedfordshire and South Bedfordshire has been combined)
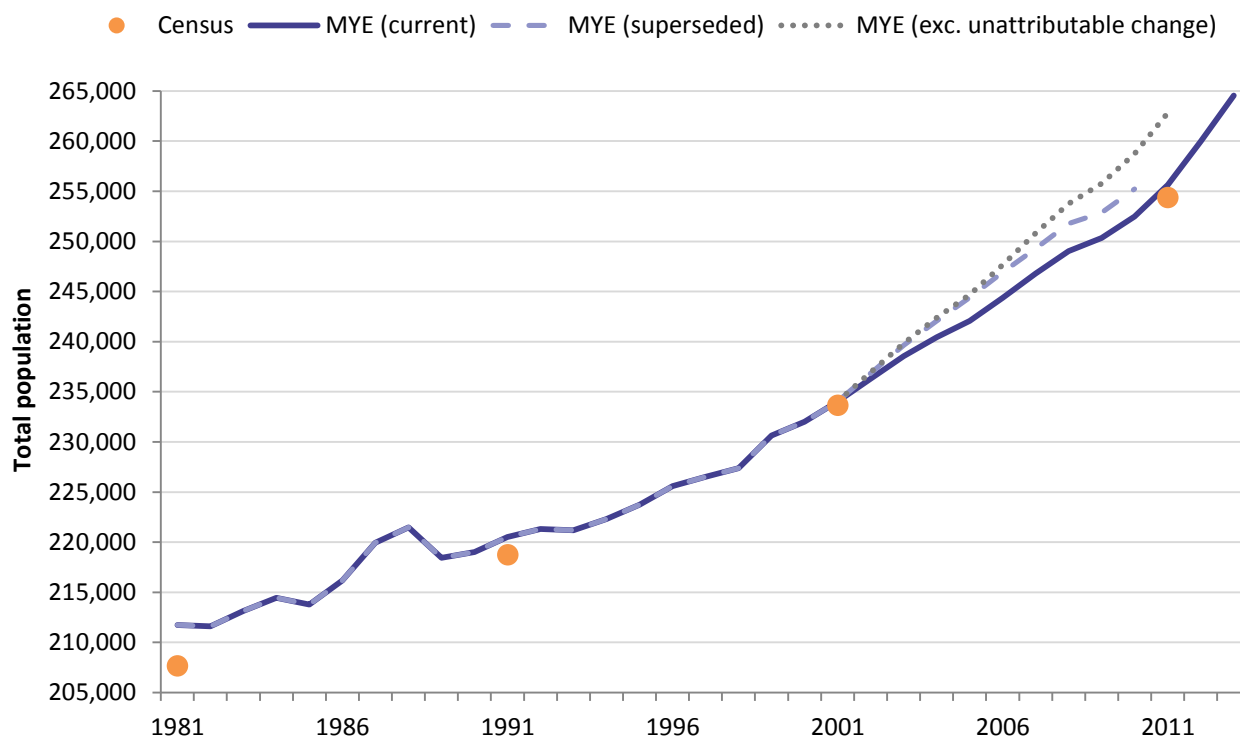

2.37 After incorporating the adjustments to migration, the component of population change data identified a net gain of 28,800 people in Central Bedfordshire over the 10-year period 2001-11. This was based on a natural growth of 10,700 people, a net gain of 18,200 migrants, and a net loss of 100 persons due to changes in the prison and armed forces populations and other technical adjustments. **Nevertheless, the population of Central Bedfordshire did not actually increase by 28,800 people; in fact, the population increase was only 21,600 people over this period – a difference of 7,200 persons.**

2.38 Given that the population estimates in 2001 and 2011 are far more accurate and robust than the component of change data from year-to-year, the ONS factor in an "accountancy" adjustment to the components of change to correct the data and ensure that it reconciles with the more accurate estimates for the total population in the two Census years. Therefore, in addition to the known population flows, an element of "unattributable change" is included in the figures. This averages to be a net annual reduction of 718 persons each year from 2001-02 to 2010-11 in the figures for Central Bedfordshire.

Components of Population Change

2.39 Figure 14 presents a full breakdown of the most recent data published by the ONS, detailing the components of population change for Central Bedfordshire area over the period since 1991. It is clear that the correction for "other changes" (which is dominated by unattributable change) has become more important in the estimates for later years; increasing year-on-year from a reduction of around 650 persons in 2001-02 to a reduction of more than 900 persons in 2010-11.

2.40 Figure 15 shows the trends for natural change and migration based on the corrected MYE data, however the correction is also shown.

Figure 14: **Components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Estimates, revised. Note: "Other Changes" includes adjustments for asylum seekers, prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)**

Year	Births	Deaths	Natural Change	UK Migration		International Migration		Asylum Seekers (Net)	Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out				
1991-92	3,200	1,900	+1,200	-	-	-	-	-	-	-400	+800
1992-93	3,000	1,900	+1,100	-	-	-	-	-	-	-1,200	-100
1993-94	3,100	1,900	+1,200	-	-	-	-	-	-	-100	+1,100
1994-95	3,000	1,900	+1,000	-	-	-	-	-	-	+400	+1,400
1995-96	2,900	1,900	+1,000	-	-	-	-	-	-	+900	+1,900
1996-97	2,900	2,000	+1,000	-	-	-	-	-	-	-100	+1,000
1997-98	2,800	1,900	+1,000	-	-	-	-	-	-	-200	+800
1998-99	2,900	2,000	+900	-	-	-	-	-	-	+2,300	+3,300
1999-00	2,900	2,000	+800	-	-	-	-	-	-	+500	+1,300
2000-01	2,800	1,900	+900	-	-	-	-	-	-	+1,100	+2,000
2001-02	2,756	1,970	+786	13,839	12,824	1,955	756	-60	-649	+1,505	+2,291
2002-03	2,784	1,924	+860	13,601	12,537	1,661	693	+5	-647	+1,390	+2,250
2003-04	2,811	1,947	+864	13,309	12,252	1,388	762	+5	-655	+1,033	+1,897
2004-05	2,899	1,980	+919	12,949	11,837	780	498	+5	-700	+699	+1,618
2005-06	3,004	1,969	+1,035	13,298	12,056	1,525	803	+1	-711	+1,254	+2,289
2006-07	3,051	1,880	+1,171	13,721	12,428	1,577	889	+1	-701	+1,281	+2,452
2007-08	3,218	1,921	+1,297	12,727	11,659	1,543	971	+4	-709	+935	+2,232
2008-09	3,101	1,993	+1,108	10,930	10,752	1,758	1,047	+6	-709	+186	+1,294
2009-10	3,127	1,905	+1,222	12,048	11,540	1,980	731	+1	-849	+909	+2,131
2010-11	3,291	1,881	+1,410	12,518	11,203	2,148	771	+1	-919	+1,774	+3,184
2011-12	3,275	1,890	+1,385	14,022	12,033	1,496	551	+6	0	+2,940	+4,325
2012-13	3,313	2,042	+1,271	14,144	11,913	1,601	563	-	+19	+3,288	+4,559

Figure 15: **Components of population change (Source: ONS Mid-Year Population Estimates, revised; Census data 1991-2011)**
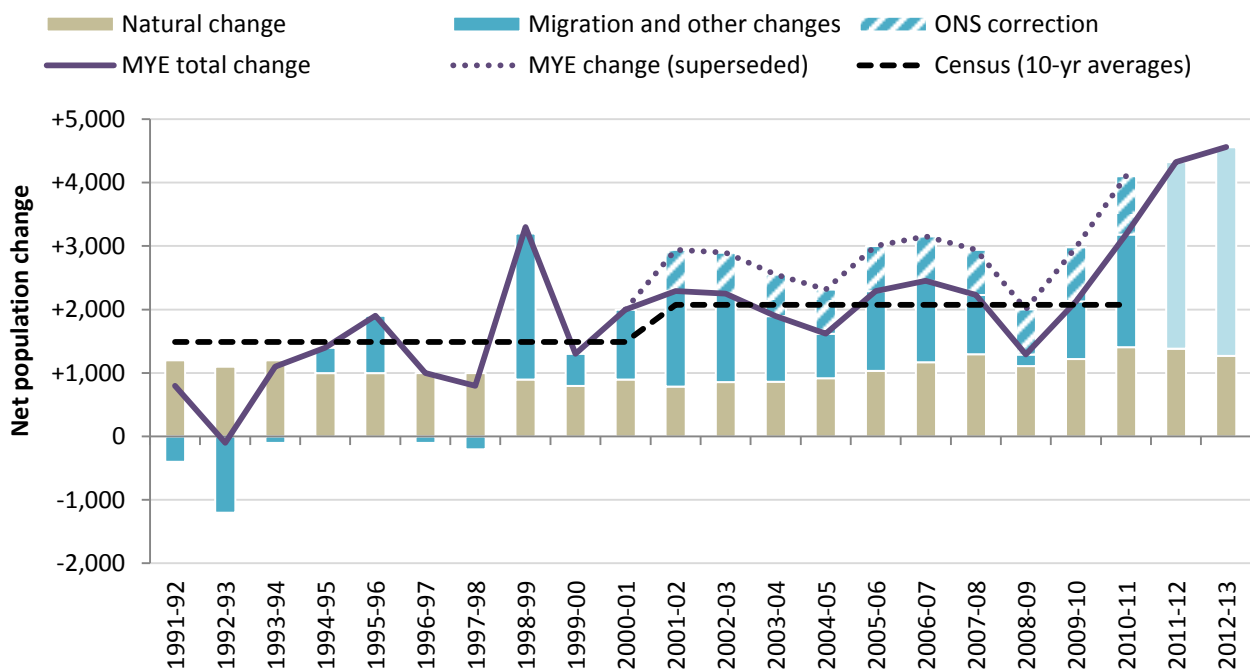
2.41 Also shown is the total population change from the MYE (both original and corrected figures) and annual average population change between the 1991, 2001 and 2011 Census. More recent data from the ONS mid-2012 and mid-2013 population estimates has also been included on the chart (including the breakdown between natural change and migration).

2.42 It is evident that the net population change in both mid-2012 and mid-2013 estimates are notably higher than previous years. It is important to recognise that "unattributable change" isn't factored in for either of these periods, as this would only be incorporated once data is published from the 2021 Census – but given the scale of adjustment required post the 2011 Census, it is important to recognise that the flow data that is recorded for the period may be overstating the actual level of population increase.

2.43 Nevertheless, alongside the Mid-Year Estimates published in mid-2013, the ONS published a quality assurance pack which provided a range of comparative data from administrative sources. Whilst this administrative data does not provide a direct estimate of population, they provide a useful triangulation point. Figure 16 shows the mid-2011 and mid-2013 population estimates together with the administrative data for the same years across the relevant age cohorts.

Figure 16: Mid-Year Population Estimates and Administrative Data 2011 and 2013 for Central Bedfordshire (Source: ONS)

Age	Mid-Year Estimate		Patient Register		Child benefit		School Census		State pensions	
	2011	2013	2011	2013	2011	2013	2011	2013	2011	2013
Age 0	3,270	3,340	3,210	3,310	3,180	2,970	-	-	-	-
Aged 1-4	12,840	13,660	13,060	13,830	12,800	13,260	-	-	-	-
Aged 5 - 9	15,000	16,210	15,110	16,140	14,930	15,870	14,460	15,450	-	-
Aged 10 - 14	15,430	15,080	15,570	15,140	15,070	14,840	14,450	14,010	-	-
Aged 15 - 19	15,570	15,320	15,620	15,310	-	-	-	-	-	-
Aged 20 - 24	13,660	13,980	14,360	15,100	-	-	-	-	-	-
Aged 25 - 29	14,600	15,930	15,080	15,800	-	-	-	-	-	-
Aged 30 - 34	15,770	17,020	16,080	17,250	-	-	-	-	-	-
Aged 35 - 39	17,700	17,250	18,060	17,300	-	-	-	-	-	-
Aged 40 - 44	20,140	19,970	20,920	20,650	-	-	-	-	-	-
Aged 45 - 49	21,170	21,160	21,880	21,940	-	-	-	-	-	-
Aged 50 - 54	18,350	19,770	18,760	20,220	-	-	-	-	-	-
Aged 55 - 59	15,540	16,420	15,990	16,800	-	-	-	-	-	-
Aged 60 - 64	16,340	15,290	16,620	15,530	-	-	-	-	6,390	4,630
Aged 65 - 69	12,690	14,960	12,630	14,950	-	-	-	-	12,530	14,400
Aged 70 - 74	9,480	10,110	9,710	10,130	-	-	-	-	9,470	10,170
Aged 75 - 79	7,840	8,270	7,730	8,120	-	-	-	-	7,690	8,210
Aged 80 - 84	5,510	5,790	5,320	5,590	-	-	-	-	5,380	5,660
Aged 85+	4,770	5,010	4,610	4,630	-	-	-	-	4,690	4,940
TOTAL	**255,670**	**264,540**	**260,320**	**267,740**	**45,980**	**46,940**	**28,910**	**29,460**	**46,150**	**48,010**
Increase 2011-13		**+8,870**		**+7,420**		**+960**		**+550**		**+1,860**
MYE Total for same age cohorts	255,670	264,540	255,670	264,540	46,540	48,290	30,430	31,290	56,630	59,430
Increase 2011-13		**+8,870**		**+8,870**		**+1,750**		**+860**		**+2,800**
Difference between MYE and admin data		**-**		**+20%**		**+82%**		**+56%**		**+51%**

2.44 In summary, over the 2-year period:

» The mid-year estimates suggest a population increase of 8,870 persons, which is 20% higher than the 7,420 increase recorded on the NHS patient register;

» The mid-year estimates suggest an increase of 1,750 children aged under 15, which is 82% higher than the 960 increase recorded in child benefit (although it is important to note that changes in child benefit eligibility for higher earners may have impacted the administrative data);

» The mid-year estimates suggest an increase of 860 children aged 5-14, which is 56% higher than the 550 increase on the school census; and

» The mid-year estimates suggest an increase of 2,800 people aged 60+, which is 51% higher than the 1,860 increase in people receiving state pension (though again this is partly due to criteria changes).

2.45 It is evident that all of the administrative data sources that ONS identified for validating the population estimates suggest that the population is increasing slower than suggested by the estimates for the period mid-2011 to mid-2013. It therefore isn't appropriate to adopt this data uncritically.

2.46 It is important to recognise that there has been no change in the ONS methodology for establishing the MYE since the mid-2011 estimates were produced – so any systematic error that existed at that time will continue to impact on more recent estimates, and therefore cannot be ignored. Whilst the ONS will not have a robust basis for correcting this data until the results of the 2021 Census are available (and therefore no correction can yet be made), it is apparent that corrections made to the mid-2011 estimates should also be applied to the data for more recent years unless the underlying issues can be addressed through changes to the methodology.

2.47 The administrative data clearly justifies the continued need for an adjustment, and as previously noted the correction that the ONS applied to data for the period 2010-11 was a reduction of 920 persons. This was 70 more than the reduction of 850 persons that was applied in 2009-10 (Figure 14), so it would seem likely that there is a need to reduce the 2011-12 population change estimate by around 990 persons and the 2012-13 estimate by 1,060 persons. These adjustments would suggest that the population increased by 3,300 persons in 2011-12 and by 3,500 persons in 2012-13 and represent a reduction of around 23% to the increases suggested by the official estimates in both years.

2.48 Given the context of the administrative data, there would appear to be some argument that these corrected estimates may still be too high, although they are broadly in line with the increase of 3,200 persons in the 2010-11 data following corrections by ONS. Of course, whilst the ONS corrected the later years of the decade more than the earlier years, the distribution of corrections that was adopted may still not have placed sufficient emphasis on the correction needed in 2010-11 (perhaps applying larger corrections than needed in earlier years to compensate for this). This would suggest that the corrections in 2010-11, 2011-12 and 2012-13 are perhaps all too low and a larger reduction might actually be needed (as supported by the administrative data).

2.49 Given this context, it is evident that the ONS Mid-Year Estimate data for Central Bedfordshire must be treated cautiously. As previously noted, the population estimates in 2001 and 2011 are far more accurate and robust than the component of change data from year-to-year; so instead of relying on the Mid-Year Estimate data, the SHMA projections use Census data (together with reliable information about births and deaths) as a basis for establishing long-term migration trends.

Establishing Updated Population Projections for Central Bedfordshire

2.50 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year-to-year; and relatively small changes in gross flows can have a significant impact on overall net migration. In establishing future population projections, it is important to recognise the importance of migration and other changes.

2.51 Whilst migration estimates can vary from year-to-year, these differences may be partly due to changes in the underlying trends but can also be associated with uncertainties in measuring the flows. It is recognised that the impact of international migration is particularly difficult to measure; and although current estimates have been improved, data can still be unreliable at a local level.

2.52 For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. The SHMA has therefore developed population projections using migration trends based on the 10-year intercensal period (2001-2011) which relies on Census data instead of mid-year estimates.

2.53 Figure 9 compares the 2012-based sub national population projections (based on short-term migration trends) with the projections based on longer-term 10-year migration trends over the period 2011-31. The SNPP projections suggest that the population will increase from 255,600 to 318,600 by 2031, whilst the 10-year trend projects an increase to 306,900 persons (20-year increases of 63,000 persons and 51,300 persons respectively).

Figure 17:   Central Bedfordshire population projection based on migration trends
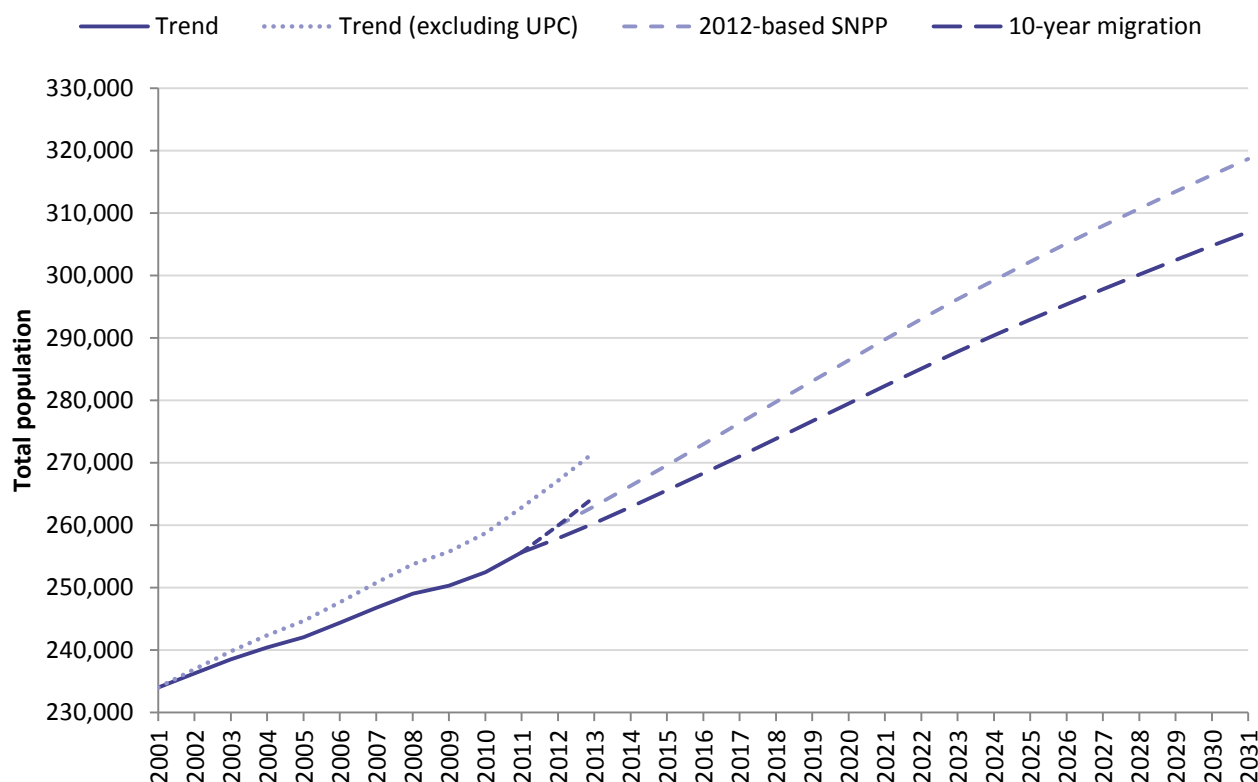
2.54 It is evident that the differences between the projections are due to migration trends. ONS Mid-Year Estimates suggest that the population growth has been higher in recent years; however the Census demonstrated that the estimates were inaccurate for the period 2001-11 (and they were therefore corrected) and the ONS quality assurance pack data shows that the estimates are also probably inaccurate for the period 2011-13 (though no correction will be made until after the 2021 Census).

2.55 The Census data provides a reliable basis for establishing long-term migration trends based on robust data. The steady and stable population increase observed over the period 2001-11 yields a marginally lower projected future population, as growth patterns over that decade are assumed to continue.

2.56 Figure 10 provides a detailed breakdown of the projected population by gender and 5-year age cohort for 2011 and 2031 (based on the 2012-based sub-national population projection and 10-year migration trend scenarios).

Figure 18: Central Bedfordshire population projections 2011-31 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2011			2031					
				2012-based SNPP			10-year migration trend		
	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	8,131	7,986	16,117	9,337	8,887	18,224	8,916	8,487	17,403
Aged 5-9	7,598	7,403	15,001	9,812	9,195	19,006	9,384	8,791	18,175
Aged 10-14	7,974	7,457	15,431	9,909	9,229	19,138	9,510	8,853	18,363
Aged 15-19	8,190	7,383	15,573	9,155	8,292	17,447	8,822	7,979	16,801
Aged 20-24	7,185	6,468	13,653	7,382	6,734	14,117	7,068	6,425	13,494
Aged 25-29	7,264	7,339	14,603	8,210	7,929	16,138	7,856	7,570	15,426
Aged 30-34	7,499	8,266	15,765	9,032	9,109	18,141	8,621	8,687	17,308
Aged 35-39	8,693	9,005	17,698	10,454	10,409	20,863	9,974	9,922	19,896
Aged 40-44	9,981	10,160	20,141	11,052	10,875	21,926	10,555	10,396	20,951
Aged 45-49	10,501	10,671	21,172	10,332	10,592	20,924	9,882	10,173	20,055
Aged 50-54	9,310	9,037	18,347	9,690	10,169	19,860	9,309	9,815	19,124
Aged 55-59	7,676	7,855	15,531	9,452	9,796	19,248	9,122	9,502	18,624
Aged 60-64	8,171	8,166	16,337	9,805	10,479	20,284	9,508	10,206	19,714
Aged 65-69	6,227	6,455	12,682	9,715	10,511	20,226	9,454	10,238	19,693
Aged 70-74	4,649	4,833	9,482	8,118	8,579	16,697	7,914	8,386	16,300
Aged 75-79	3,660	4,181	7,841	6,189	6,967	13,156	6,047	6,819	12,866
Aged 80-84	2,405	3,095	5,500	5,493	6,324	11,818	5,380	6,201	11,581
Aged 85+	1,651	3,119	4,770	4,896	6,521	11,418	4,794	6,369	11,163
Total	**126,765**	**128,879**	**255,644**	**158,033**	**160,597**	**318,630**	**152,115**	**154,821**	**306,936**

Economic Activity

2.57 Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.

2.58 The **Labour Force Survey (LFS)** is a continuous survey of the employment circumstances of the nation's population: it provides the official measures of employment and unemployment. Figure 19 shows economic activity rates (EAR) by age and gender for the UK since 1991, based on LFS data. It is evident that EAR rates are unlikely to remain constant in future as illustrated by past trends.

Figure 19: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)
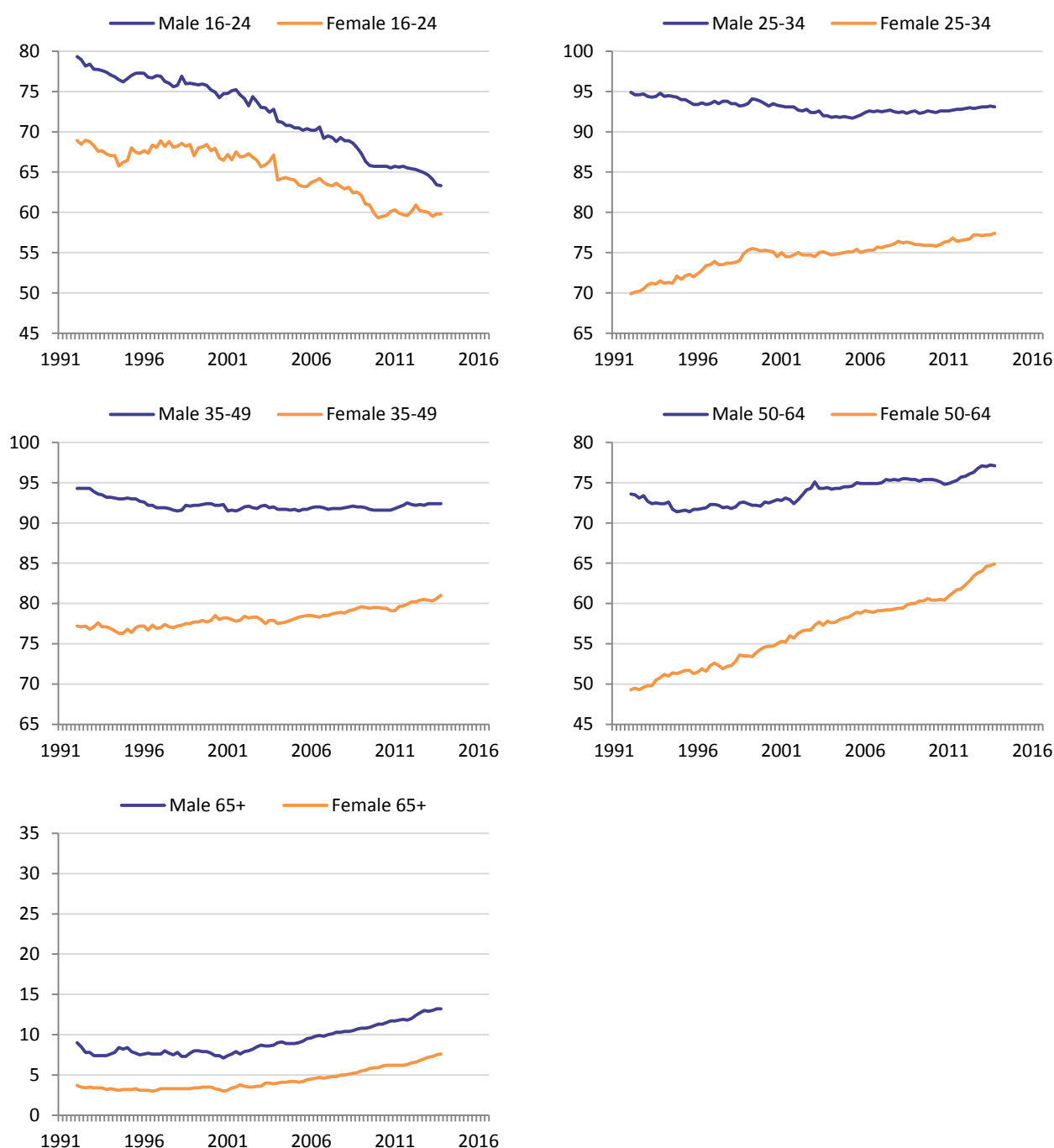
2.59 There are a number of notable trends evident:

» Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;

» Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and

» Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

2.60 These changes in participation identified by the Labour Force Survey have been confirmed by Census data, which also shows that national trends are typically reflected at a local level.

2.61 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020[10]; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends[11].

Labour Market Participation Projections

2.62 The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

> *"We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period."*

2.63 Their analysis concludes:

» **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;

» **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and

» **Young people**; economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

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[10] Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006
[11] OBR Fiscal Sustainability Report, July 2014: http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf

Older People

2.64 Recent increases in State Pension age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London12 concluded that:

> *"Future increases in the state pension age will lead to a substantial increase in employment".*

2.65 However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health**: longer, healthier lives mean people spend longer in employment;

- » **Education**: higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;

- » **Family circumstances**: evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;

- » **Financial considerations**: expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and

- » **Compulsory retirement age**: the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don't set a compulsory retirement age for their employees[13].

2.66 Nevertheless, financial drivers are particularly important in the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes (Figure 20) will inevitably lead to higher economic activity rates amongst the older population.

Figure 20: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)


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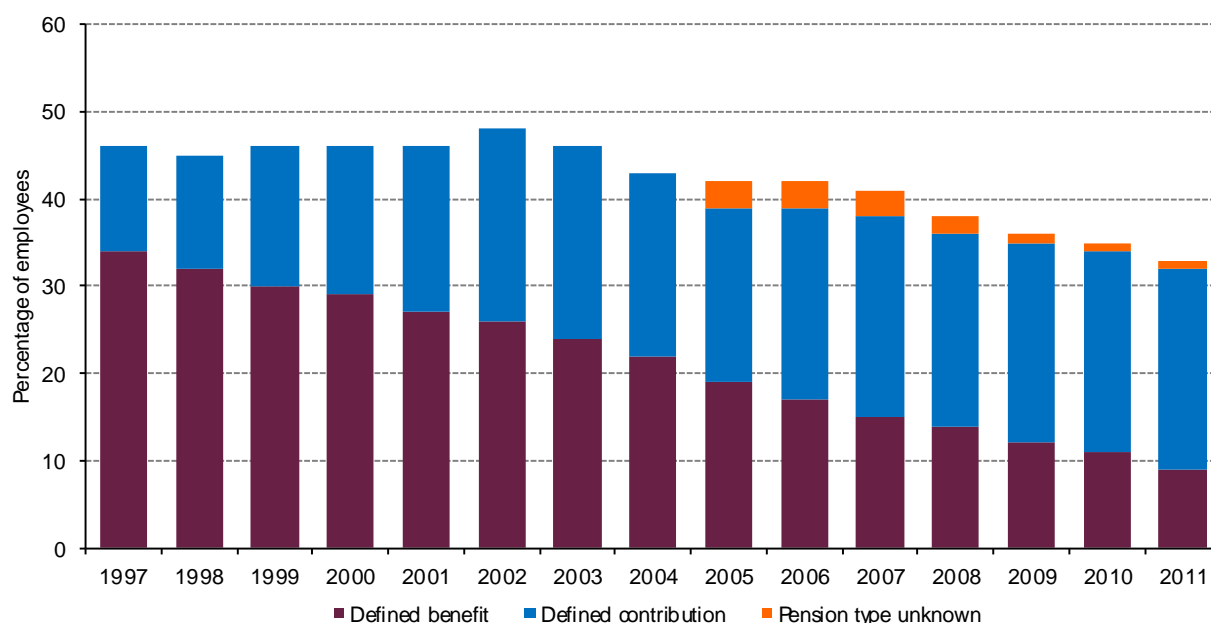
[12] http://www.ifs.org.uk/pr/spa_pr_0313.pdf
[13] https://www.gov.uk/retirement-age

2.67 Figure 21 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 21: **Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)**
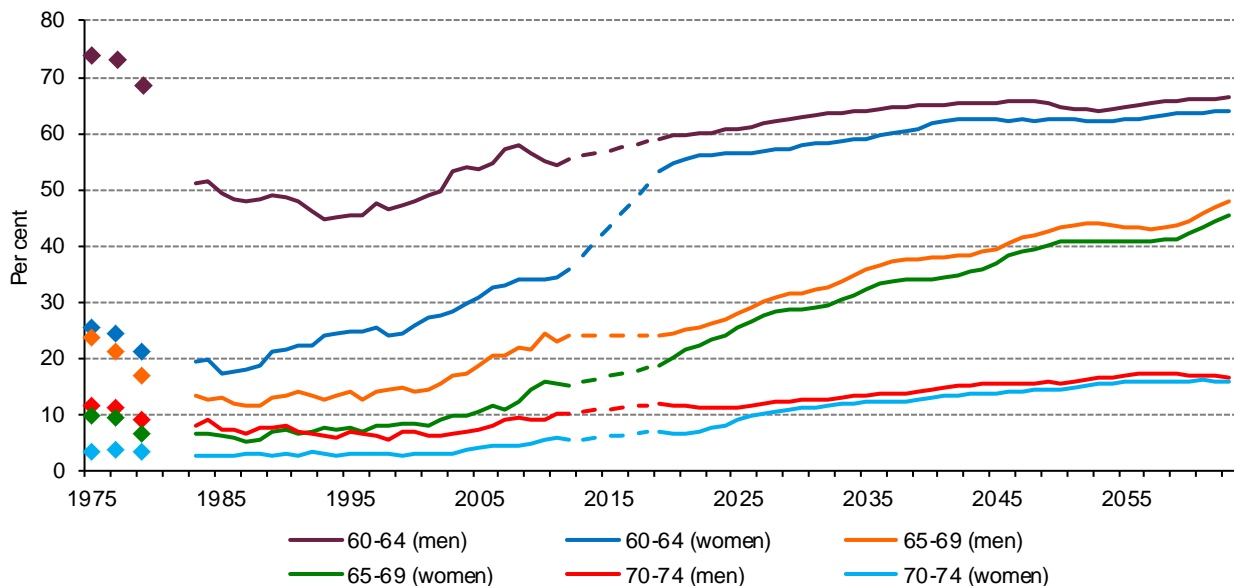
2.68 In summary, for those:

» **Aged 60-64**: employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;

» **Aged 65-69**: the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and

» **Aged 70-74**: the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

2.69 Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:

» **Childbirth**: decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);

» **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;

» **Support services for women in work**: an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

» **Equal pay**: the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and

» **Education**: higher levels of education have opened new career opportunities outside historically traditional female sectors.

2.70 National policy still aspires to encourage more women into work. The Government is seeking to "*incentivise as many women as possible to remain in the labour market*"[14] and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.

2.71 Historic data clearly shows that women born in the 1950s (who are now approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.

2.72 Figure 22 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Figure 22: Female participation rates by Cohort (Source: ONS, OBR)

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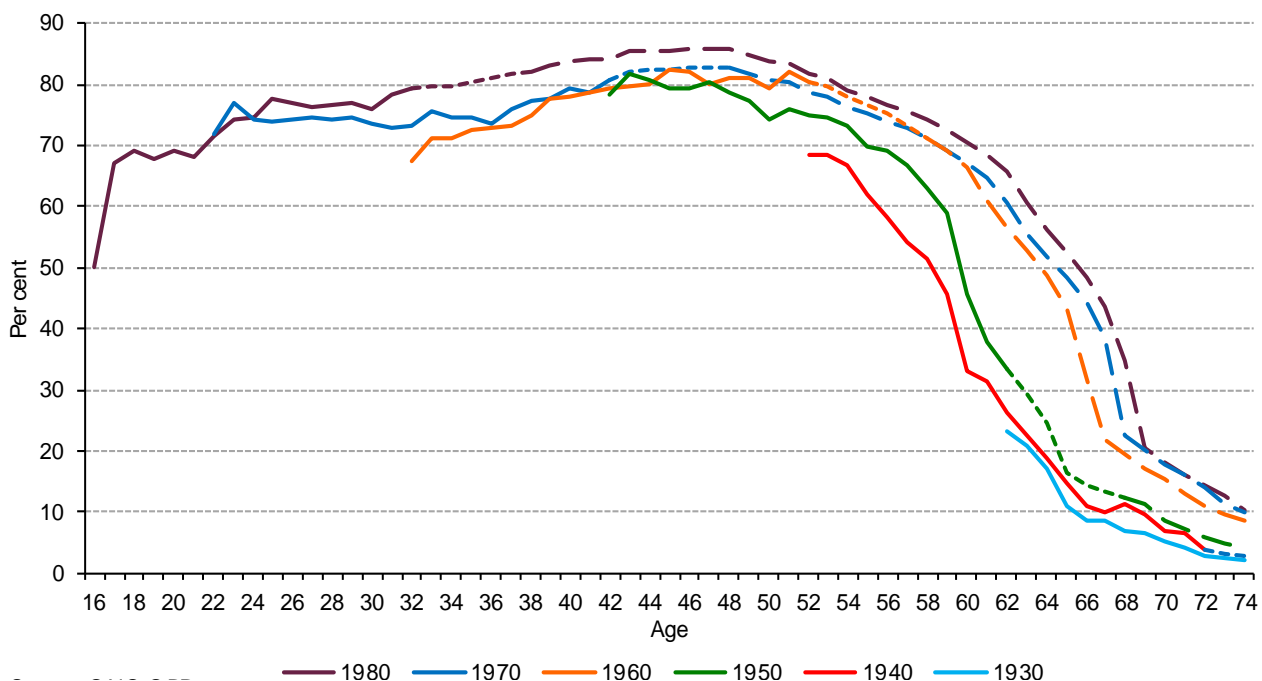
[14] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

Young People

2.73 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education[15]. There have been similar (though less pronounced) declining trends for 18-20 year olds.

2.74 National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education[16].

2.75 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

Projecting Future Economic Activity for Luton and Central Bedfordshire

2.76 Figure 23 shows the estimated economic activity rates for 2011 and the projected rates for 2031 based on Census data for Luton and Central Bedfordshire, and the OBR labour market participation projections.

Figure 23: Economic activity rates in 2011 and 2031 by age and gender based on OBR Labour Market Participation Projections
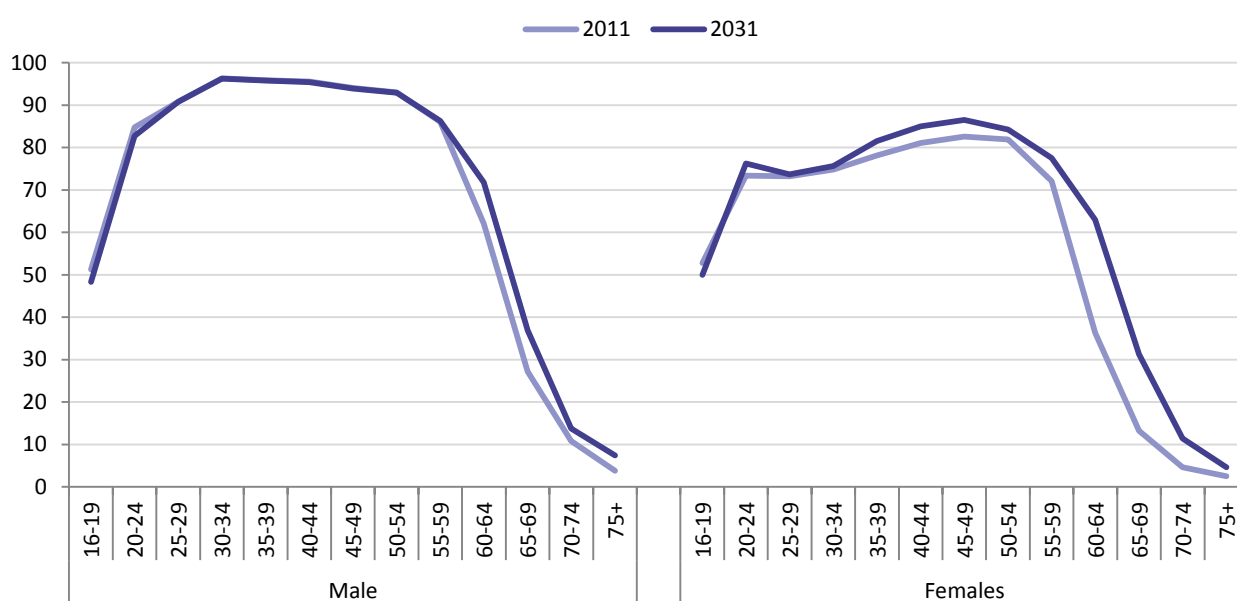
2.77 Participation rates for men under 60 are not projected to change, except for a very small decline in activity for those aged 16-19. There is increased in participation projected for men aged 60 and over, but these changes are only relatively marginal.

2.78 Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 35 are relatively stable (as there is no increased participation assumed for women born after the 1980s), but there are increased participation rates projected for all older age groups.

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[15] http://www.hefce.ac.uk/pubs/year/2015/201503/
[16] http://www.bbc.co.uk/news/education-25236341

2.79 Figure 24 shows the estimated economically active population for Luton and Central Bedfordshire in 2011 and the projected economically active population in 2031 based on the population projections previously produced based on 10-year migration trends.

Figure 24: Projected economically active population 2012-36 (Note: All figures presented unrounded for transparency)

Age	2011			2031			Net change 2011-31		
	M	F	Total	M	F	Total	M	F	Total
Aged 16-19	6,144	5,929	**12,073**	6,634	6,393	**13,027**	+490	+464	**+954**
Aged 20-24	13,383	10,634	**24,017**	13,701	11,491	**25,191**	+318	+857	**+1,175**
Aged 25-29	15,461	12,118	**27,579**	16,381	11,581	**27,963**	+920	-537	**+384**
Aged 30-34	15,255	12,205	**27,459**	17,699	12,464	**30,164**	+2,445	+260	**+2,704**
Aged 35-39	15,291	12,462	**27,753**	18,229	14,179	**32,407**	+2,938	+1,716	**+4,654**
Aged 40-44	16,234	13,824	**30,057**	17,770	14,790	**32,560**	+1,536	+966	**+2,502**
Aged 45-49	16,255	14,519	**30,774**	16,057	14,710	**30,767**	-198	+191	**-7**
Aged 50-54	13,999	12,016	**26,015**	14,431	13,411	**27,841**	+432	+1,395	**+1,826**
Aged 55-59	10,690	9,039	**19,729**	12,605	11,548	**24,153**	+1,915	+2,509	**+4,425**
Aged 60-64	7,677	4,508	**12,185**	10,569	9,746	**20,315**	+2,893	+5,238	**+8,131**
Aged 65-69	2,571	1,308	**3,879**	5,250	4,753	**10,003**	+2,678	+3,445	**+6,124**
Aged 70-74	816	366	**1,181**	1,609	1,401	**3,010**	+794	+1,035	**+1,829**
Aged 75+	228	171	**400**	663	458	**1,122**	+435	+287	**+722**
Total	**134,003**	**109,098**	**243,101**	**151,598**	**126,925**	**278,523**	**+17,596**	**+17,827**	**+35,422**

2.80 The economically active population is projected to increase by around 35,400 people over the 20-year period 2011-31, equivalent to an average increase of 1,770 additional workers each year.

Establishing Household Projections for Luton and Central Bedfordshire

Household Population and Communal Establishment Population

2.81   Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments.

2.82   The 2011 Census identified 3,913 persons living in Communal Establishments in Luton and Central Bedfordshire (1,652 in Luton and 2,261 in Central Bedfordshire). This is broadly consistent with the 3,947 persons identified by the CLG 2012-based household projections. Consistent with the CLG approach, the projections assume that the <u>number</u> of people aged under 75 living in Communal Establishments will remain constant over the projection period; however, it is the <u>proportion</u> of people aged 75 or over that is held constant by gender for each relationship status.

2.83   Figure 25 shows the breakdown between the household population and the population living in Communal Establishments based on the 10-year migration scenario.

Figure 25: Population projections 2011-31 by gender and 5-year age cohort (Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2011			2031			Net change 2011-31		
	HH	CE	Total	HH	CE	Total	HH	CE	Total
Aged 0-4	32,949	14	**32,963**	34,728	14	**34,742**	+1,779	0	**+1,779**
Aged 5-9	29,452	5	**29,457**	35,374	5	**35,379**	+5,922	0	**+5,922**
Aged 10-14	28,691	8	**28,699**	35,415	8	**35,423**	+6,724	0	**+6,724**
Aged 15-19	28,820	406	**29,226**	33,271	406	**33,677**	+4,451	0	**+4,451**
Aged 20-24	29,654	650	**30,304**	30,991	650	**31,641**	+1,337	0	**+1,337**
Aged 25-29	33,200	380	**33,580**	33,370	380	**33,750**	+170	0	**+170**
Aged 30-34	31,951	207	**32,158**	34,644	207	**34,851**	+2,693	0	**+2,693**
Aged 35-39	31,775	126	**31,901**	36,280	126	**36,406**	+4,504	0	**+4,504**
Aged 40-44	33,949	97	**34,046**	35,913	97	**36,010**	+1,964	0	**+1,964**
Aged 45-49	34,786	87	**34,873**	34,003	87	**34,090**	-783	0	**-783**
Aged 50-54	29,632	95	**29,727**	31,359	95	**31,454**	+1,728	0	**+1,728**
Aged 55-59	24,896	67	**24,963**	29,452	67	**29,519**	+4,556	0	**+4,556**
Aged 60-64	24,699	87	**24,786**	30,144	87	**30,231**	+5,445	0	**+5,445**
Aged 65-69	19,269	94	**19,363**	29,424	94	**29,518**	+10,155	0	**+10,155**
Aged 70-74	15,407	136	**15,543**	23,905	136	**24,041**	+8,498	0	**+8,498**
Aged 75-79	12,790	205	**12,994**	18,642	306	**18,947**	+5,852	+101	**+5,953**
Aged 80-84	8,633	359	**8,992**	15,954	577	**16,530**	+7,320	+218	**+7,538**
Aged 85+	6,668	931	**7,599**	15,056	1,776	**16,831**	+8,387	+845	**+9,232**
Total	**457,220**	**3,953**	**461,173**	**537,924**	**5,117**	**543,041**	**+80,705**	**+1,164**	**+81,869**
Luton	203,857	1,672	**205,529**	234,081	2,024	**236,105**	+30,224	+352	+30,576
Central Bedfordshire	253,363	2,281	**255,644**	303,841	3,095	**306,936**	+50,478	+815	+51,292

2.84   It will be important to recognise the projected growth of population aged 75 or over living in communal establishments when establishing the overall housing requirement. This population is projected to increase from 3,953 persons to 5,117 persons over the 20-year period 2011-31; a growth of 1,164 persons, equivalent to an average of around 58 persons each year (around 18 persons in Luton and 41 persons in Central Bedfordshire).

2.85 Given that the population projections have already established the total population aged 75 or over, a consequence of the assumed increase in institutional population for these age groups is fewer older people being counted in the household population. This affects the projected household growth for the area. It is therefore necessary to plan for the increase in institutional population, as this will be additional to the projected household growth; although the councils will need to consider the most appropriate types of housing in the context of future plans for delivering care and support for older people.

2.86 As previously noted, the population in older age groups is projected to increase substantially during the Plan period, and Chapter 5 of the SHMA provides further analysis of the future housing needs of older people.

Household Representative Rates

2.87 Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as "household representatives" or "heads of household". The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.

2.88 The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

> *"Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census … this can only be truly assessed once the 2011 Census results are available."*

2.89 The CLG 2012 based household projections technical document confirmed the findings (page 24):

> *"At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census."*

2.90 Whilst Inspectors have been keen to avoid perpetuating any possible "recessionary impact" associated with the lower formation rates suggested by the interim 2011-based data, the CLG household projections are based on much longer-term trends. Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) recently considered the CLG households projections in an article published in Town and Country Planning (December 2014):

> *"Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011."*

2.91 The 2012-based household projections published in February 2015 incorporate far more data from the 2011 Census than was available for the interim 2011-based household projections, and these projections provide data for the 25-year period 2012-37 based on long-term demographic trends. The household

representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

2.92 The second edition of the PAS OAN technical advice note confirms (paragraph 6.39-43):

> "The CLG 2012 projection provides a new set of HRRs, which are generally higher than the interim 2011 rates, though still below the 2008 rates. … Housing needs studies should now use as a starting point the CLG 2012 HRRs, leaving aside earlier scenarios. … Indexed and return-to-trend projections, which previously attempted to do this, have been rendered out of date by the CLG 2012 projection."

2.93 It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the 2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

2.94 The 2012-based projections supersede both the 2008-based household projections and the interim 2011-based household projections. The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

2.95 Using the CLG 2012-based household representative rates, we can establish the projected number of additional households. The projected increase in households across Luton and Central Bedfordshire is summarised in Figure 26.

2.96 Figure 26 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes based on the proportion of dwellings without a usually resident household identified by the 2011 Census. This identified a rate of 2.8% for Luton and 4.0% for Central Bedfordshire.

Figure 26: Projected households and dwellings over the 20-year period 2011-31 (Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census)

	2011	2031	Net change 2011-31	Average annual change
HOUSEHOLDS				
Luton	75,129	89,478	**+14,349**	+717
Central Bedfordshire	104,991	131,986	**+26,996**	+1,350
Luton and Central Bedfordshire	**180,120**	**221,464**	**+41,345**	**+2,067**
DWELLINGS				
Luton	77,293	92,056	+14,762	+738
Central Bedfordshire	109,366	137,485	+28,121	+1,406
Luton and Central Bedfordshire	**186,659**	**229,541**	**+42,883**	**+2,144**

Conclusions

2.97 PPG identifies that the starting point for estimating housing need is the CLG 2012-based household projections. For the 20-year period 2011-31, these projections suggest an increase of 53,336 households across Luton and Central Bedfordshire: an average annual growth of 2,667 households (1,084 in Luton and 1,583 in Central Bedfordshire).

2.98 The data above shows that the principal population projection (based on 10-year migration trends) identifies a notably lower increase of 41,345 households across the HMA (2,067 per year); comprised of 717 households each year in Luton and 1,350 households in Central Bedfordshire (both lower than the CLG 2012-based projection). These differences are due to the underlying population projections – fundamentally due to inaccuracies in the trend-based migration data, due to under-enumeration of the Luton population in 2001 and errors in the population estimates for Central Bedfordshire over the last 10 years which were corrected following the 2011 Census.

2.99 The long-term migration trends based on the intercensal period provide the most robust and reliable basis for projecting the future population, and therefore **the projected household growth of 2,067 households each year (2,144 dwellings) provides the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing**.

3. Affordable Housing Need
Identifying households who cannot afford market housing

3.1 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.

3.2 PPG notes that affordable housing need is based on households *"who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market"* (paragraph 22) and identifies a number of different types of household which may be included:

> **What types of households are considered in housing need?**
>
> *The types of households to be considered in housing need are:*
>
> » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
>
> » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
>
> » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
>
> » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
>
> » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 023**

3.3 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):

» Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.

» The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.

» Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

3.4 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

3.5 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Luton and Central Bedfordshire, the quarterly number of households accepted as being homeless and in priority need increased marginally over the period 2002[17] to 2011. There were 163 such households in 2002 which increased to 201 households in 2011, a net increase of 38 households (Figure 27). The rate for 2011 represents 1.1 presentations per 1,000 households, almost double the equivalent rate for England (0.5 per 1,000); however, the rate of presentations in Luton was 2.2 presentation per 1,000 households (more than four-times the rate for England, and more than double the rate for the area in 2002) whilst the rate of presentations in Central Bedfordshire was 0.4 presentation per 1,000 households (less than the England rate, and less half the rate for the area in 2002).

3.6 There has also been an upward trend in households living in temporary accommodation. There were 441 such households in 2002, including 270 in Local Authority or RSL stock and a further 85 in other housing (including renting from a private landlord); however this had increased to 619 in 2011 (583 in Luton, 36 in Central Bedfordshire), a net increase of 178 households overall – although this comprised an increase of 419 in Luton offset against a reduction of 241 in Central Bedfordshire. Furthermore, there has been a notable increase of households living in temporary housing over the period since 2011, with the number peaking at around 1,000 households at the end of the first quarter of 2014. It is also worth noting that substantially more households were housed in private sector properties leased by a council or housing association in 2011 than in 2002 (523 cf. 12), mainly in Luton.

Figure 27: Households accepted as homeless and in priority need and households in temporary accommodation 2001-15 (Source: CLG P1E returns. Note: data interpolated for quarters where actual figures were not reported)

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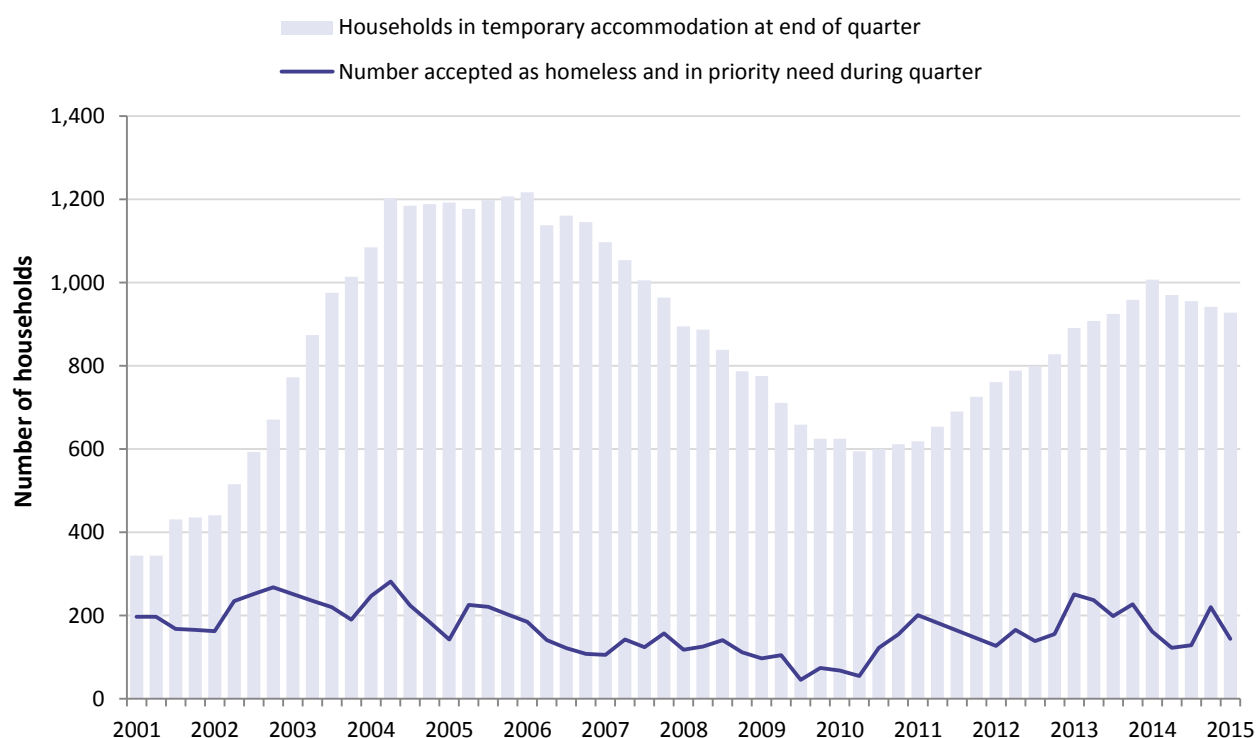
[17] 2002 has been used as the comparator date as, unfortunately, data is not recorded for all relevant areas for March 2001. Data is available from all local authorities for 2002.

Figure 28: Households in temporary accommodation (Source: CLG P1E returns for March 2002 and March 2011)

		Luton & Central Beds			England 2011
		2002	**2011**	**Net change 2002-11**	
Households in temporary accommodation	Bed and breakfast	30	46	**+16**	-
	Hostels	44	19	**-25**	-
	Local Authority or RSL stock	270	31	**-239**	-
	Private sector leased (by LA or RSL)	12	523	**+511**	-
	Other (including private landlord)	85	-	**-85**	-
	TOTAL	**441**	**619**	**+178**	-
	Rate per 1,000 households	*2.5*	*3.5*	*+0.9*	*2.2*
Households accepted as homeless but without temporary accommodation provided		9	8	-1	-

3.7   It is evident that homelessness problems were worse in Luton and Central Bedfordshire in 2011 than they were in 2002, and it is also important to recognise that housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however many households facing homelessness are now offered private rented housing.

3.8   Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

3.9   The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their "host" household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

3.10   The number of **concealed families** living with households in Luton and Central Bedfordshire increased from 1,711 to 3,081 over the 10-year period 2001-11 (Figure 29), an increase of 1,370 families (80%).

3.11   Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 1,370 families over the period 2001-11, over two thirds (69%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Figure 29: Concealed families in Luton and Central Bedfordshire by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	287	541	+254
Aged 25 to 34	613	1,103	+490
Aged 35 to 44	197	237	+39
Aged 45 to 54	114	278	+163
Sub-total aged under 55	**1,211**	**2,158**	**+947**
Aged 55 to 64	158	312	+154
Aged 65 to 74	267	360	+93
Aged 75 or over	75	251	+176
Sub-total aged 55 or over	**500**	**923**	**+423**
All Concealed Families	**1,711**	**3,081**	**+1,370**

Sharing Households

3.12 The number of **sharing households** increased marginally from 339 to 351 over the 10-year period 2001-11 (Figure 30), an increase of 12 households (4%). Most of these sharing households are in Luton (324) and this is also where all of the growth has occurred (+99) with a reduction of shared households in Central Bedfordshire.

Figure 30: Shared Dwellings and Sharing Households in Luton and Central Bedfordshire (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	104	103	-1
Number of household spaces in shared dwellings	365	425	+60
All Sharing Households	**339**	**351**	**+12**
Household spaces in shared dwellings with no usual residents	26	74	+48

3.13 Figure 31 shows that the number of **multi-adult households** living in the area increased from 6,058 to 8,784 households over the same period, an increase of 2,726 (45%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities,** as well as **single people living together as a group** and **individuals with lodgers**.

Figure 31: Multi-adult Households in Luton and Central Bedfordshire (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	3,785	4,124	+339
Private rented	1,678	3,991	+2,313
Social rented	595	669	+74
All Households	**6,058**	**8,784**	**+2,726**

3.14 The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 2,313 households (an increase from 1,678 to 3,991 households over the period) and this represents over four-fifths (84%) of the total increase in multi-adult households living in the area.

3.15 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.

3.16 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

3.17 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

> *"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."*

3.18 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

» A one person household is assumed to require three rooms (two common rooms and a bedroom); and

» Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 – each couple (as determined by the relationship question)
 – each lone parent
 – any other person aged 16 or over
 – each pair aged 10 to 15 of the same sex
 – each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 – each pair of children aged under 10 remaining
 – each remaining person (either aged 10 to 15 or under 10).

3.19 For Luton and Central Bedfordshire, **overcrowding** increased from 7.2% to 9.1% of households (an increase of 4,270) over the 10-year period 2001-11 (Figure 32). This represents a growth of 25%, which is higher than Coventry (15%) but lower than the other comparator areas; Peterborough (34%) and Slough (29%). It is a similar increase to the national increase for England (23%).

3.20 When considered by tenure, overcrowding has decreased by 593 households in the owner occupied sector but increased by 737 households in the social rented sector. The largest growth is in the private rented sector where the number of overcrowded households has increased from 3,105 to 7,231, a growth of 4,126

households over the 10-year period. The private rented sector has also had the largest percentage increase of overcrowded households from 18.0% to 23.0% (a growth of 28%).

Figure 32: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

		Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
		2001		2011		Net change 2001-11			
		N	%	N	%	N	%	N	%
Luton	Owned	3,712	7.4%	3,206	7.1%	-506	-4%	3,256	7.2%
	Private rented	2,319	25.7%	5,679	32.3%	3,360	+26%	3,329	18.9%
	Social rented	2,165	18.6%	2,525	21.6%	360	+16%	1,518	13.0%
	All Households	**8,196**	**11.6%**	**11,410**	**15.4%**	**3,214**	**+33%**	**8,103**	**10.9%**
Central Bedfordshire	Owned	1,612	2.2%	1,525	2.0%	-87	-10%	1,007	1.3%
	Private rented	786	9.6%	1,552	11.2%	766	+17%	702	5.1%
	Social rented	1,336	10.1%	1,713	12.3%	377	+22%	959	6.9%
	All Households	**3,734**	**4.0%**	**4,790**	**4.6%**	**1,056**	**+16%**	**2,668**	**2.6%**
LUTON & CENTRAL BEDS	Owned	5,324	4.3%	4,731	3.9%	-593	-10%	4,263	3.5%
	Private rented	3,105	18.0%	7,231	23.0%	4,126	+28%	4,031	12.8%
	Social rented	3,501	14.1%	4,238	16.5%	737	+17%	2,477	9.6%
	All Households	**11,930**	**7.2%**	**16,200**	**9.1%**	**4,270**	**+25%**	**10,771**	**6.0%**
All Households									
	ENGLAND	-	**7.1%**	-	**8.7%**	-	**+23%**	-	**4.6%**
	Coventry *with Nuneaton & Bedworth*	-	7.1%	-	8.1%	-	+15%	-	4.6%
	Peterborough *with Fenland, South Kesteven and Rutland*	-	4.2%	-	5.6%	-	+34%	-	3.3%
	Slough *with South Bucks and Windsor & Maidenhead*	-	8.9%	-	11.5%	-	+29%	-	6.8%

English Housing Survey Data

Overcrowding

3.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.

3.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach[18] is based on a *"bedroom standard"* which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

> *"The 'bedroom standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair*

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[18] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

"Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed."

3.23 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 33: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)
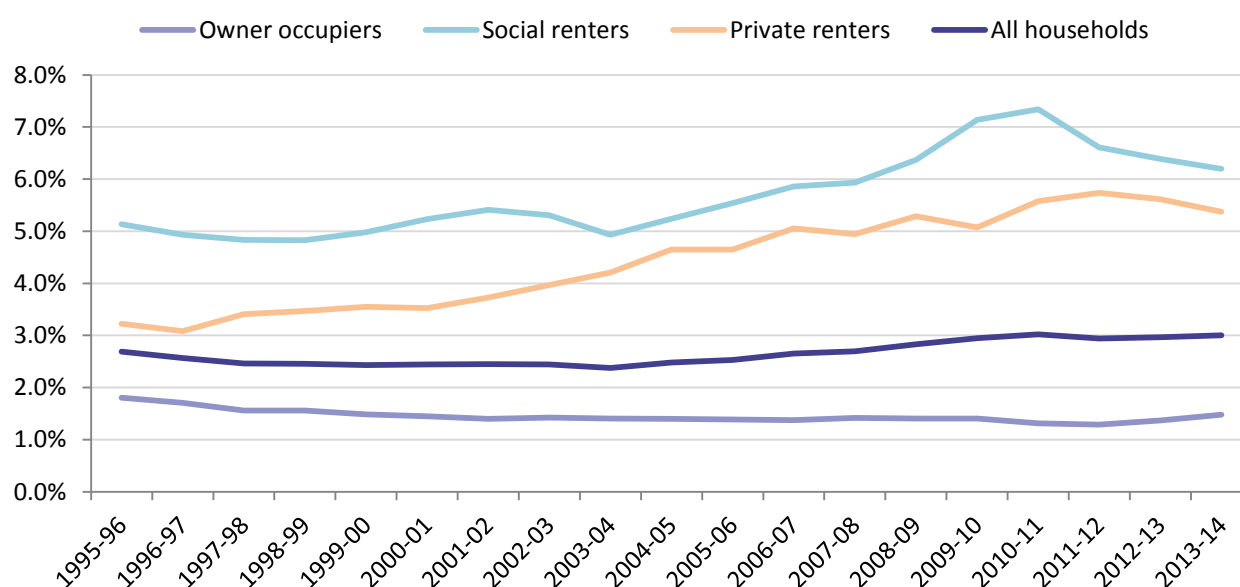
3.24 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance[19] that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

3.25 This Guidance, *"Allocation of accommodation: Guidance for local housing authorities in England"*, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:
– married or cohabiting couple
– adult aged 21 years or more
– pair of adolescents aged 10-20 years of the same sex
– pair of children aged under 10 years regardless of sex

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[19] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

3.26 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Luton & Central Bedfordshire, we can estimate overcrowding using the bedroom standard. Figure 34 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **1,950 owner occupied, 1,538 private rented and 1,822 social rented households were overcrowded** in the Luton & Central Bedfordshire HMA in 2011. Student households have been excluded from this calculation given that their needs are assumed to be transient.

Figure 34: Estimate of the number of overcrowded households in Luton & Central Bedfordshire HMA by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011 Percentage of households overcrowded [A]		1.3%		5.6%		7.3%
Census occupancy rating Percentage of households overcrowded [B]	*Bedrooms* 2.3%	*Rooms* 3.3%	*Bedrooms* 8.8%	*Rooms* 20.2%	*Bedrooms* 8.9%	*Rooms* 16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
LUTON & CENTRAL BEDFORDSHIRE HMA						
Census occupancy rating Number of overcrowded households [D]	*Bedrooms* 4,263	*Rooms* 4,731	*Bedrooms* 4,031	*Rooms* 7,231	*Bedrooms* 2,477	*Rooms* 4,238
Full-time student households [E]	455	405	1,585	1,838	174	207
Overcrowded households (excluding students) [F = D - E]	3,808	4,326	2,446	5,393	2,303	4,031
Estimate of overcrowded households based on the bedroom standard [G = C × F]	**2,171**	**1,730**	**1,565**	**1,510**	**1,911**	**1,733**
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	**1,950**		**1,538**		**1,822**	

Housing Condition and Disrepair

3.27 The EHS also provides useful information about **housing disrepair**. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.

3.28 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

» Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and

» Be in a reasonable state of repair; and

» Have reasonably modern facilities (such as kitchens and bathrooms) and services; and

» Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

3.29 If a dwelling fails any one of these criteria, it is considered to be "non-decent". A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: "A Decent Home – The definition and guidance for implementation" June 2006.

3.30 Figure 35 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a third of the private rented sector (33.1%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 35: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)

Housing Register Data

3.31 The local authority **housing register** and **transfer lists** are managed through individual HomeChoice local Choice Based Lettings schemes managed by each of the local authorities. Households apply for a move via the scheme and 'bid' for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

3.32 Figure 36 shows the trend in households on the housing register over the period since 2001:

» **Luton**: the number of households on the housing register was comparable in 2001 and 2011 at just below 5,000 households. Nevertheless, the number of households on the register has varied significantly during this period (ranging from fewer than 3,500 households to a peak of almost 9,000 households); with changes in the number relating to when the register has been periodically refreshed rather than changes to the underlying housing need; and

» **Central Bedfordshire**: the number of household on the register steadily declined from around 5,500 households in 2001 to just below 3,800 households in 2011, and has remained at this level more recently (3,700 households in 2014).

Figure 36: Number of households on the local authority housing register 2001-14 (Note: Solid line shows total households; dotted line shows households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)
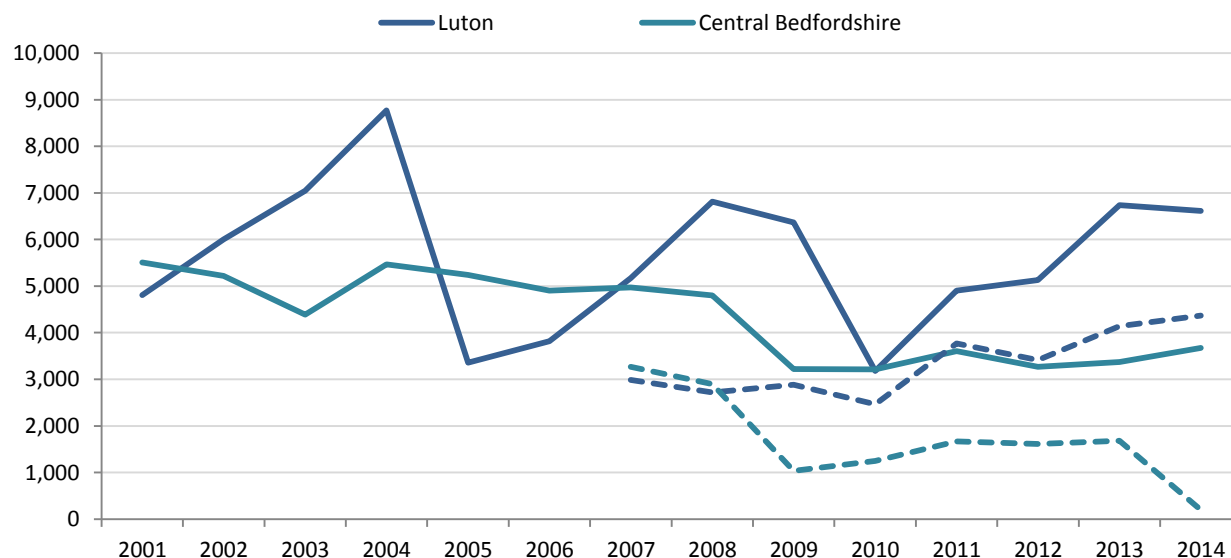
3.33 Figure 36 also show the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

» Legally homeless;

» Living in unsatisfactory housing (as defined by the Housing Act 2004);

» Need to move on medical/welfare grounds; or

» Need to move to a particular area to avoid hardship.

3.34 Figure 37 provides further detailed information for the last 2 years.

Figure 37: Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG. Note: "*" denotes that the data was unavailable)

	Luton		Central Beds		Luton and Central Beds	
	2013	2014	2013	2014	2013	2014
Total households on the housing waiting list	6,736	6,616	3,371	3,673	10,107	10,289
Total households in a reasonable preference category	**4,143**	**4,368**	**1,683**	**195**	**5,826**	**4,563**
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	724	950	35	39	759	989
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	1,064	1,106	299	65	1,363	1,171
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	1,951	1,821	22	13	1,973	1,834
People who need to move on medical or welfare grounds, including grounds relating to a disability	393	508	132	78	525	586
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	11	2	*	0	*	2

3.35 The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with the local authority data about homelessness.

3.36 Nevertheless, we previously estimated that there were around 5,310 overcrowded households in the Luton & Central Bedfordshire HMA, based on the bedroom standard (Figure 34) – but only 1,834 people were recorded by the housing registers in 2014 as currently *"occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions"*. Therefore, there are likely to be many households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.

3.37 When considering the types of household to be considered in housing need, the PPG also identified *"households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ"* and *"households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move"*. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category. Nevertheless, there were 586 people registered *"who need to move on medical or welfare grounds, including grounds relating to a disability"* and a further 2 *"who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)"*.

Households Unable to Afford their Housing Costs

3.38 The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

> *Plan makers … will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (paragraph 022, emphasis added)*
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of … those that cannot afford their own homes. Care should be taken to avoid double-counting … and to include only those households who cannot afford to access suitable housing in the market (paragraph 024, emphasis added)*
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (paragraph 025, emphasis added)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

3.39 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in Luton & Central Bedfordshire HMA

3.40 Figure 38 shows the trend in the number of housing benefit claimants in Luton & Central Bedfordshire HMA.

Figure 38: Number of claimants in receipt of housing benefit in Luton & Central Bedfordshire by tenure (Source: DWP)
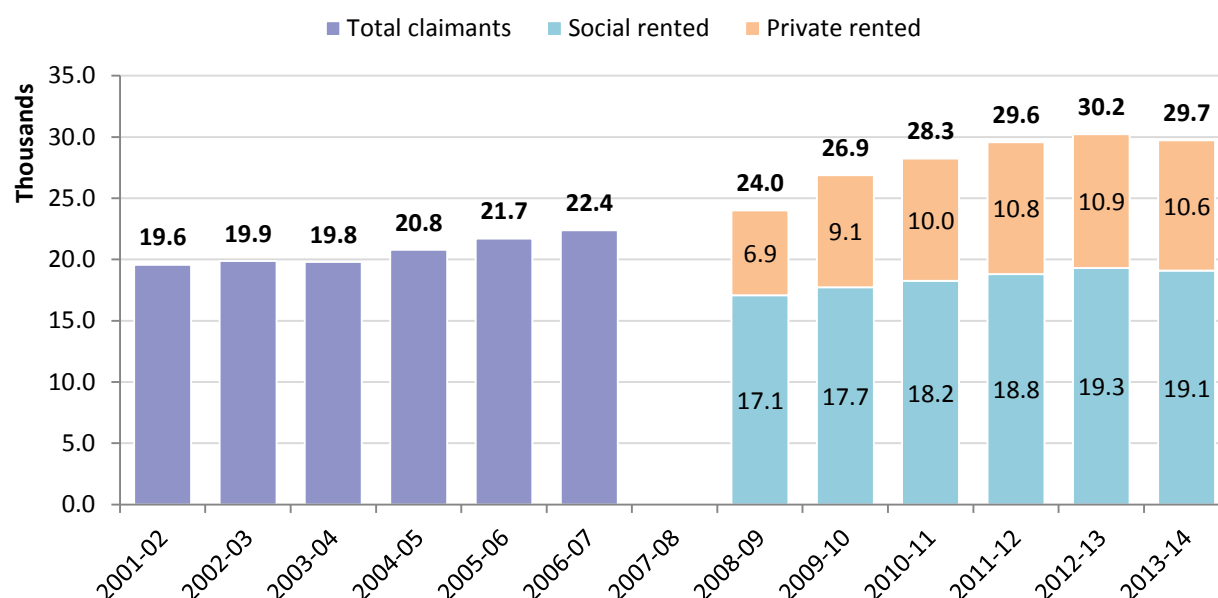
3.41 The number of housing benefit claimants in Luton & Central Bedfordshire HMA increased from 19,573 to 22,400 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 550 families. The number of claimants reached 30,228 in 2012-13, therefore a much faster growth of around 1,300 families each year on average over the period from 2006-07. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by about 2,900 families.

3.42 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 17,076 to 19,318 over the period 2008-09 to 2012-13 – an increase of 2,200 families (13%); however over the same period the number of claimants in private rented housing increased from 6,927 to 10,910 families – an increase of 4,000 families (57%).

3.43 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in the HMA (although this is principally associated with the Luton housing register). Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so not all will necessarily need affordable housing, though many may prefer this type of housing if it were available.

3.44 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

3.45 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.

3.46 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

> **How should affordable housing need be calculated?**
>
> *This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 022**

Current Unmet Need for Affordable Housing

3.47 In terms of establishing the **<u>current</u>** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

> **How should the current unmet gross need for affordable housing be calculated?**
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:*
>
> » *the number of homeless households;*
>
> » *the number of those in priority need who are currently housed in temporary accommodation;*
>
> » *the number of households in overcrowded housing;*
>
> » *the number of concealed households;*
>
> » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
>
> » *the number of households from other tenures in need and those that cannot afford their own homes.*
>
> *Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 024**

3.48 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on a reference point of March 2011). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

3.49 Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

3.50 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2011.

3.51 Only around a third of households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

3.52 **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Luton and Central Bedfordshire.

3.53 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.

3.54 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

3.55 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

3.56 The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

3.57 Figure 39 sets out the assessment of current affordable housing need for the Luton & Central Bedfordshire HMA.

Figure 39: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	**Supply**	
Homeless households in priority need (see Figure 28)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	65		65
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	523		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	31	31	
Households accepted as homeless but without temporary accommodation provided	8		8
Concealed households (see Figure 29)			
Growth in concealed families with family representatives aged under 55	947		947
Overcrowding based on the bedroom standard (see Figure 34)			
Households living in overcrowded private rented housing	1,538		
Households living in overcrowded social rented housing	1,822	1,822	
Other households living in unsuitable housing that cannot afford their own home (see Figure 37)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	586	43	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	2	0	
TOTAL	**5,522**	**1,896**	**1,020**

3.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are **5,522 households currently in affordable housing need in Luton and Central Bedfordshire who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

3.59 Of these households, 1,896 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 3,626 households** (5,522 less 1,896 = 3,626) **who currently need affordable housing and do not currently occupy affordable housing in Luton and Central Bedfordshire** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

3.60 This number includes 1,020 households that would not be counted by the household projections. **There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.** As for the household projections, we have **also added an additional allowance for vacancies and second homes** (once again based on the proportion of dwellings with no usually resident household); **this increases the need for overall housing provision by 1,053 dwellings**.

3.61 Providing the net additional affordable housing needed will **release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 2,603 households** (3,623 less 1,020 = 2,603) **that are currently in affordable housing need who are unable to afford their own housing**.

Projected Future Affordable Housing Need

3.62 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

> *How should the number of newly arising households likely to be in housing need be calculated?*
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 025**

3.63 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

3.64 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

3.65 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

3.66 PPG identifies that *"projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need"* (paragraph 25); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.

3.67 The affordability percentages in Figure 40 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:

» Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;

» Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and

» The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 40: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
CENTRAL BEDFORDSHIRE: **Percentage unable to afford market housing**						
Single person household	22%	9%	17%	22%	25%	27%
Couple family with no dependent children	12%	4%	6%	8%	7%	12%
Couple family with 1 or more dependent children	54%	22%	10%	7%	10%	14%
Lone parent family with 1 or more dependent children	84%	76%	49%	36%	44%	60%
Other household type	40%	24%	22%	19%	17%	11%
LUTON: **Percentage unable to afford market housing**						
Single person household	26%	16%	31%	40%	40%	30%
Couple family with no dependent children	13%	6%	10%	11%	8%	11%
Couple family with 1 or more dependent children	36%	27%	21%	15%	18%	28%
Lone parent family with 1 or more dependent children	98%	81%	58%	46%	50%	33%
Other household type	12%	19%	26%	24%	17%	12%

Components of Projected Household Growth

3.68 PPG identifies that the CLG household projections *"should provide the starting point estimate for overall housing need"* (paragraph 15) and that *"the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth"* (paragraph 16). **However, when considering the number of newly arising households likely to be in affordable housing need,** the PPG recommends a *"gross annual estimate"* (paragraph 25) suggesting that *"the total need for affordable housing should be converted into annual flows"* (paragraph 29).

3.69 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

3.70 Figure 41 shows the individual components of annual household growth.

Figure 41: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	Annual average for 5-year periods				Annual average 2011-31
	2011-16	2016-21	2021-26	2026-31	
New household formation	4,194	4,466	4,525	4,675	4,465
Household dissolution following death	2,394	2,402	2,519	2,693	2,502
Net household growth within Luton and Central Beds	**+1,800**	**+2,064**	**+2,006**	**+1,982**	**+1,963**
Household migration in	8,540	8,713	8,938	9,152	8,836
Household migration out	8,329	8,609	8,867	9,122	8,732
Net household migration	**+211**	**+104**	**+71**	**+30**	**+104**
Total household growth	**+2,012**	**+2,168**	**+2,076**	**+2,012**	**+2,067**

3.71 Over the initial 5-year period (2011-16) the model shows that:

  » There are projected to be 4,194 new household formations each year; but this is offset against 2,394 household dissolutions following death – so there is an **average net household growth of 1,800 households** locally in Luton and Central Bedfordshire;

  » There are also projected to be 8,540 households migrating to Luton and Central Bedfordshire offset against 8,329 households migrating away from the area – which yields an **increase of 211 households attributable to net migration;**

  » The total household growth is therefore **projected to be 2,012** (1,800 plus 211 = 2,012) **households each year** over the initial 5-year period of the projection.

3.72 During the course of the full 20-year projection period, net household growth within Luton and Central Bedfordshire is projected to be higher in the central part of the projection period than in the earlier and later years.

3.73 Over the 20-year Plan period 2011-31, total **household growth averages 2,067 households** each year with an average annual net growth of 1,963 <u>households</u> within Luton and Central Bedfordshire together with a net gain of 104 <u>households</u> based on migration.

Change in Household Numbers by Age Cohort

3.74 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 4,194 new households projected to form in Luton and Central Bedfordshire each year over the period 2011-16 (Figure 41) alongside the detailed information about household affordability (Figure 40).

3.75 Figure 42 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 42: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)
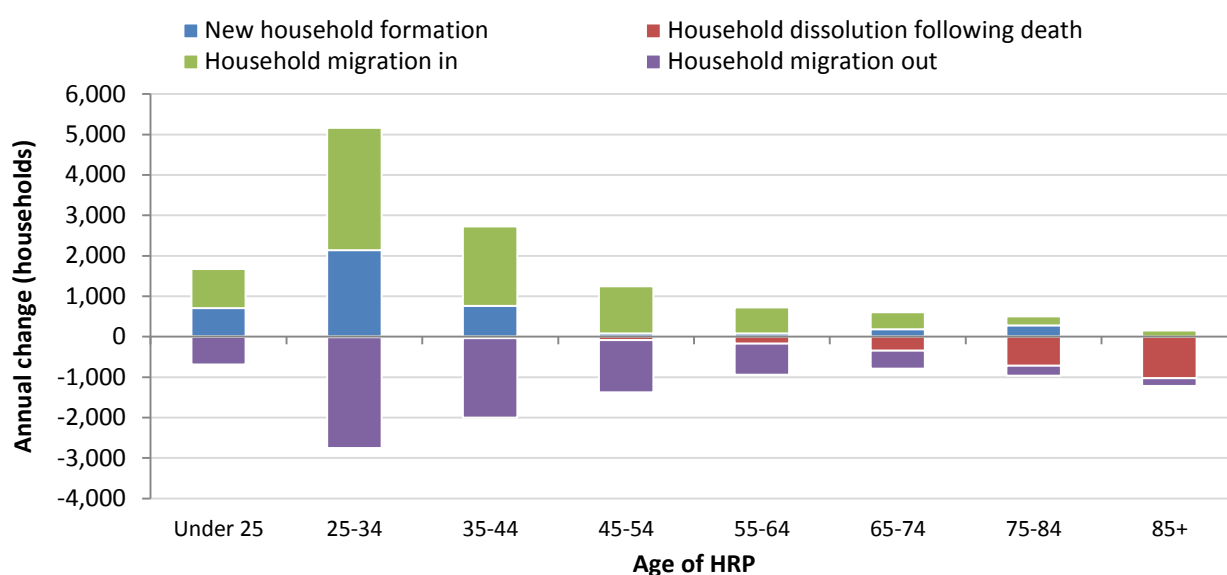
3.76 **Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.**

3.77 The Model identifies that 26% of all newly forming households are unable to afford their housing costs, which represents 1,110 households each year (Figure 43). The Model shows that a lower proportion of households migrating to the area are unable to afford (23%), but this still represents 1,955 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 3,065 new households each year who are unable to afford their housing costs.**

Figure 43: Affordability of new households over the initial 5-year period 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	4,194	3,085	1,110	26%
Households migrating in to the area	8,540	6,585	1,955	23%
All new households	**28,211**	**9.670**	**3,065**	**24%**

3.78 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting *"total available stock from total gross need"* (paragraph 29), **but this over-simplifies what is a very complex system**.

3.79 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

» Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;

» Similarly, not all households that are unable to afford housing are allocated affordable housing;

» Some will choose to move to another housing market area and will therefore no longer require affordable housing.

3.80 **In these cases, and others, the gross need will need adjusting.**

3.81 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

3.82 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **2,394 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 21% are unable to afford market housing: most living in affordable housing.

3.83 When considering **households moving away** from Luton and Central Bedfordshire, the Model identifies that an average of 8,329 households will leave the area each year including 1,904 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, their needs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). **Given that they are now leaving Luton and Central Bedfordshire, they will no longer need affordable housing in the area and it is therefore important to discount their needs**.

3.84 Figure 44 summarises the total household growth. This includes the 3,065 new households on average each year who are unable to afford their housing costs, but offsets this against the 2,408 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Luton and Central Bedfordshire (as they have moved to live elsewhere).

Figure 44: Components of average annual household growth 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	4,194	3,085	1,110	26%
Households migrating in to the area	8,540	6,585	1,955	23%
All new households	**12,734**	**9.670**	**3,065**	**24%**
Household dissolutions following death	2,394	1,889	504	21%
Households migrating out of the area	8,329	6,425	1,904	23%
All households no longer present	**10,722**	**8,314**	**2,408**	**22%**
Average annual household growth 2011-16	**+2,012**	**+1,355**	**+657**	**33%**

3.85 **Overall, the Model projects that household growth will yield a net increase of 657 households on average each year (over the period 2011-16) who are unable to afford their housing, which represents 33% of the 2,012 total household growth for this period.**

Projecting Future Needs of Existing Households

3.86 PPG also identifies that in addition to the needs of new households, it is also important to estimate *"the number of existing households falling into need"* (paragraph 25). Whilst established households that continue to live in Luton and Central Bedfordshire will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 570 established households fall into need each year** in Luton and Central Bedfordshire. This represents a rate of 3.1 per 1,000 household falling into need each year.

3.87 Finally, whilst the PPG recognises that established households' circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households' circumstances can improve**. For example:

» When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 40 showed that 26% of single person households aged under 25 in Luton could not afford housing, compared to 13% of couples of the same age; and for those aged 25 to 34, the proportions were 16% and 6% respectively.

» Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 40 showed that 22% of couple families with dependent children aged 25 to 34 in Central Bedfordshire could not afford housing, compared to 10% of such households aged 35 to 44.

3.88 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **722 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 4.0 per 1,000 household climbing out of need each year.

3.89 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 152 households** (722 less 570 = 152) **needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

3.90   Figure 45 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 45:   Components of average annual household growth 2011-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	4,194	3,085	1,110	26%
Households migrating in to the area	8,540	6,585	1,955	23%
All new households	**12,734**	**9.670**	**3,065**	**24%**
Household dissolutions following death	2,394	1,889	504	21%
Households migrating out of the area	8,329	6,425	1,904	23%
All households no longer present	**10,722**	**8,314**	**2,408**	**22%**
Average annual household growth 2011-16	**+2,012**	**+1,355**	**+657**	**33%**
Existing households falling into need	-	-570	+570	100%
Existing households climbing out of need	-	+722	-722	0%
Change in existing households	**-**	**+152**	**-152**	**-**
Average annual future need for market and affordable housing 2011-16	**+2,012**	**+1,507**	**+505**	**25%**

3.91   Overall, there is a projected need from **3,065 new households who are unable to afford their housing costs** (1,110 newly forming households and 1,955 households migrating to the area) each year; however, **2,408 households will either vacate existing affordable housing or will no longer need affordable housing** in Luton and Central Bedfordshire (as they have moved to live elsewhere) **thereby reducing the new need to a net total of 657 households.**

3.92   Considering the needs of existing households, there are 570 households expected to fall into need each year (a rate of 3.1 per 1000 households) but this is offset against 722 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 152 existing households that need affordable housing each year.**

3.93   Based on the needs of new households and existing households, there is a **projected increase of 505 households each year on average for the initial period 2011-16 who will need affordable housing** (657 less 152 = 505).

3.94   Using the approach outlined above for the initial 5-year period of the projection, the Model also considers the need for affordable housing over the 20-year Plan period 2011-31. The Model identifies that **the number of households in need of affordable housing will increase by 10,748 households over the period 2011-31**, equivalent to an annual average of 537 households per year. This represents 26.0% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

3.95 Figure 46 brings together the information on assessing the unmet need for affordable housing in 2011 and the future affordable housing need arising over the 20-year Plan period 2011-31.

Figure 46: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2011 (see Figure 39)			
Total unmet need for affordable housing	-	5,522	5,522
Supply of housing vacated	2,606	1,896	4,502
Overall impact of current affordable housing need	**-2,606**	**+3,626**	**+1,020**
Projected future housing need 2011-31			
Newly forming households	64,811	24,493	89,304
Household dissolutions following death	39,530	10,512	50,041
Net household growth within Luton and Central Bedfordshire	**+25,282**	**+13,981**	**+39,263**
Impact of existing households falling into need	-12,566	+12,566	-
Impact of existing households climbing out of need	+16,610	-16,610	-
Impact of households migrating to/from the area	+1,271	+811	+2,082
Future need for market and affordable housing 2011-31	**+30,596**	**+10,748**	**+41,345**
Total need for market and affordable housing			
Overall impact of current affordable housing need	-2,606	+3,626	+1,020
Future need for market and affordable housing 2011-31	+30,596	+10,748	+41,345
Total need for market and affordable housing	**27,990**	**14,374**	**42,365**
Average annual need for housing	1,399	719	2,118
Proportion of overall need for market and affordable housing	**66%**	**34%**	**100%**

3.96 Figure 39 estimated there to be **5,522 households in need of affordable housing in 2011**. However, as 1,896 of these already occupied an affordable home, our previous conclusion was therefore a net need from 3,626 households (5,522 less 1,896 = 3,626) who need affordable housing and do not currently occupy affordable housing.

3.97 The 20-year projection period 2011-31 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 10,748 households over the period 2011-31**, alongside an increase of 30,596 households able to afford market housing.

3.98 Overall, there will be a **need to provide additional affordable housing for 14,374 households** over the Plan period 2011-31 (34% of the projected household growth). This is equivalent to an average of **719 households per year.**

3.99 Data from CLG Local Authority Housing Statistics and HCA Statistical Data Return identify a vacancy rate of just under 2% for affordable housing in Luton and Central Bedfordshire, therefore adding an additional allowance for vacancies this **identifies a total affordable housing need of 14,586 dwellings** in addition to the current stock, an average of 729 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Need by Local Authority Area

3.100 Figure 47 sets out the current unmet need for affordable housing and projected future affordable housing need for the 22-year period 2011-33 for each of the four local authority areas.

Figure 47: Assessing affordable housing need by local authority (Source: ORS Housing Model)

	Luton	Central Bedfordshire	TOTAL
Unmet need for affordable housing in 2011			
Total unmet need for affordable housing	4,185	1,337	5,522
Supply of housing vacated	1,169	727	1,896
Overall impact of current affordable housing need	**+3,016**	**+610**	**+3,626**
Future need for affordable housing 2011-31	+4,080	+6,668	+10,748
Total need for affordable housing 2011-31	**7,096**	**7,278**	**14,374**
Average annual need for affordable housing	355	364	719
Proportion of overall need for market and affordable housing	**47%**	**27%**	**34%**

3.101 The level of affordable housing need in Luton is notably higher than the need in Central Bedfordshire. Over three quarters of the 5,522 households in need of affordable housing in 2011 were in Luton (4,185 households, equivalent to 76% of the total); and 3,016 households who need affordable housing and do not currently occupy affordable housing (83% of the total) are currently living in Luton.

3.102 The 20-year projection period 2011-31 suggests that there will be an additional 4,080 households needing affordable housing in Luton compared to 6,668 households in Central Bedfordshire; however this must be considered in the context of overall household growth in Central Bedfordshire being almost double the projected growth in Luton (28,121 cf. 14,762 households).

3.103 Overall, there will be a need to provide additional affordable housing for 7,096 households in Luton (47% of the projected household growth) and a need to provide additional affordable housing for 7,278 households in Central Bedfordshire (27% of the growth) over the Plan period 2011-31. This is equivalent to an average of **355 households per year in Luton and 364 per year in Central Bedfordshire.**

3.104 Figure 48 sets out the housing mix in terms of property type and size for the two local authority areas. Across Luton and Central Bedfordshire, almost a quarter of the affordable housing need is a need for flats and three quarters for houses (23% 2-bedroom and 45% 3-bedroom). Whilst the need for affordable housing with four or more bedrooms is 11% of the overall need, this still represents a need for over 1,500 large affordable homes that need to be provided over the 20-year period 2011-31 (which includes a need for more than 1,000 homes in Luton). Much of this need will be from existing households living in overcrowded accommodation.

Figure 48: Assessing affordable housing mix by local authority (Source: ORS Housing Model)

		Affordable Housing Need (households)					
		Central Bedfordshire		Luton		TOTAL	
		N	%	N	%	N	%
Flat	1 bedroom	703	10%	255	4%	958	7%
	2+ bedrooms	890	12%	1,213	17%	2,103	15%
House	2 bedrooms	2,224	31%	1,121	16%	3,345	23%
	3 bedrooms	2,943	40%	3,455	49%	6,398	45%
	4+ bedrooms	519	7%	1,052	14%	1,571	11%
Total need for affordable housing 2011-31		**7,278**	**100%**	**7,096**	**100%**	**14,374**	**100%**

Future Policy on Housing Benefit in the Private Rented Sector

3.105 The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a national policy decision which is not in the control of the Council.

3.106 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

3.107 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

3.108 To sensitivity test this position, Figure 49 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.

Figure 49: **Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2011-31 and associated number of affordable dwellings**
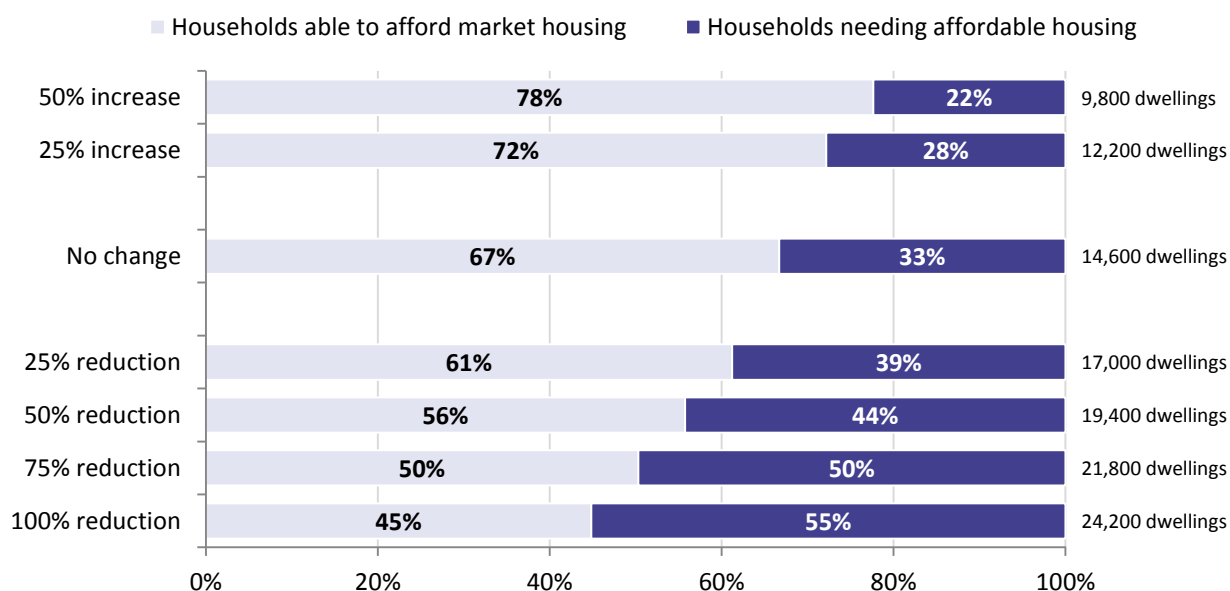
3.109 If no households were to receive housing benefit support in the private rented sector, over half (55%) of the growth in household numbers would need affordable housing. This would need a total of 24,200 affordable homes to be provided over the 20-year Plan period 2011-31.

Conclusions

3.110 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 1,020 households to take account of concealed families and homeless households that would not be captured by the household projections. **These additional households increase the projected household growth from 41,345 to 42,365 households (43,936 dwellings) over the 20-year Plan period 2011-31.**

3.111 **The housing mix analysis identified a need to provide 14,374 additional affordable homes over the 20-year Plan period (an average of 719 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

3.112 Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to 24,168 affordable homes over the Plan period (1,208 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

4. Objectively Assessed Need
Analysing the evidence to establish overall housing need

4.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered before establishing the final Housing Requirement.

> *The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*
>
> **Planning Practice Guidance (PPG), paragraph 4**

4.2 Figure 50 sets out the process for establishing OAN. It starts with a demographic process to derive housing need from a consideration of population and household projections, as set out in chapter 3 of the SHMA. To this, external market and macro-economic constraints are applied ('market signals'), in order to embed the need in the real world.

Figure 50: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)

Starting Point Estimate — **Household Projections** produced by CLG

Demographic issues
Are there any known problems with local data?
Do we need to take account of any anomalies?
What period should be used for population trends?
Has housing delivery suppressed formation rates?

Adjusted Estimate — **Household Projections** based on local circumstances

Implications of the household projections
Will there be enough workers for planned jobs?
Do Market Signals show worsening trends?

Policy Off Housing Need — **Objectively Assessed Need**

Planning and policy considerations
What are the planning constraints?
Can overall housing needs be met within the HMA?
Can the affordable housing needed be delivered?

Policy On Housing Target — **Housing Requirement**

Duty to Cooperate discussions
Will other LPAs help address any unmet needs?
Are there any unmet needs from other HMAs?

National Context for England

4.3   The NPPF requires Local Planning Authorities to *"ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area"* and *"identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change"* (paragraphs 47 and 159).

4.4   PPG further identifies that *"household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need … The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth"* (paragraphs 15-16).

Household Growth

4.5   The 2012-based CLG household projections show that the number of households in England will increase from 22.3 million to 27.5 million over the period 2012 to 2037. This represents a growth of 5.2 million households over 25 years, equivalent to an annual average of 210,000 households each year, and this provides the starting point estimate of overall housing need for England.

4.6   It should be noted that the annual average of 210,000 households is already much higher than current housing delivery: CLG data for April 2013 to March 2014 identifies that construction started on 133,900 dwellings and 112,400 dwellings were completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by 57% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

4.7   The 2012-based CLG household projections are based on the ONS 2012-based sub-national population projections.   These projections identify an average net gain of 151,600 persons each year due to international migration, and a net loss of 6,400 persons each year from England to other parts of the UK. Therefore, the 2012-based projections are based on net migration averaging 145,100 persons each year.

4.8   However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2012-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth.

4.9   As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS routinely consider migration based on trends for the 10-year period 2001-11. On this basis, our trends are based on a period when net migration to England averaged 211,200 persons each year: 66,100 persons higher than assumed by the 2012-based SNPP, which represents an additional 29,000 households each year based on CLG average household sizes. Therefore, the approach taken for establishing migration based on longer-term trends would increase household growth for England from 210,000 households to 239,000 households each year on average.

Market Signals

4.10 The NPPF also sets out that *"Plans should take account of market signals, such as land prices and housing affordability"* (paragraph 17) and PPG identifies that *"the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals"*.

4.11 The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators *"demonstrate un-met need for housing"* and that *"longer term increase in the number of such households may be a signal to consider increasing planned housing numbers"* (paragraph 19).

4.12 The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.

4.13 Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.

4.14 Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2012-37 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 242,500 each year.

Converting to Dwellings

4.15 Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 242,500 households would require the provision of **253,400 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2012-37 and represents a 1.1% increase in the dwelling stock each year.

4.16 This takes account of household growth based on CLG 2012-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

4.17 Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 253,400 dwellings requires current housebuilding rates to increase by 89%** (based on dwelling starts in 2013-14).

4.18 Development industry campaigners (such as Homes for Britain[20]) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)[21]. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families exceeds this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for Luton HMA

4.19 The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Luton HMA. Our approach for this section follows the format of the earlier section, albeit with specific reference to the Luton HMA. Essentially, therefore, this section is concerned with:

>> CLG 2012-based household projections (the starting point);

>> Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates and correct for errors in previous population estimates);

>> Market signals, including an uplift for concealed families;

>> Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.

4.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

4.21 The "starting point" estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 53,300 over the 20-year period 2011-33, an average of 2,670 per year.

4.22 However, the notes accompanying the CLG Household Projections explicitly state that:

> *The 2012-based household projections are linked to the Office for National Statistics 2012-based sub-national population projections.* ***They are not an assessment of housing need*** *or do not take account of future policies, they are an indication of the likely increase in households given the* ***continuation of recent demographic trends****.*

4.23 The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

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[20] http://www.homesforbritain.org.uk
[21] http://webarchive.nationalarchives.gov.uk/+/http:/www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Adjustments for Local Demography and Long-term Migration

4.24 A comprehensive review of the local demographic evidence identifies some significant problems with the official population data for the area. These problems affect the reliability of population trend data in both Luton and Central Bedfordshire, which are a key input to the official population projections. It is essential that the demographic projections are based on accurate estimates of past trends if they are to provide a robust basis on which to plan future housing need; therefore, consistent with PPG, the SHMA takes full account of these *"factors affecting local demography"* through developing independent household and population projections.

4.25 The SHMA population and household projections are based on 10-year migration trends based primarily on Census data for the period 2001-11, but taking full account of the local demography issues that affect population trends. This is consistent with our standard approach when establishing OAN which recognises that Census data is inherently more reliable than any other population estimates at a local level.

4.26 On the basis of 10-year migration trends based on reliable information from the intercensal period 2001-2011, **household numbers across the study area are projected to increase by 41,345 households over the 20-year period 2011-31, an average of 2,067 per year. Providing for an annual increase of 2,067 households yields a housing need of 2,144 dwellings each year.**

4.27 Whilst this projection is lower than the CLG 2012-based household projection (2,667 p.a.), as this scenario take account of issues affecting local demography and is based on long-term migration trends, it provides the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

4.28 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that **overall housing need should be increased by 1,020 households** to take account of **concealed families** and **homeless households** that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established an overall need from 5,522 households in need of affordable housing in 2011.

4.29 Nevertheless, 1,896 of these households already occupy an affordable home (albeit unsuitable for their current needs) – so the home that will be vacated when their needs are resolved must be offset against the overall need to establish the unmet need. **There is an unmet need from 3,626 households** (5,522 less 1,896 = 3,626) **who will need affordable housing at the start of the period 2011-31 and do not already occupy affordable housing in Luton and Central Bedfordshire.**

4.30 Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. The analysis identifies that **the number of households in need of affordable housing will increase by 10,748 households over the period 2011-31**, alongside an increase of 30,593 households able to afford market housing.

4.31 Overall, there will be a **need to provide additional affordable housing for 14,374 households over the 20-year period 2011-31 (an average of 719 per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Employment Trends

4.32 While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

> *Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.*
>
> *Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.*
>
> **Planning Practice Guidance 2014, paragraph 18**

East of England Forecasting Model (EEFM)

4.33 Forecasts of jobs growth have been regularly produced for each local authority in the East of England from the East of England Forecasting Model (EEFM). The EEFM was developed by Oxford Economics to project economic, demographic and housing trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The model provides data at regional and sub-regional level, including counties, unitaries and district authorities.

4.34 The most recent outputs (EEFM 2014) were published in January 2015 and the baseline forecast suggested that total employment in Luton and Central Bedfordshire would increase from 200,000 in 2011 to 238,100 in 2031; an increase of 38,100 over 20-years (11,300 extra jobs in Luton and 26,700 extra jobs in Central Bedfordshire), equivalent to an average of around 1,900 jobs per year across the combined area.

4.35 When we consider previous forecasts from the EEFM model, it is evident that the forecasts have varied, but the latest data appears reasonable in the context of the full range of outputs:

Figure 51: Employment growth forecasts 2011-31 (Source: EEFM)
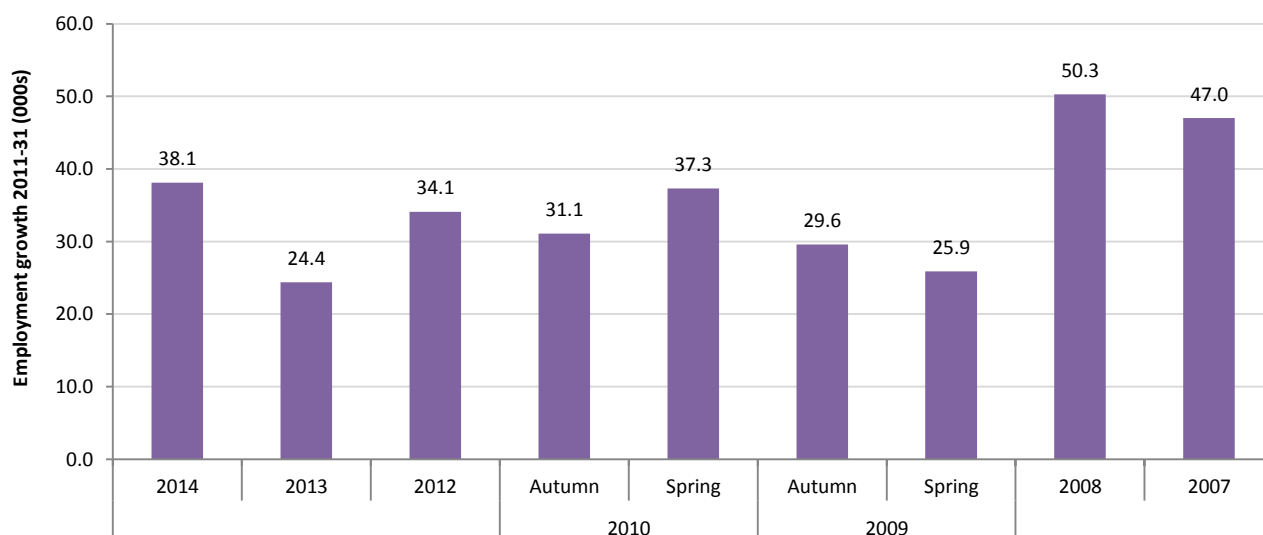
4.36   Whilst the EEFM 2014 forecast for the combined area is notably higher than the forecast produced in 2013, it is broadly comparable to the EEFM 2012 forecast, which identified an increase of 35,600 jobs over the same 20-year period; the latest figures represent a 7% increase in total employment between the two forecasts. Furthermore, the latest estimates are somewhat lower than forecasts from 2007 and 2008, although these pre-dated the recent recession.

4.37   It is worth noting the volatility of the economic forecasts, especially when they are considered at a local area level, as they are influenced by economic shocks such as the recent recession. As the EEFM forecasts are fundamentally trend-based, the outputs reflect wider sectoral growth and local strengths within each sector, so the model is generally considered to be unconstrained. However, such a trend-based approach means that local level results will not necessarily reflect committed changes to infrastructure and strategic investment, such as the expansion of London Luton Airport.

4.38   Considering the wider outputs from the model, the EEFM 2014 forecast assumed that the population would increase from 459,300 to 540,000 people (an increase of 80,700 people), the number of households would increase from 180,300 to 214,900 (an increase of 34,600 households) and the number of dwellings would increase from 184,700 to 220,100 (an increase of 35,400 dwellings); all over the same 20-year period (2011-31). These assumptions are lower than our principal projection which suggested an increase of 43,300 dwellings (22% higher than assumed by the EEFM).

4.39   As previously noted, the demographic analysis (based on 10-year migration trends) identified that on the basis of providing the 43,300 additional dwellings needed based on 10-year migration trends, it is likely that the economically active population would increase by 35,400 people (around 1,770 per year on average). In addition, the number of unemployment benefit claimants recorded by DWP reduced by around 5,300 over the period March 2011 to March 2015, which also increases the number of available workers.

4.40   Taken together, these figures suggest that the number of available workers will increase by around 40,700 over the 20-year period 2011-31 (without any further reduction in unemployment), equivalent to an average of around 2,035 additional workers each year. However, there are a number of factors which should be considered when relating jobs to workers, particularly the issue of commuting:

   »   **Out-commuting**: Based on 2011 Census commuting flows, 64.5% of working residents in Luton and Central Bedfordshire are also employed in the local area. This implies that 35.5% commute to jobs outside the area. Therefore, of the additional 35,400 workers projected to live in the area (based on demographic projections using long-term migration trends) and the 5,300 unemployed people that have returned to work during the period, we would expect 26,300 (64.5%) would work locally and 14,400 (35.5%) would commute outside of the area. On this basis, we have assumed that the number of workers that out-commute from Luton and Central Bedfordshire to work elsewhere will increase by 14,400 over the 20-year period 2011-31.

   »   **In-commuting:** at the time of the 2011 Census, 24.2% of jobs in Luton and Central Bedfordshire were filled by people travelling in from other authorities. Therefore, a jobs growth of 38,100 is likely to draw in 9,200 (24.2%) additional in-commuters; leaving 28,900 jobs that need to be filled by workers living in the area (again assuming no change in commuting patterns). There is therefore assumed to be an increase in net out-commuting of 5,200 workers.

4.41   It is also important to recognise that the jobs forecast by the EEFM include full-time and part-time work, and some workers may have more than one job. Whilst the EEFM model identified 200,000 jobs in the HMA in 2011, the number of workplace employed people was 188,100. Given that the jobs number was 6.3% higher than the number of workers, we can conclude that 6.3% of workers were "double jobbing". If

we assume this ratio of people holding more than one job continues (as is currently forecast), providing sufficient people for 28,900 additional jobs would need an extra 27,200 workers living in Luton and Central Bedfordshire.

4.42   When these factors are properly considered, we can conclude that the demographic projections (without any uplift for market signals) would provide 26,300 extra workers locally whereas 27,200 extra workers would be needed. **There is therefore a shortfall of 900 workers based on the increase in jobs that is currently forecast.** Given this context, to balance future jobs and workers (without any changes to commuting patterns) would need housing to be provided for an additional 600 households in the area.

4.43   Whilst the employment forecasts provide an important context for considering future jobs numbers, the housing numbers need to consider the targets for employment growth.

   »   Luton is proposing to deliver 18,000 extra jobs over the 20-year period 2011-31; a target that is higher than the baseline of 11,300 extra jobs suggested by the EEFM 2014 forecast. Nevertheless, as previously noted, the EEFM forecast is trend-based and therefore won't necessarily reflect changes to infrastructure and strategic investment, such as the expansion of London Luton Airport.

   »   Central Bedfordshire is currently planning for 27,000 extra jobs during this time, which is consistent with the EEFM 2014 forecast of 26,700 extra jobs; however the Council is currently undertaking an Employment Land Review and Economic Development Needs Assessment to inform their future Plan, and their final employment target will be informed by this work.

4.44   The current planned increase of 45,000 jobs across the combined area is therefore 6,900 higher than the EEFM 2014 forecast. Taking account of the factors previously discussed, an additional 6,900 jobs would require a further 4,900 workers living in the area; thereby increasing the shortfall to 5,800 workers. To balance these jobs targets against future workers, housing would need to be provided for an additional 4,000 households on the basis of commuting percentages remaining constant, which would lead to a net increase in the number of residents out-commuting to work outside the area. To ensure no change to net commuting numbers in absolute terms, housing would need to be provided for an extra 1,600 households.

Conclusions on Jobs and Workers

4.45   While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers. There is inevitably some uncertainty about the level of future jobs growth; however the baseline position (based on the outputs from the EEFM 2014 model) suggests a growth of around 38,100 jobs in Luton and Central Bedfordshire over the 20-year period 2011-31; so it is appropriate that we balance future workers against these extra jobs as a baseline position.

4.46   Taking account of existing commuting patterns and changes to unemployment recorded over the period 2011-15, the demographic projections (without any uplift for market signals) would provide 26,300 extra workers locally whereas 27,200 extra workers would be needed. **Therefore, there is need to increase housing delivery to ensure that there will be enough workers for the extra jobs that are currently forecast.** An extra 900 workers would need a further 600 dwellings to be provided over the 20-year period 2011-31.

4.47   It is also important to ensure consistency between policies for future jobs targets and future housing targets. The current planned increase of 45,000 jobs across the combined area is higher than the EEFM 2014 forecast, and it is therefore likely that housing would be needed for at least 1,600 up to 4,000 extra households in order to ensure sufficient workers based on this higher target. The lower end of this range

assumes no change in net commuting whereas the upper end of the range assumes that commuting percentages observed in 2011 remain constant, thereby implying an increase in net out-commuting from Luton and Central Bedfordshire.

4.48 PPG warns that *"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns"* (ID 2a-018), and providing housing for 1,600 extra households would ensure that the labour force supply keeps pace with future jobs targets. Nevertheless, existing commuting patterns suggest a likely growth in out-commuting numbers and it would be appropriate for this to be factored in to any uplift. On balance, we would recommend that housing is provided for 3,200 extra households, double the identified minimum and within the upper part of the identified range. This implies a need for around 3,300 extra dwellings, equivalent to an uplift of 7.7%.

4.49 Of course, any uplift to the overall housing need in response to market signals or uplift to the housing requirement to help to deliver affordable housing is also likely to draw in additional population, which would increase the number of workers; so it will be important to consider the cumulative impact of any uplifts that are applied.

Market Signals

4.50 While demographic trends are key to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

> *The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (Paragraph 019)*
>
> *A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

4.51 The Market Signals include:

> » Land and house prices;
>
> » Rents and affordability;
>
> » Rate of development; and
>
> » Overcrowding.

4.52 Furthermore, there are other issues that should be considered, for example the macro-economic climate. Further, there are wider market trends and drivers to consider. A full range of market signals are considered and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

4.53 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more

important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

> *Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally. (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

4.54 To identify areas with similar demographic and economic characteristics to Luton & Central Bedfordshire, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. The outcome of this analysis was that Luton & Central Bedfordshire HMA shares similar demographic and economic characteristics with **Coventry** (Coventry and Nuneaton & Bedworth), **Peterborough** (Peterborough, Fenland, South Kesteven and Rutland) & **Slough** (Slough, South Buckinghamshire and Windsor & Maidenhead). Therefore, in considering market signals, we have considered these district council areas as appropriate comparators and compared them against Luton & Central Bedfordshire.

House Prices

4.55 House prices in England and Wales have been relatively volatile in the past 15 years. House prices have increased by 6.4% in the 12 months to April 2014; the fastest rises were in London (17.0%), the East of England (6.6%) and the South East (6.1%). The average UK house price is £172,000 compared to the high of £181,500 in 2007. Average house price trends 2008-2014 (Source: ONS) show the price divergence between London and the rest of the UK.

Figure 52: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)
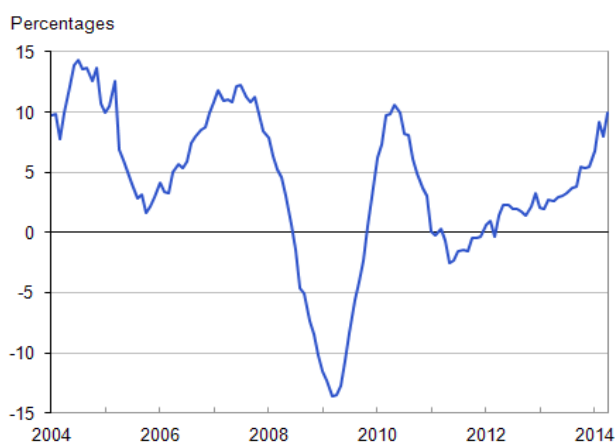
Figure 53: UK and London House Price Index 2008-2014 (Source: ONS)
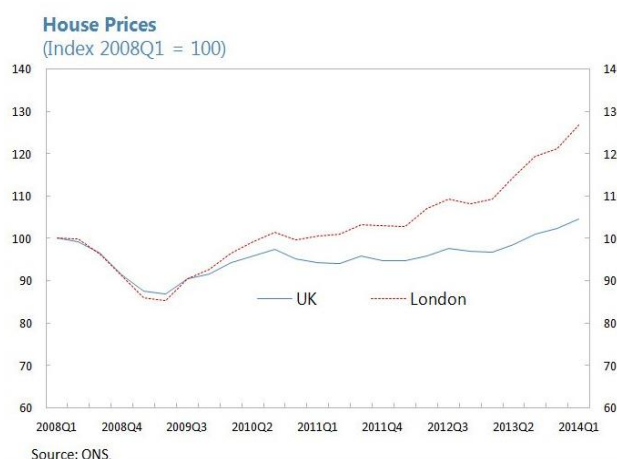
4.56 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

> *The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can't tackle directly. Since we are not able to build a single house, I welcome the Chancellor's announcement tonight of measures to increase housing supply.*

To be clear, the Bank does not target asset price inflation in general or house prices in particular.

It is indebtedness that concerns us.

This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion's share of UK banks' domestic lending.

It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole.

4.57   The International Monetary Fund (IMF) has also highlighted concerns about these risks and especially the high borrowings of households relative to income, especially in London:

The increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks.

4.58   However, the surge in prices appears to be cooling; the Council of Mortgage Lenders (CML) latest Credit Conditions Survey (Summer 2014) suggests

This source of stimulus may now be drying up, amid signs that lenders may be approaching the limits of their risk appetite with respect to maximum loan-to-value (LTV) and income multiples.

4.59   The Government has recently strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

4.60   The future for the housing market is difficult to predict, although long term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the Bank of England, indicate that action may be taken to contain any housing price 'bubble'. Interest rates seem likely to rise in the medium term, and this could expose risk of those borrowing high LTV at low interest rates.

Local House Prices

4.61   House price trends (2001-2013) are shown in Figure 54 based on lower quartile house prices. Of course, the value of money has also changed during this period, therefore Figure 55 shows data adjusted to take account of the impact of inflation. Therefore, the values in Figure 55 reflect real changes which have occurred since 2001 when removing the impact of background inflation.

4.62   It is evident that real house prices across Luton and Central Bedfordshire increased substantially in the period 2001-2004 (from £87,000 to £160,000 at 2012 values, a real increase of 84%), and prices continued to rise to a peak of £176,000 by the end of 2007. Nevertheless, values reduced to below £150,000 by the start of 2009 and have largely plateaued since that time.

Figure 54: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables)
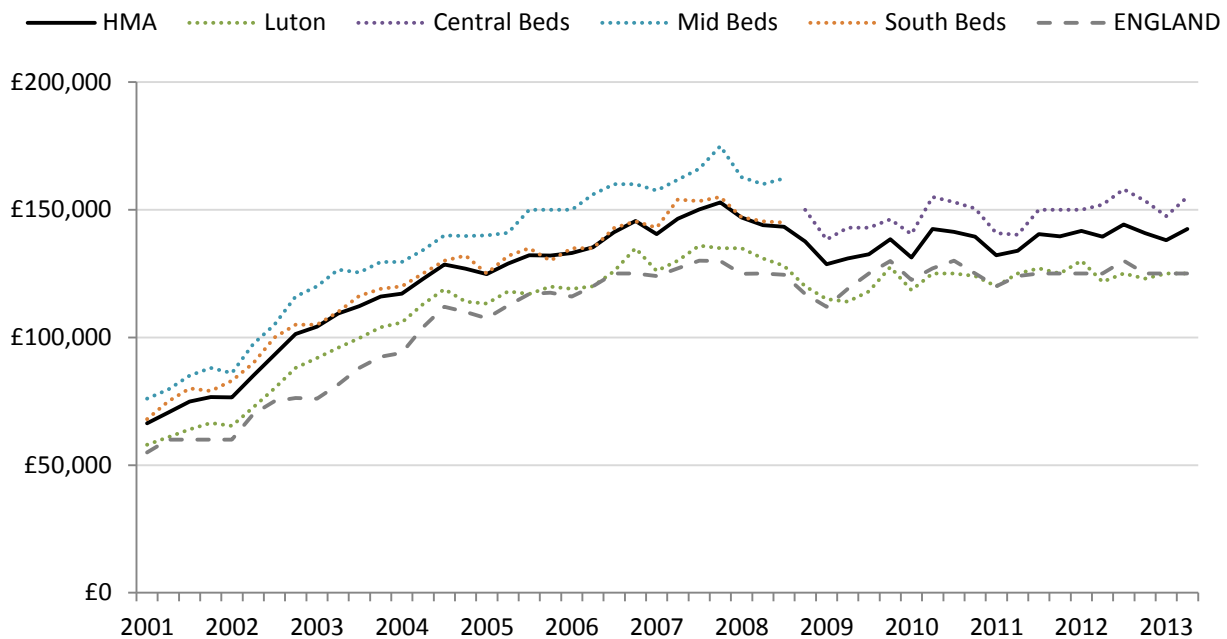
Figure 55: Real House Price Trends: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England)
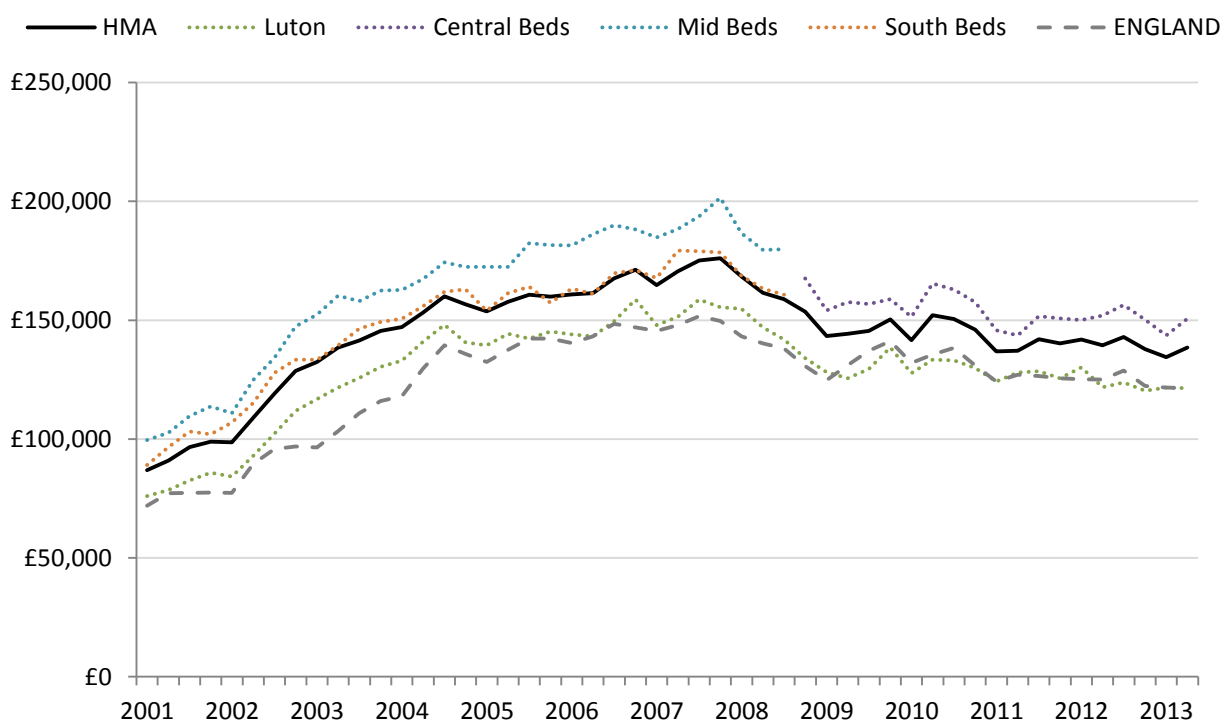
4.63 Figure 56 shows how real house prices in Luton and Central Bedfordshire have varied when compared with the English average. This shows that real house prices in the area substantially increased in relative terms over the period 2001-03, but subsequently reduced back towards the English average over the period to 2010. The difference has been relatively stable in recent years, with values around £10,000-15,000 above the English average, consistent with the difference before prices increased in 2001.

Figure 56: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)
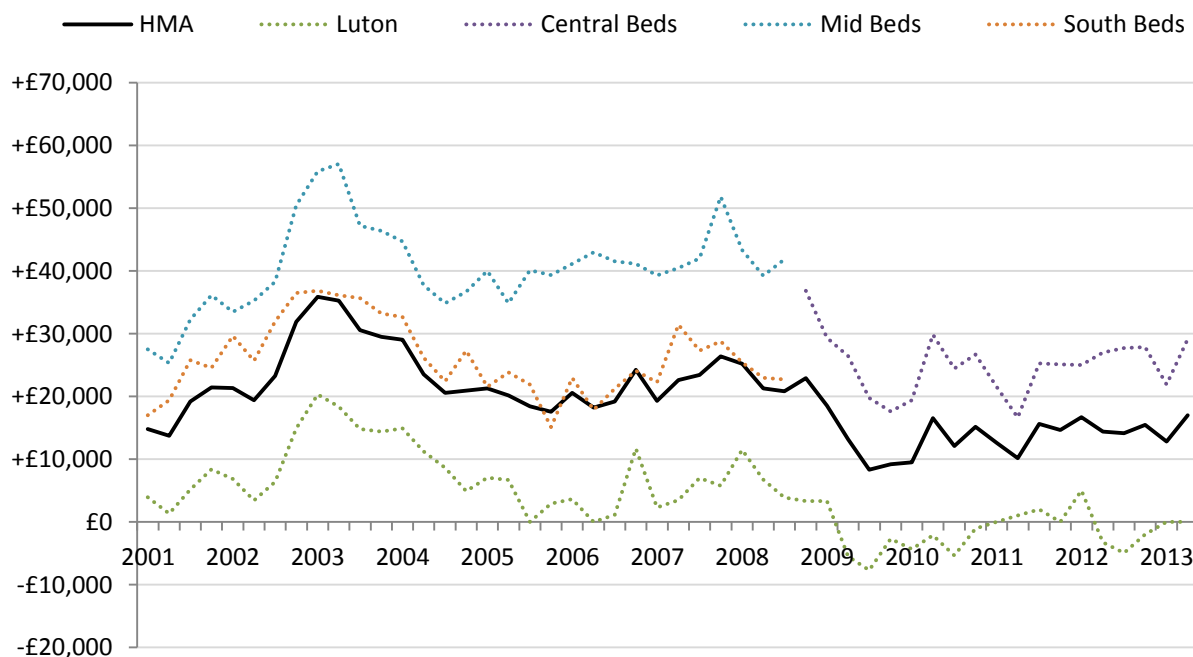
Affordability

4.64 Figure 57 below shows the ratio of lower quartile house price to lower quartile earnings in Luton and Central Bedfordshire between 2001 and 2013. While the trend for the HMA worsened in the period 2001-04 (when there was an increase in real house prices), the multiplier has been relatively stable over the period 2004-13. Of course, it is also important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

Figure 57: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: HMA figure derived using population weighted average of Local Authority data)
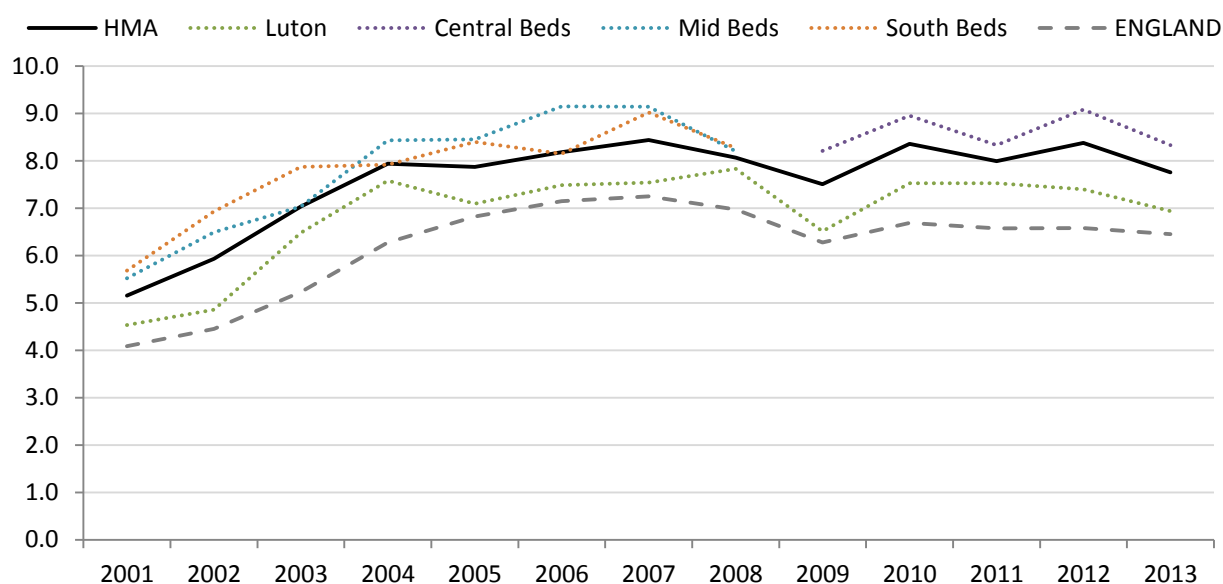
Private Rent

4.65   The English Housing Survey 2013-14[22] identified that 19% (4.4 million) of households were renting from a private landlord, up from 18% in 2012-13 and 11% in 2003. Households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 45% in 2012-13 and 21% in 2003-04.   Owner occupation in this age group dropped from 59% to 36% over the same 10 year period.

4.66   The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2015[23], and the Forward by the Minister stated:

> *"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."*

4.67   Policy by both Government and Local Authorities is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[24] (including the Build to Rent investment scheme[25]). The Government sees the PRS having an important and long term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and explicitly factored into the long-term forecasts for public spending.

4.68   Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

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[22] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report
[23] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf
[24] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment
[25] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence

Private Rented Sector in Luton & Central Bedfordshire

4.69 Whilst the dominant form of housing tenure in Luton & Central Bedfordshire continues to be owner occupation, the sector has declined relatively by 8.6% since 2001. In the same period, the private rented sector has grown by 68.4%, at a higher relative rate than England (51.3%). Affordable housing is also declining slightly.

Figure 58: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)
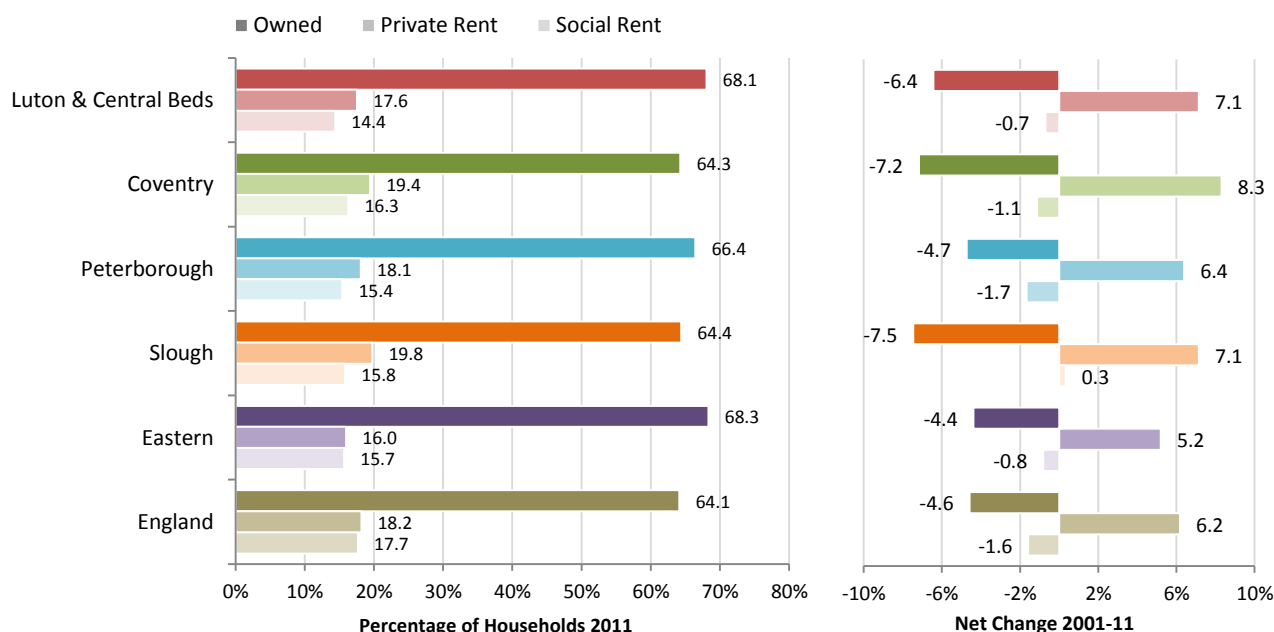
4.70 The rate of increase in the PRS is revealing: over the period 2001-11, the PRS sector has grown by 68% across the area; marginally higher than England and the Eastern region, where growth has been 51% and 48% respectively over the same period. It is important to recognise that the private rented sector in Luton and Central Bedfordshire is growing via the conversion of other tenures rather than new build. PRS does not contribute significantly to new housing supply; there is, however, considerable current interest in attracting investment to boost new build PRS supply, particularly from Government[26].

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[26] Review of the Barriers to Institutional Investment in Private Rented Homes; Montague Review

Private Sector Rents

4.71 Lower Quartile rents have marginally increased across all property sizes in the private rented sector over the period since 2011/12, suggesting that demand probably exceeds supply. The upward trend would indicate that the sector still has growth potential both nationally and locally in Luton and Central Bedfordshire.

Figure 59: Lower Quartile Monthly Rent Values (Source: Valuation Office Agency 2011-2014)

		April 2011-March 2012	April 2012-March 2013	April 2013-March 2014
Luton and Central Bedfordshire	1 bedroom	£465	£473	£485
	2 bedroom	£575	£585	£611
	3 bedrooms	£700	£711	£750
	4 or more bedrooms	£874	£900	£911
ENGLAND	1 bedroom	£400	£410	£415
	2 bedroom	£475	£475	£475
	3 bedrooms	£550	£550	£550
	4 or more bedrooms	£795	£795	£800
Coventry *with Nuneaton & Bedworth*	1 bedroom	£387	£398	£412
	2 bedroom	£447	£471	£477
	3 bedrooms	£536	£544	£544
	4 or more bedrooms	£698	£730	£784
Peterborough *with Fenland, South Kesteven and Rutland*	1 bedroom	£369	£382	£383
	2 bedroom	£465	£478	£483
	3 bedrooms	£539	£552	£558
	4 or more bedrooms	£700	£721	£725
Slough *with South Bucks and Windsor & Maidenhead*	1 bedroom	£640	£648	£677
	2 bedroom	£827	£848	£892
	3 bedrooms	£996	£1,034	£1,091
	4 or more bedrooms	£1,669	£1,780	£1,779

Housing Development

4.72 Census data shows that the number of dwellings in Luton increased from 72,000 to 76,100 over the 10-year period 2001-11, while the equivalent change in Central Bedfordshire was from 96,900 to 108,700. This represents an increase of 15,700 dwellings across the two authorities equivalent to 9.3% of the stock with a 12.2% growth in Central Bedfordshire and 5.4% growth in Luton. Over the same period, the number of dwellings in England increased from 21.2 million to 23.0 million, equivalent to around 8.3% of the stock. Therefore, housing development in Luton and Central Bedfordshire has been around 12% higher than development across England over the last decade (9.3% divided by 8.3% = 112%).

4.73 Figure 60 compares the data from the Census against housing completions recorded in the Council's Annual Monitoring Report (AMR) and data on housing completions published by CLG. Unfortunately, the data published by CLG contains a number of omissions in the period to 2010, so comparisons are difficult. However, in the years with published data it is clear that AMR data suggests development was higher than suggested by CLG data and also by net growth between the 2001 and 2011 Census. It is likely that at least some of the difference will be associated with the conversion of existing dwellings that have not been recorded by the planning system and also by a loss of stock through demolition.

Figure 60: **Annual Housing Completions for Luton and Central Bedfordshire (Source: Central Bedfordshire Annual Monitoring Report; Luton Annual Monitoring Report, Luton SHLAA Report, 2014 CLG Live Tables; Census 2001 and 2011. Note: no CLG data recorded for South Bedfordshire in 2002-03 and 2006-07 and for Central Bedfordshire 2009-10, AMR data for Central Bedfordshire for period 2001-06 based on average dwelling growth over this time period)**
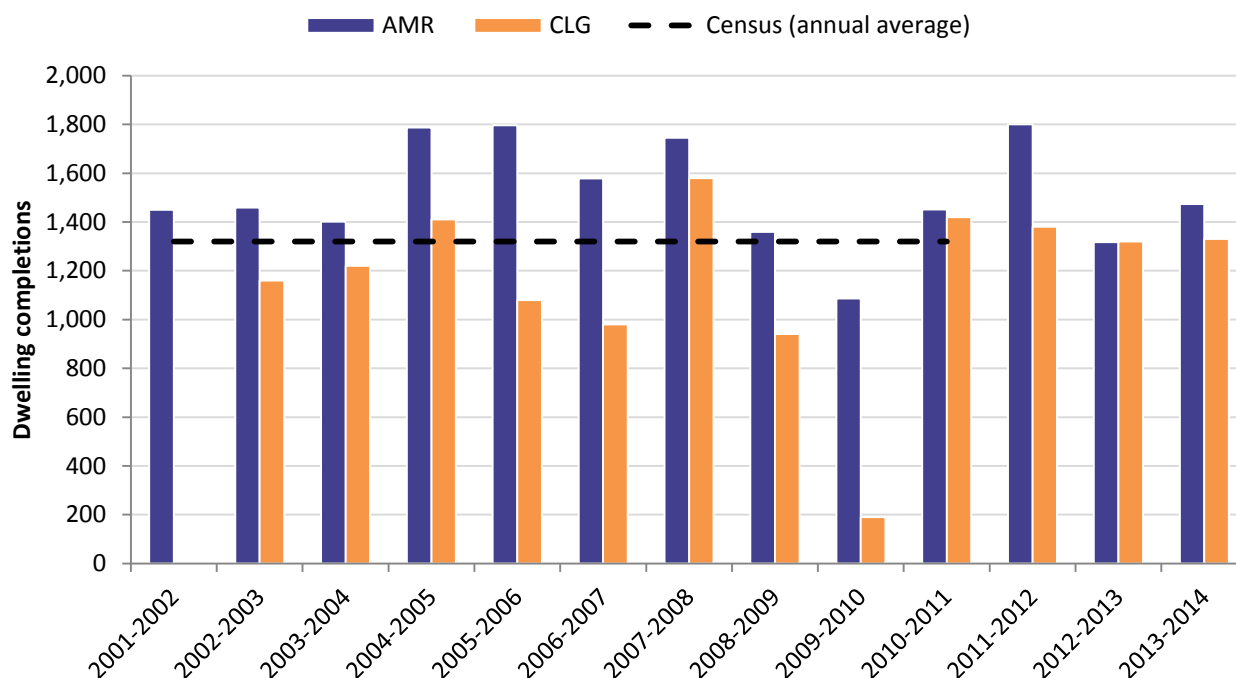
Overcrowding

4.74   Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard we estimated that 5,310 households were overcrowded in the HMA (Figure 34), including 1,950 owner occupiers, 1,538 households renting privately and 1,822 households in the social rented sector.

4.75   PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (paragraph 19):

> *Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.*

4.76   These were also considered when establishing the need for affordable housing, and the overall housing number was increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

Summary of Market Signals

4.77 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 61: Summary of Market Signals: Indicators Relating to Price

		Luton Borough	Central Beds	Luton & Central Beds	Similar demographic and economic areas			England
					Coventry wider area	Peterborough wider area	Slough wider area	
INDICATORS RELATIING TO PRICE								
House prices								
Lower quartile house price	2012- 13 value	£123,700	£152,700	**£140,800**	£97,600	£113,100	£219,900	£126,200
	Relative to England	-2%	+21%	**+12%**	-23%	-10%	+74%	-
	2007-08 value	£134,000	£159,700	**£149,000**	£108,000	£125,200	£216,600	£128,000
	5-year change	-8%	-4%	**-5%**	-10%	-10%	+2%	-1%
Rents								
Average monthly rent	2013 value	£663	£701	**£682**	£551	£576	£1,166	£720
	Relative to England	-8%	-3%	**-5%**	-23%	-20%	+62%	-
	2008 value	£495	£519	**£503**	£363	£435	£694	£501
	5-year change	+34%	+35%	**+35%**	+52%	+32%	+68%	+44%
Affordability								
Lower quartile house price to earnings	2013 ratio	6.9	8.3	**7.8**	4.9	6.4	9.8	6.5
	Relative to England	+8%	+29%	**+20%**	-24%	-1%	+52%	-
	2008 ratio	7.8	8.2	**8.1**	6.0	7.6	10.0	7.0
	5-year change	-11%	+1%	**-4%**	-18%	-16%	-2%	-7%
INDICATORS RELATIING TO QUANTITY								
Overcrowding								
Overcrowded households	2011 proportion	15%	5%	**9%**	8%	6%	11%	9%
	Relative to England	+77%	-48%	**+4%**	-7%	-36%	+31%	-
	2001 proportion	12%	4%	**7%**	7%	4%	9%	7%
	10-year change	+33%	+16%	**+27%**	+15%	+34%	+27%	+23%
Rate of development								
Increase in stock	2001-11 change	+5%	+12%	**+9%**	+7%	+13%	+10%	+8%
	Relative to England	-35%	+41%	**+10%**	-21%	+52%	+14%	-

4.78 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

> » **House Prices:** lower quartile prices are higher than the national average (with a lower quartile price of £140,800 compared to England's £126,200). The current price in Luton & Central Beds is higher than both Coventry and Peterborough, but lower than Slough; probably due to their relative proximity to and connectivity with London. This pattern is consistent with changes over the last 5-years, where prices reduced in Coventry and Peterborough, but increased in Slough;

> » **Rents:** for average private sector rents, Luton & Central Beds is lower than the national average. While rents in Coventry and Peterborough are lower than Luton & Central Beds, rents in Slough are significantly higher; consistent with house prices in those areas. Nevertheless, average

rents in all areas have increased significantly in the last 5 years – although the increase in Luton and Central Bedfordshire is lower than for comparator areas with the exception of Peterborough where the growth is similar;

» **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 20% 'worse' in Luton and Central Bedfordshire than across England as a whole (7.8x cf. 6.5x), and the rate in Luton and Central Bedfordshire is also worse that in Coventry and Peterborough, although not as 'bad' as Slough. Furthermore, whilst national affordability ratios have improved in Coventry and Peterborough over the last 5 years, the ratio has not improved as quickly in Luton and Central Bedfordshire. Slough has also seen a very low level of improvement in this ratio. This measure is probably more significant than both house prices and rent, as it is the only indicator that considers both cost and the ability to pay;

» **Overcrowding** (in terms of Census occupancy rates) shows that 9% of households in Luton and Central Bedfordshire are overcrowded based on an objective measure. The proportion of overcrowded households has increased by 27% over the last 10 years although is comparable with England (9%). Overcrowding in Luton and Central Bedfordshire is relatively similar to comparator areas in Coventry and Peterborough, and Slough;

» **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Luton and Central Bedfordshire has been relatively similar to England (9% cf. 8%). This rate is below Slough and Peterborough but higher than Coventry. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

4.79 On the basis of the Market Signals, we can conclude that conditions across the Luton HMA (on the basis of "best fit" data for Luton and Central Bedfordshire LPAs) suggest that the level of **Objectively Assessed Need for the HMA should be higher than suggested by household projections** in isolation. However as previously noted, there is no definitive guidance on what level of uplift is appropriate.

4.80 The 2014 SHMA Refresh was completed shortly after PPG was published. That study proposed that the household projections should be increased in response to market signals and concluded that an uplift of 2,300 would be an appropriate response. This represented an increase of 8.5% on the household projections across the functional HMA and an increase of 5.6% across the "best fit" HMA. Nevertheless, although the uplift was applied across the housing market area as a whole, the additional dwellings were counted within the Luton borough OAN (insofar as Luton formed the core of the HMA and the adjustment was primarily responding to pressures in Luton town). The household projections for Luton were therefore increased from 15,400 to 17,800 dwellings (an increase of more than 15%); but no increase was applied to the projections for Central Bedfordshire.

4.81 The analysis of overcrowding for the SHMA Update has already identified that the overall housing need should be increased by 947 households to take account of **concealed families** and a further 73 **homeless households** that would not be captured by the household projections; a total uplift of 1,020 households, of which 750 households (74%) are in Luton and 270 households in Central Bedfordshire (26%). This adjustment should be incorporated as a response to market signals to take account of the identified un-met need for housing, representing an overall uplift of 2.5% on the household projections; comprising an uplift of 5.2% in Luton and an uplift of 1.0% in Central Bedfordshire.

4.82 Nevertheless, given the context of the Market Signals (in particular for Luton borough) it is probably appropriate to increase this uplift.

Conclusions on Market Signals

4.83 There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

> *"It is very difficult to judge the appropriate scale of such an uplift … Exploration of an uplift of, say, 10% would be compatible with the "modest" pressure of market signals recognised in the SHMA itself."*

4.84 On this basis, it is helpful to compare the Market Signals for Luton and Central Bedfordshire with those for Eastleigh and its wider HMA (which we have based on Southampton with Eastleigh and the New Forest). In summary:

» **House prices** in Luton and Central Bedfordshire are lower than in Eastleigh and its wider HMA (£140,800 cf. £166,900 and £156,000 respectively at the lowest quartile); and although prices in Central Bedfordshire are higher (£152,700), this is also lower than Eastleigh and it's wider HMA;

» **Market rents** in Luton and Central Bedfordshire (£682 pcm) are also lower than in Eastleigh and its wider HMA (£798 pcm and £782 pcm respectively);

» **Affordability** is better in Luton and Central Bedfordshire (7.8x) than in Eastleigh and its wider HMA (8.4x and 8.1x respectively);

» **Overcrowding** in Luton and Central Bedfordshire is higher than in Eastleigh (9% cf. 5%), but comparable with its wider HMA (9%), although the rate is notably higher in Luton (15%); and

» **Rates of development** over the last decade were the same in Luton and Central Bedfordshire as in Eastleigh's wider HMA (both 9%).

4.85 The indicators for Luton and Central Bedfordshire identify less housing pressure than in Eastleigh (and its wider HMA), so it would seem reasonable for 10% to be considered an upper end response to Market Signals across the Luton and Central Bedfordshire area as a whole. Nevertheless, some of the indicators for Luton borough (in particular overcrowding and increased homelessness) suggest that the borough is experiencing some housing pressures similar to those experienced in Greater London.

4.86 We would therefore propose to increase the Market Signals response from 2.5% (which took account of concealed families and homeless households). On balance we would recommend an overall uplift of **10% of the housing need identified based on the household projections as a response to Market Signals** for Luton and Central Bedfordshire.

4.87 The household projections previously identified an increase of 41,342 households (42,883 dwellings); so **the proposed market signals uplift represents an additional 4,288 dwellings over the 20-year period 2011-31, which provides an appropriate response to market signals.** This uplift for Market Signals is almost double the 5.6% previously applied, and is fully consistent with the views of the Eastleigh Inspector in the context of the indicators for the two areas.

4.88 The previous analysis already identified that the overall housing need should be increased by a specific uplift of 1,020 households (1,053 dwellings) to take account of **concealed families** and **homeless households** that would not be captured by the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing; however it is appropriate for it to be considered as part of the response to market signals. **An additional increase of 3,175 dwellings is therefore needed to deliver the overall uplift of 4,228 dwellings identified in response to market signals.**

Housing Backlog

4.89   The Planning Advisory Service Good Plan Making Guide[27] identifies that the SHMA should *"re-set the clock"* and provide a new baseline assessment of all housing need. However, the SHMA must take account of 'backlog': any unmet need for housing that exists at the start of the plan period.

> *"Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be 'double counting'. Make sure however that the Strategic Housing Market Assessment takes account of 'backlog' which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope."* (page 49)

4.90   This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that existed in 2011. Furthermore, given that the SHMA also identifies all new housing need from the baseline date of 2011, all needs arising over the 20-year period 2011-31 have been identified and there will be no additional unmet need for housing to be counted for Plans with this base date.

Conclusions

4.91   The *"starting point"* estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 53,336 over the 20-year Plan period 2011-31, an average of 2,667 per year.

4.92   However, a comprehensive review of the local demographic evidence identifies some significant problems with the official population data for the area which affect the official population projections. Consistent with PPG, the SHMA therefore takes full account of these *"factors affecting local demography"* through developing independent household and population projections based on 10-year migration trends, based primarily on robust Census data. These projections identify that **household numbers across the study area are projected to increase by 41,345 households over the 20-year Plan period 2011-31.**

4.93   We have identified that the baseline household projections should be increased by 1,020 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 42,362 households over the 20-year Plan period. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 42,362 households yields a baseline housing need of 43,936 dwellings over the 20-year Plan period 2011-31, equivalent to an average of 2,197 dwellings per year.**

4.94   While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market problems. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.

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[27] http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf

4.95   The evidence of baseline growth in jobs and workers identifies a need to increase housing delivery by 600 dwellings to provide enough workers for the 38,100 extra jobs in the area suggested by the EEFM 2014 forecast. Nevertheless, **planned provision for 45,000 extra jobs over the 20-year period 2011-31 would need housing delivery to increase by 3,301 dwellings to provide sufficient workers.**

4.96   **An uplift of 4,228 dwellings is proposed as an appropriate response to the market signal indicators.** The overall housing need has already been increased by 1,053 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 3,175 dwellings is needed to deliver the overall uplift of 4,228 dwellings that has been identified.

4.97   On this basis, the baseline housing need of 43,936 dwellings is increased by 3,301 dwellings. This increase provides sufficient housing to balance future jobs and workers whilst also providing the additional uplift of 3,175 dwellings needed. **This yields an overall total of 47,237 dwellings over the 20-year period 2011-31, equivalent to an average of 2,362 dwellings per year.** This represents an uplift of 10.2% on the baseline household projections.

4.98   Figure 62 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 62: Full Objectively Assessed Need for Housing across Luton and Central Bedfordshire 2011-31

Stage		Households	Dwellings
Demographic starting point CLG household projections 2011-31		**53,336**	-
Adjustment for long-term migration trends 10-year migration trend 2001-11		-11,991	-
Baseline household projections taking account of local circumstances		**41,345**	**42,883**
Adjustment for suppressed household formation rates Concealed families and homeless households		+1,020	+1,053
Baseline housing need based on demographic projections		**42,365**	**43,936**
Further adjustments needed…	**In response to balancing jobs and workers** Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	+3,301
	In response to market signals 3,175 dwellings needed (in addition to the 1,053 dwellings for concealed families and homeless households) to deliver the overall uplift of 4,288 dwellings proposed	-	+3,175
Combined impact of the identified adjustments		-	**+3,301**
Full Objectively Assessed Need for Housing 2011-31		-	**47,237**

4.99   Of course, it is important to remember that *"establishing future need for housing is not an exact science"* (PPG paragraph 14). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.

4.100 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Luton and Central Bedfordshire to be 47,300 dwellings over the 20-year period 2011-31, equivalent to an average of 2,365 dwellings per year. This <u>includes</u> the Objectively Assessed Need of Affordable Housing for 14,600 dwellings (based on 14,374 households) over the same period, equivalent to an average of 730 per year.**

Need by Local Authority Area

4.101 The baseline household projections identify a need for 14,800 dwellings in Luton and 28,100 dwellings in Central Bedfordshire.

4.102 The SHMA has also identified the need for an uplift of around 1,050 dwellings to take account of the needs of concealed families and homeless households not captured by the household projections, with around three quarters of this additional need (74%) being in Luton. This adjustment yields a baseline housing need of 15,500 dwellings in Luton and 28,400 dwellings in Central Bedfordshire.

4.103 The SHMA has identified the need for a further uplift of around 3,300 dwellings across the combined area in order to balance future jobs and workers and take account of market signals. Nevertheless, the market signals indicators identify that Luton borough is experiencing particularly acute housing market pressure (with notably higher levels of overcrowding, homelessness and high rents relative to local incomes). Therefore, it is appropriate for differential uplifts to be applied to Luton and Central Bedfordshire.

4.104 The previous SHMA Refresh identified an OAN of 17,800 dwellings for Luton borough. This was based on 20-year migration trends and included the market signals uplift for the whole of the housing market area. Nevertheless, in the context of the market signals information (in particular relating to overcrowding and significantly higher homelessness presentations and households living in temporary accommodation) we do not believe that there is justification to reduce the OAN for Luton borough. Therefore, **we recommend that the Full Objectively Assessed Need for Luton borough should remain at 17,800 dwellings**; an uplift of around 20% from the baseline household projections.

4.105 The previous SHMA Refresh did not apply any uplift to the Central Bedfordshire household projections, as the market signals uplift for the whole of the housing market area was attributed to the OAN for Luton borough. Nevertheless, the market signals indicators for house prices and affordability suggest that an uplift to the household projections would also be appropriate for Central Bedfordshire. Given that we have previously concluded that an overall uplift of 10% would be appropriate for the HMA, we would propose that **the Full Objectively Assessed Need for Central Bedfordshire should be increased from 28,100 dwellings (based on household projections) to 29,500 dwellings**; an uplift of 5% from the baseline household projections.

4.106 Therefore, the SHMA concludes that:

» The Full OAN for Luton should remain at 17,800 dwellings, a Market Signals response of 3,000 dwellings which represents an uplift of around 20%;

» The Full OAN for Central Bedfordshire should be increased to 29,500 dwellings, a Market Signals response of 1,400 dwellings; which yields

» The Full OAN of 47,300 dwellings for the combined area of Luton and Central Bedfordshire, which represents an overall uplift of around 10%.

4.107 This is the average number of dwellings needed every year over the period 2011-31 and represents a 1.2% increase in the dwelling stock each year across the study area (higher than the 1.1% growth required across England to deliver 253,600 dwellings annually).

Need by Functional Housing Market Area

4.108 The SHMA has considered the OAN for Luton and Central Bedfordshire administrative areas as a "best fit" to the Luton functional housing market area. Nevertheless, Central Bedfordshire's administrative area is in practice divided between four functional housing areas:

» Bedford functional HMA;

» Luton functional HMA;

» Milton Keynes functional HMA; and

» Stevenage functional HMA.

4.109 Given the Full OAN of 47,300 dwellings identified for the combined area of Luton and Central Bedfordshire (comprised of 17,800 dwellings in Luton borough and 29,500 dwellings in Central Bedfordshire), Figure 63 shows the distribution of Housing Need across the four functional HMAs (within Luton and Central Bedfordshire LPAs). This is based on a simple pro rata distribution based on the existing population in 2011.

Figure 63: Objectively Assessed Need for Housing across the functional Housing Market Areas within Luton and Central Bedfordshire 2011-31 (Note: Figures only identify need within Luton and Central Bedfordshire administrative areas)
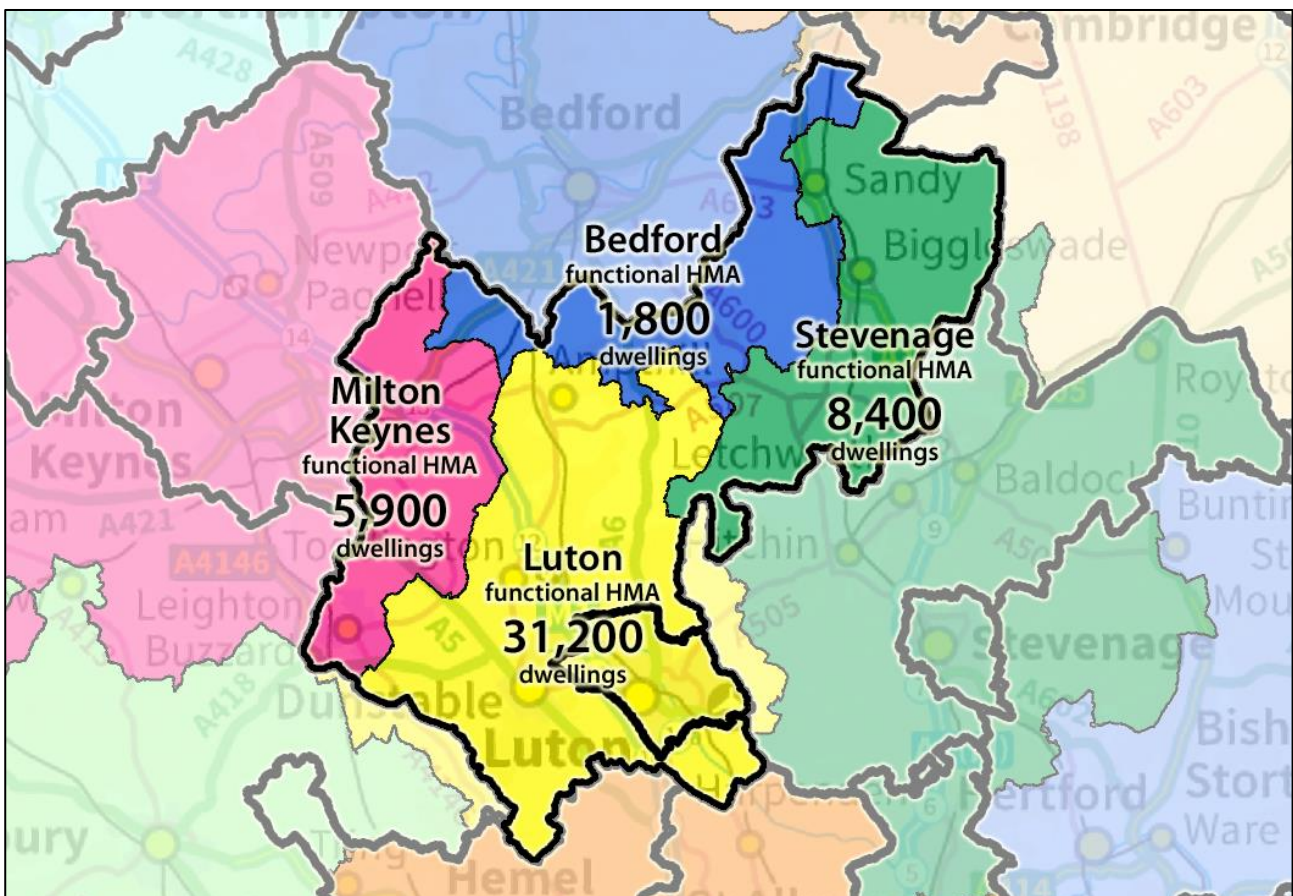
5. Housing needs of different groups
Considering the need for all types of housing

5.1   The National Planning Policy Framework states that Local Plans should meet the *"full, objectively assessed needs for market and affordable housing in the housing market area"* (paragraph 47) and identifies that local planning authorities should seek to *"deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities"* and plan for the *"needs of different groups"*:

> *To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:*
>
> » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
>
> » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
>
> » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*
>
> **National Planning Policy Framework (NPPF), paragraph 50**

5.2   On this basis, Planning Practice Guidance (PPG) sets out that:

> *Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:*
>
> » *the proportion of the population of different age profile;*
>
> » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
>
> » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
>
> » *the tenure composition of housing.*
>
> *This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

Projected Population Age Profile

5.3   Population projections based on long-term migration trends and which take account of local demographic factors were considered in chapter 2. These projections show that the population is likely to increase from 461,000 persons to 543,000 persons over the 20-year period 2011-31; a 20-year increase of 82,000 persons, equivalent to an average of around 4,100 persons each year. Figure 64 shows the projected change in population by 5-year age band for the 20-year period 2011-31 based on the detailed data previously presented separately for Luton (Figure 10) and Central Bedfordshire (Figure 18).

5.4   The number of persons in almost all age groups is projected to increase. The population aged 20-59 is projected to increase by 16,200 persons (which accounts for only a fifth of the overall growth) and an increase of 18,900 persons aged under 20 accounts for almost a further quarter (23%). Nevertheless, over half of the overall population growth (46,800 persons equivalent to 57%) is projected to be aged 60 or over, including an increase of 22,700 persons aged 75 or over (28% of the overall growth). This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 64:   Luton and Central Bedfordshire population projections 2011-31 by 5-year age cohort based on 10-year migration trend scenario
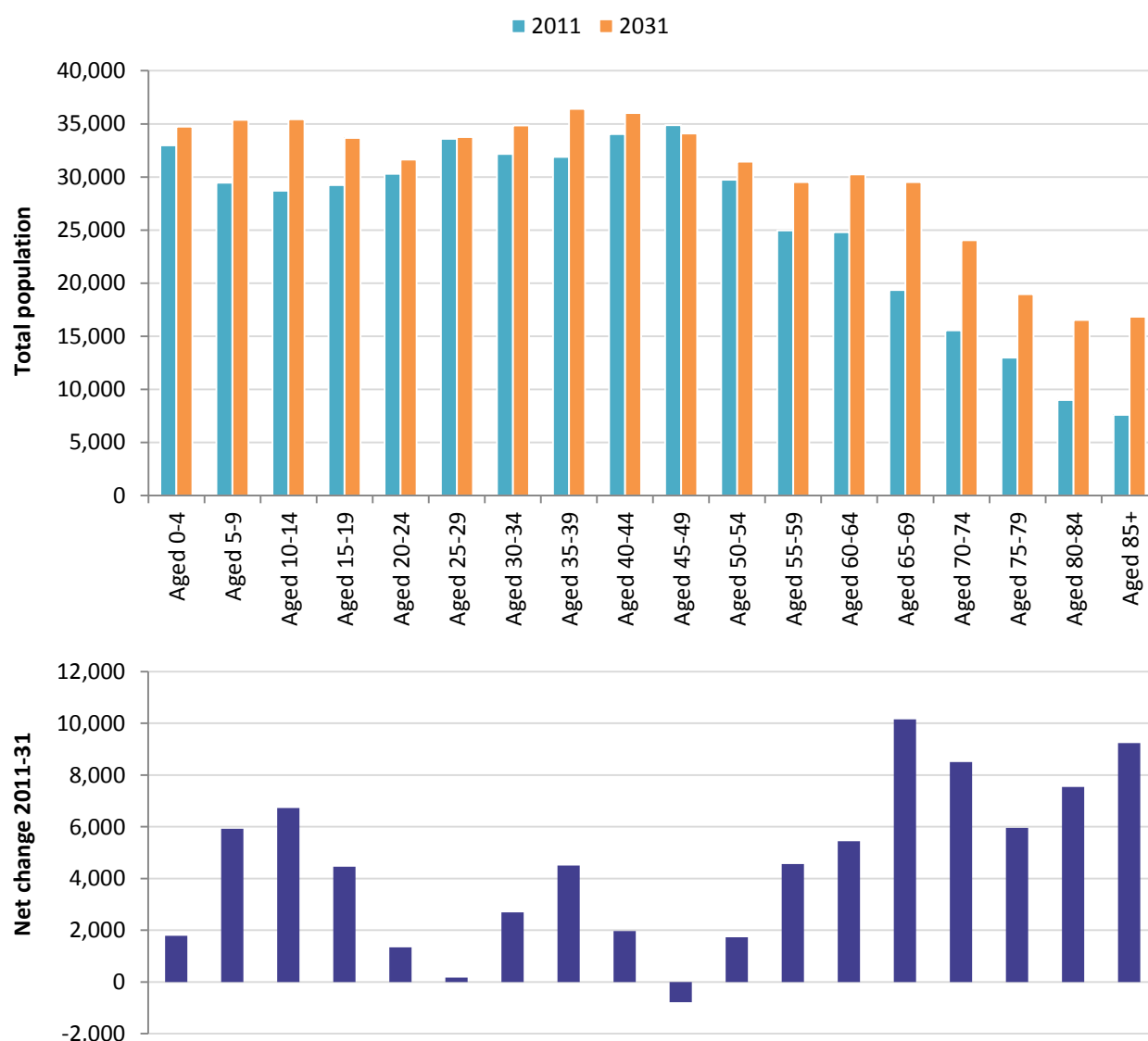
Household Projections

5.5 Figure 65 summarises the total number of households in 2011 and 2031 in terms of the age of household representatives, together with the change in the number of households in each category over the 20-year period 2011-31.

5.6 The trend-based household projections identified a growth of 41,300 households based on the population projections above, which yielded a housing need of 42,900 dwellings (Figure 26). Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to market signals and ensure a balance between future jobs and workers.

5.7 The Full Objectively Assessed Need (OAN) was established to be 47,300 dwellings over the 20-year period 2011-31. Providing a larger number of homes will yield a higher number of households than suggested by the trend-based projections; an additional 3,400 households over the 20-year period. Therefore, the total household growth is likely to be around 44,700 additional households.

Figure 65: **Total projected households for 2011 and 2031 and summary of 20-year change by age of household representative (Note: Figures may not sum due to rounding)**

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2011	5,600	27,200	37,100	37,700	29,300	21,900	15,700	5,600	180,100
2031	6,000	28,900	42,300	38,500	35,800	33,700	24,200	12,100	221,500
TREND-BASED CHANGE 2011-2031	+400	+1,700	+5,200	+800	+6,400	+11,800	+8,500	+6,500	+41,300
Impact of OAN Uplift	+100	+600	+1,000	+700	+400	+300	+200	+100	+3,400
TOTAL CHANGE 2011-2031	+500	+2,300	+6,200	+1,500	+6,900	+12,100	+8,600	+6,600	+44,700

5.8 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. Whilst the increase in people aged 65+ represented half of the overall population growth, the increase in households aged 65+ represents almost two thirds (65%) of the trend-based growth: 26,800 households out of the 41,300 total. Taking account of the OAN uplift increases the likely growth of older households to 27,300, equivalent to 61% of the total.

5.9 Nevertheless, many of these older households will already be established and living in existing homes in Luton and Central Bedfordshire. They will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.

5.10 Figure 66 shows the projected number of households in each cohort, showing their age in both 2011 and 2031. For example, there were 27,200 households aged 25-34 in 2011 and these same households would be aged 45-54 by 2031. The trend-based projection identified that total number of households aged 45-54 in 2031 would be 38,500; therefore an extra 11,300 households. Together with a further 700 households following the OAN uplift, the total growth is likely to be around 12,000 households in this cohort; partly due to new household formations and partly due to net migration.

5.11 Based on the cohort analysis, it is apparent that around 85,300 extra households aged under 55 (in 2031) will be likely to form in Luton and Central Bedfordshire over the period 2011-31. This includes 29,500 households aged 25-34 and 37,700 households aged 35-44 (although many of those aged 35-44 in 2031 may have already formed households by 2021, at which time that they were also aged 25-34).

Figure 66: Total projected households for 2011 and 2031 and summary of 20-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

		Age of Household Representative								TOTAL
	Age in 2011	< 5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
	Age in 2031	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS										
	2011	-	-	5,600	27,200	37,100	37,700	29,300	43,200	180,100
	2031	6,000	28,900	42,300	38,500	35,800	33,700	24,200	12,100	221,500
TREND-BASED CHANGE 2011-2031		+6,000	+28,900	+36,700	+11,300	-1,300	-4,000	-5,100	-31,100	+41,300
Impact of OAN Uplift		+100	+600	+1,000	+700	+400	+300	+200	+100	+3,400
TOTAL CHANGE 2011-2031		+6,100	+29,500	+37,700	+12,000	-900	-3,700	-5,000	-31,000	+44,700

5.12 We previously noted that the overall growth was 44,700 households over the 20-year period 2011-31, which is lower than the number of new households forming. Nevertheless, the 85,300 extra household aged under 55 are offset against a reduction of 40,600 households aged 55 or over (in 2031). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

» 43,200 households were aged 65+ in 2011, who would be aged 85+ in 2031 if they had survived;

» The projected number of households aged 85+ in 2031 is 12,100, which represents a reduction of 31,100 households whose existing homes would be vacated.

5.13 Whilst the increase in overall households is largely amongst those aged 65+, we can therefore conclude that most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be more than double the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

5.14 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

5.15 Figure 67 shows the household numbers for 2011 and 2031 based on the trend-based based projections by household type and age; together with the net change (based on both the trend-based projections and the impact of the OAN uplift) for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.

5.16 In summary:

» Single person households represent a fifth of the overall household growth: an increase of 9,000 over the 20-year period, including 4,100 extra single person households aged 85 or over;

» Families with dependent children represent almost two fifths (37%) of the overall growth: an increase of 9,500 lone parent households and 7,100 extra couples with dependent children; and

» Couples without dependent children represent 26% of the growth and "other" households represent 16% of the total, with increases of 11,800 and 7,300 households respectively.

Figure 67: Total projected households for 2011 and 2031 and summary of 20-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS 2011									
Single person	1,600	6,800	6,800	6,900	6,500	6,400	9,500	3,900	48,400
Couple without children	800	6,000	4,800	13,300	18,300	13,300	3,900	1,100	61,500
Couple with child(ren)	700	8,700	18,800	12,700	2,500	400	100	-	43,900
Lone parent	1,200	4,200	5,800	2,600	300	100	100	-	14,300
Other households	1,300	1,400	1,000	2,100	1,700	1,700	2,100	500	11,800
TOTAL	**5,600**	**27,200**	**37,100**	**37,700**	**29,300**	**21,900**	**15,700**	**5,600**	**180,100**
TOTAL HOUSEHOLDS 2031									
Single person	1,000	6,700	7,700	7,100	7,000	7,500	11,700	7,900	56,600
Couple without children	500	5,300	4,300	10,500	21,500	21,500	6,300	2,600	72,500
Couple with child(ren)	700	8,300	19,900	15,300	4,600	1,000	200	-	50,000
Lone parent	1,800	6,900	9,600	3,900	600	200	300	200	23,500
Other households	2,100	1,700	800	1,700	2,000	3,500	5,700	1,400	18,900
TOTAL	**6,000**	**28,900**	**42,300**	**38,500**	**35,800**	**33,700**	**24,200**	**12,100**	**221,500**
TREND-BASED CHANGE 2011-31									
Single person	-500	-100	+900	+100	+500	+1,100	+2,200	+4,000	+8,200
Couple without children	-300	-700	-500	-2,800	+3,200	+8,100	+2,400	+1,400	+10,800
Couple with child(ren)	-100	-400	+1,100	+2,600	+2,100	+600	+100	-	+6,000
Lone parent	+600	+2,600	+3,800	+1,300	+300	+100	+200	+100	+9,000
Other households	+700	+300	-200	-400	+300	+1,800	+3,600	+900	+7,000
TOTAL CHANGE	**+400**	**+1,700**	**+5,200**	**+800**	**+6,400**	**+11,800**	**+8,500**	**+6,500**	**+41,300**
IMPACT OF OAN UPLIFT									
Single person	+10	+140	+190	+130	+80	+60	+80	+50	+750
Couple without children	+10	+110	+100	+170	+240	+180	+40	+20	+870
Couple with child(ren)	+10	+180	+450	+280	+60	+10	-	-	+1,000
Lone parent	+20	+140	+240	+70	+10	-	-	-	+490
Other households	+40	+50	+20	+30	+30	+30	+30	+20	+260
TOTAL IMPACT	**+100**	**+600**	**+1,000**	**+700**	**+400**	**+300**	**+200**	**+100**	**+3,400**
TOTAL CHANGE 2011-2031									
Single person	-500	-	+1,100	+300	+600	+1,200	+2,200	+4,100	+9,000
Couple without children	-300	-600	-400	-2,700	+3,500	+8,300	+2,400	+1,500	+11,700
Couple with child(ren)	-100	-200	+1,600	+2,900	+2,200	+600	+100	-	+7,100
Lone parent	+600	+2,800	+4,000	+1,400	+300	+100	+200	+100	+9,500
Other households	+800	+300	-100	-400	+300	+1,800	+3,600	+900	+7,200
TOTAL CHANGE	**+500**	**+2,300**	**+6,200**	**+1,500**	**+6,900**	**+12,100**	**+8,600**	**+6,600**	**+44,700**

Housing Mix: Size and Tenure

5.17   When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patters. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.

5.18   Figure 68 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms). Whilst there is projected to be an increase of 9,000 extra single person households, only 1,800 extra dwellings have one bedroom (800 market homes and 1,000 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.

5.19   Overall, most of the market housing need is for housing (31,100 dwellings over the 20-year period) with a need for 1,600 flats also identified (around 5%). The need for affordable housing is also predominantly for housing (around 11,500 dwellings) with a need for around 3,100 flats (around 21%). Whilst the need for affordable housing with four or more bedrooms is around 10% of the overall need, this represents a need for over 1,600 large affordable homes that need to be provided over the 20-year period 2011-31. Much of this need will be from existing households living in overcrowded accommodation.

Figure 68:   Housing mix of OAN for market and affordable housing by local authority (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Central Bedfordshire	Luton	TOTAL
MARKET HOUSING				
Flat	1 bedroom	660	160	800
	2+ bedrooms	660	110	800
House	2 bedrooms	3,300	1,390	4,700
	3 bedrooms	12,130	7,380	19,500
	4 bedrooms	4,360	1,300	5,700
	5+ bedrooms	950	220	1,200
Total Market Housing		**22,100**	**10,600**	**32,700**
AFFORDABLE HOUSING				
Flat	1 bedroom	720	260	1,000
	2+ bedrooms	910	1,240	2,100
House	2 bedrooms	2,270	1,140	3,400
	3 bedrooms	3,000	3,530	6,500
	4+ bedrooms	530	1,070	1,600
Total Affordable Housing		**7,400**	**7,200**	**14,600**
TOTAL		**29,500**	**17,800**	**47,300**

5.20   Of course, the spatial distribution of housing provision will be determined through the planning process; which will also consider the most appropriate location for market and affordable housing, and the type and size of properties to be provided in different areas.

Affordable Housing Tenure

5.21 Within the overall need of 14,600 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.

5.22 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the two local authority areas. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.

5.23 Figure 69 sets out the housing mix in terms of property type, size and affordable housing tenure in each of the local authority areas. The analysis is based on two scenarios:

» Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and

» Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

Figure 69: Assessing affordable housing mix by local authority (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Up to 25% of gross income			Up to 35% of gross income		
		Central Bedfordshire	Luton	TOTAL	Central Bedfordshire	Luton	TOTAL
AFFORDABLE RENT							
Flat	1 bedroom	640	220	860	600	190	790
	2+ bedrooms	740	1,040	1,780	660	850	1,510
House	2 bedrooms	1,850	950	2,800	1,630	790	2,420
	3 bedrooms	2,420	2,980	5,400	2,080	2,520	4,600
	4+ bedrooms	460	960	1,420	400	840	1,240
Sub-total		6,110	6,150	12,260	5,370	5,190	10,560
% of affordable housing		83%	85%	84%	73%	72%	72%
INTERMEDIATE AFFORDABLE HOUSING							
Flat	1 bedroom	80	40	120	120	70	190
	2+ bedrooms	170	200	370	250	390	640
House	2 bedrooms	420	190	610	640	350	990
	3 bedrooms	580	550	1,130	920	1,010	1,930
	4+ bedrooms	70	110	180	130	230	360
Sub-total		1,320	1,090	2,410	2,060	2,050	4,110
% of affordable housing		17%	15%	16%	27%	28%	28%
TOTAL DWELLINGS		7,400	7,200	14,600	7,400	7,200	14,600

5.24 When considering the need by affordable housing tenure, almost three quarters (72%) of households in need of affordable housing need affordable rent when 35% of their gross income is allocated to housing, and over four-fifths (84%) would need affordable rent if housing costs accounted for up to 25% of income: many of these households will therefore depend on housing benefit. Nevertheless, between 16% and 28% of households in need of affordable housing could afford intermediate affordable housing products, such as shared equity or other forms of low cost home ownership.

The Private Rented Sector

5.25   The English Housing Survey (EHS) 2013-14[28] identified that 19% (4.4 million) of households were renting from a private landlord, almost double the rate of 11% a decade earlier in 2003-04. The EHS also shows that households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 21% in 2003-04. Owner occupation in this age group dropped from 59% to 36% over the same 10 year period.

5.26   Growth in the Sector seems likely to continue, driven by a combination of demand and supply factors:

» Increasing demand from more households;

» Recent reductions in incomes (in real terms);

» Affordability of owner occupation reducing;

» Changing Bank lending practices: the number of Buy-to-Let (BTL) mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First-time Buyers (c.25,000); and

» Pensions reform: pension drawdowns invested in BTL property.

5.27   The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032[29]. On this basis, the number of households renting privately could double again over the next twenty years.

5.28   Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

> ***The private rented sector***
>
> *Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

National Context

5.29   As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the recent recession.

5.30   DWP data shows that there were 1.0m such families in 2012-13 compared to 0.4m a decade earlier, although there were around 0.6m claimants in the sector throughout much of the 1990s (Figure 70). Nevertheless, the proportion of those renting privately in receipt of housing benefit has reduced from around a third to less than a fifth over the 15-year period 1993-94 to 2008-09, but increased to around a quarter following the recent recession (Figure 71).

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[28] https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report
[29] http://news.rla.org.uk/rpi-rent-revolution/

Figure 70: Number of UK households in receipt of housing benefit by tenure (Source: DWP)
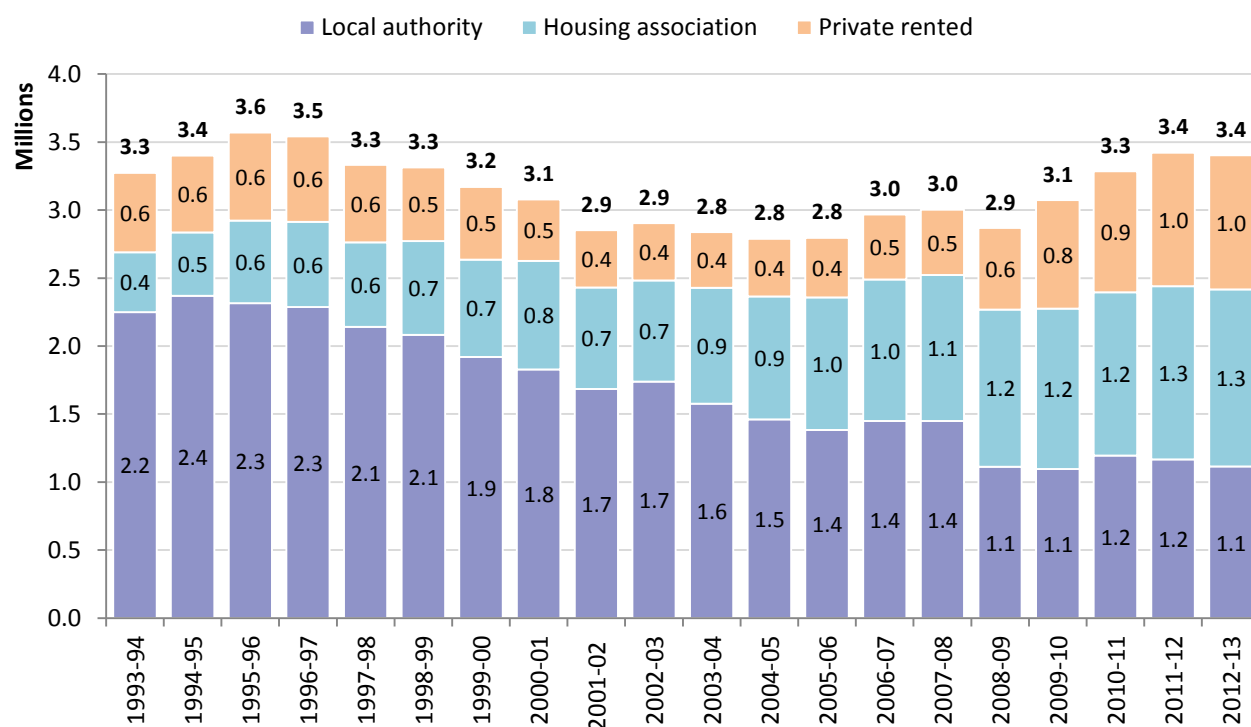
Figure 71: Percentage of UK households in receipt of housing benefit by tenure (Source: DWP)
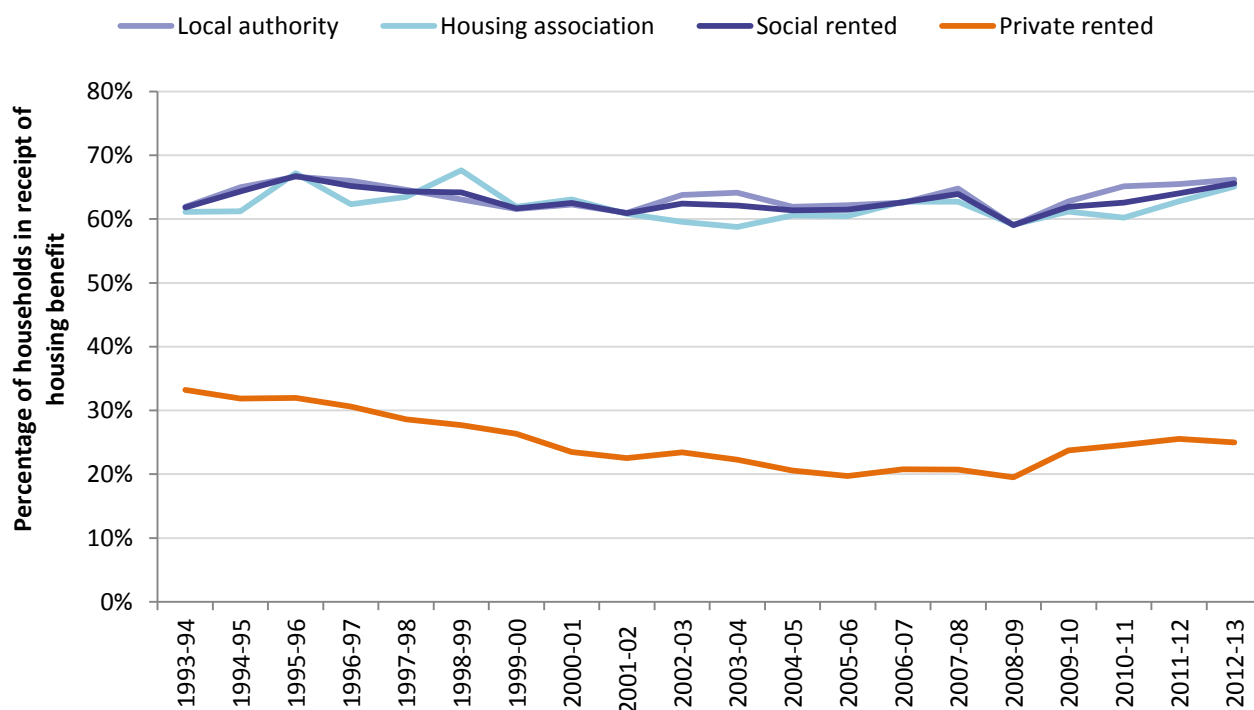
5.31 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)[30]:

> *"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. … We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating."* (paragraphs 4.152-154)

5.32 Figure 72 shows that the change in PRS caseload as a share of 16+ population will remain constant from 2012-13 to 2018-19; so no reduction in the number of claimants is assumed. Furthermore, the OBR long-term forecasts include an allowance for housing benefit payments at between 1.4 and 1.6% of GDP for the next 50 years.

Figure 72: OBR projected trends in housing benefit spending as a share of GDP (Source: OBR Economic and Fiscal Outlook March 2014, table 4.33)

	Per cent of GDP			
	2007-08	2009-10	2012-13	2018-19
Housing benefit spending	1.09	1.40	1.52	1.34
Percentage point change since 2007-08		0.31	0.43	0.26
of which percentage points contribution from:				
Private-rented sector (PRS) - 30% of HB in 2007-08 - of which:		0.20	0.27	0.21
Change in PRS caseload as a share of 16+ population		0.14	0.24	0.24
Change in average PRS award relative to GDP per 16+ person		0.06	0.02	-0.03
LAs, social-rented and other (SRS) - 70% of HB in 2007-08 - of which:		0.10	0.17	0.05
Change in SRS caseload as a share of 16+ population		0.02	0.04	0.00
Change in average SRS award relative to GDP per 16+ person		0.09	0.13	0.05

5.33 Importantly, the Government sees the PRS having an important and long term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

5.34 Policy by both Government and Local Authorities is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply[31] (including the Build to Rent investment scheme[32]). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2015[33], and the Forward by the Minister stated:

> *"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."*

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[30] http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf
[31] https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment
[32] https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence
[33] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

5.35 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

5.36 There have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

Figure 73: Summary of legislative changes affecting private tenants' LHA (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	Setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

5.37 At the same time, young households are less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting polices and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.

5.38 This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

Private Rented Sector in Luton and Central Bedfordshire

5.39 Considering the trends of tenure mix for Luton and Central Bedfordshire, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

> » **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 83K to 109K households, a gain of 26 thousand). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 32K to 26K households, a loss of six thousand); however there was no change in the number of private tenants (constant at 12K).

> » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 109K to 123K households, a gain of 14 thousand); however this was alongside a growth of private tenants (increasing from 12K to 17K households, a gain of five thousand). The number of social tenants continued to decline (reducing from 26K to 25K households, a loss of a further thousand).

> » **From 2001-2011:** the number of owner occupiers reduced fractionally (falling from 123K to 122K households, a loss of a thousand) whilst the number of private tenants increased substantially (from 17K to 31K households, a gain of 14 thousand). The number of social tenants also increased marginally (from 25K to 26K households, a gain of just under a thousand), though still remained below the number of social tenants recorded in 1991.

5.40 It is evident that the overall balance between owners and renters is similar in 2011 to the position in 1981, with around a third renting and two thirds owning. Nevertheless, the balance between social rent and private rent has changed significantly: a quarter of tenants rented privately in 1981 (9% out of 35%) whereas more than half rented privately in 2011 (18% out of 32%).

Figure 74: **Number of Households by Tenure 1981-2011 (Source: UK Census of Population)**
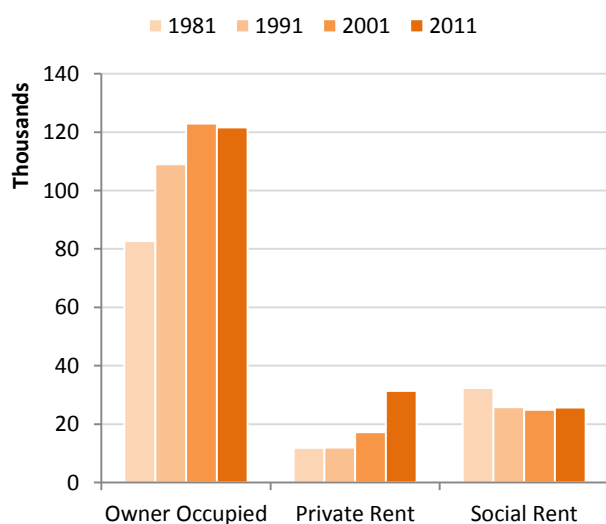
Figure 75: **Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)**
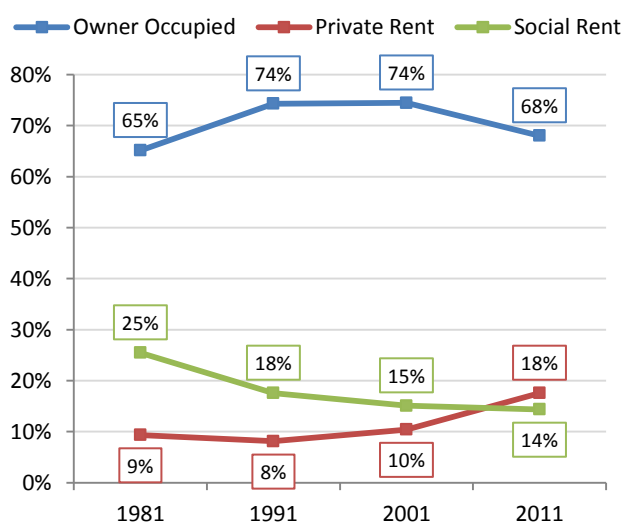
Figure 76: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	82,600	109,000	122,900	121,600	+26,400	+13,900	-1,300
Private rent	11,900	11,900	17,200	31,400	-	+5,300	+14,200
Social rent	32,300	25,800	24,900	25,700	-6,500	-900	+800
TOTAL	**126,800**	**146,700**	**165,000**	**178,700**	**+19,900**	**+18,300**	**+13,700**
Owner occupied	65.2%	74.3%	74.5%	68.1%	133%	76%	-10%
Private rent	9.4%	8.1%	10.4%	17.6%	0%	29%	104%
Social rent	25.5%	17.6%	15.1%	14.4%	-33%	-5%	6%

5.41 Based on the range of information available about tenants currently renting privately in Luton and Central Bedfordshire, it is helpful to consider the mix of different types of household living in the area:

» 900 properties are rented by households that are students, although this is only 3% of the sector;

» 9,800 properties are rented by households in receipt of housing benefit, almost a third (31%) of the sector;

» A further 20,700 households are renting privately; however if the proportion of owner occupiers had not changed between 2001 and 2011, 11,600 of these households would have owned their home. This represents over a third (37%) of all households renting privately; and

» 9,000 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

5.42 It is important to recognise that the 11,600 households identified as "would be" owner occupiers are not included within the need for affordable housing, as they are able to rent market housing without financial support through housing benefit even if they cannot afford to buy. As previously noted, the NPPF seeks to *"widen opportunities for home ownership"* (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder. **Given the number of "would be" owner occupiers in Luton and Central Bedfordshire, the Councils may wish to consider any local options for extending home ownership to these households.**

Figure 77: Mix of household types living in the private rented sector (Source: UK Census of Population 2011 and DWP)

Student households
900

"Would be"
owner occupiers
11,600

Households on
housing benefit
9,800

Households choosing
private rent
9,000
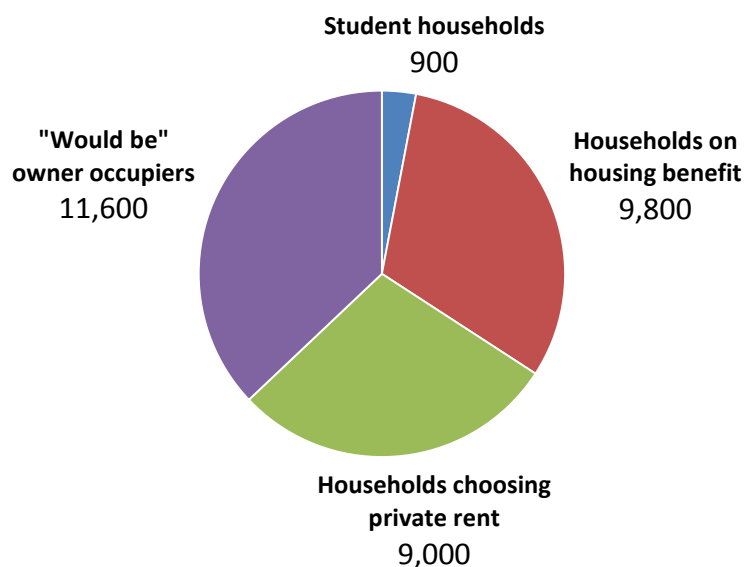
People Wishing to Build their Own Homes

5.43 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

> **People wishing to build their own homes**
>
> *The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.*
>
> **Planning Practice Guidance 2014, paragraph 21**

5.44 Over half of the population (53%) say that they would consider building their own home[34] (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.

5.45 The attractiveness of self-build is primarily reduced costs; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

5.46 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)[35] redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.

5.47 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act[36] 2015 has now placed a duty on local planning authorities to:

» Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;

» Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and

» Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

5.48 Government funding[37] is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced

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[34] Building Societies Association Survey of 2,051 UK consumers 2011
[35] https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2
[36] http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html
[37] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission.

5.49 In May 2012 a Self-Build Portal[38] run by the National Custom and Self Build Association (NCaSBA) was launched. Figure 78 shows the current registrations from groups and individuals looking for land in the HMA on the 'Need-a-Plot' section of the portal. Whilst there is clearly some interest in self-build across the area, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year.

Figure 78: **Group and Individual Registrations currently looking for land in and around Luton and Central Bedfordshire on the 'Need-a-Plot' Portal (Source: NCaSBA, July 2015)**
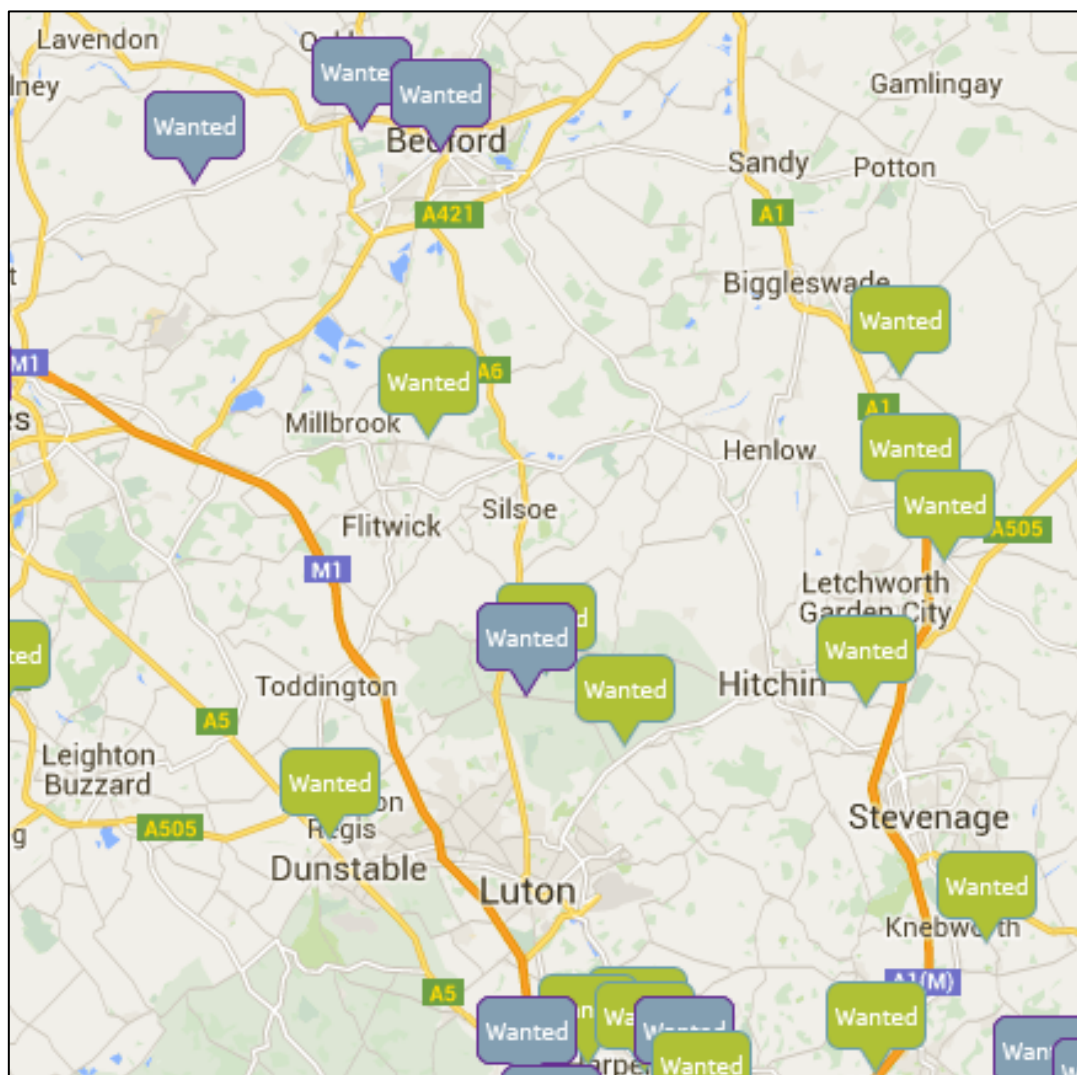
5.50 Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will make a significant contribution locally to meeting housing need in its current form. Nevertheless, the Councils should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act (if they have not already done so).

5.51 A survey to ascertain levels of demand for self-build could be undertaken in future; however it would be important to ensure that appropriate questions are designed that can effectively separate aspiration from effective market demand.

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[38] http://www.selfbuildportal.org.uk/

Housing for Older People

5.52   Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.6m by 2037[39] for the over 60s, and from 1.4m (2012) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

> **Housing for older people**
>
> *The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over … Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under occupied.*
>
> *The future need for older persons housing broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care and, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important.*
>
> **Planning Practice Guidance (March 2014), ID 2a-021**

5.53   The population projections identified that the population was likely to increase from 461,000 persons to 543,000 persons over the 20-year period 2011-31; a 20-year increase of 82,000 persons. The population in older age groups is projected to increase substantially during this period, with half of the overall population growth (41,400 persons) projected to be aged 65 or over and 28% projected to be 75+ (22,700 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.

5.54   The Older People housing options considered in this section follow the definitions in the 2012 *Housing Our Ageing Population* report (HAPPI2)[40]. This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements were modelled using the Housing LIN methodology (2012)[41]. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

Figure 79:   Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012

	Demand per 1,000 persons aged 75+		
	Owned	**Rented**	**TOTAL**
Extra care	30	15	45
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20
Conventional Sheltered Housing	-	60	60
Dementia	-	6	6
Leasehold Schemes for the Elderly (LSE)	120	-	120

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[39] http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2012-based-projections/stb-2012-based-npp-principal-and-key-variants.html#tab-Changing-Age-Structure
[40] http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf
[41] http://www.housinglin.org.uk/housinginlaterlife_planningtool

5.55   Based on the growth in population aged 75+ identified across the population projection scenarios, the table below identifies the potential requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012). As can be seen, there is a significant need for LSE schemes.

Figure 80: Additional Modelled Demand for Older Person Housing (Source: Housing LIN Toolkit)

		Luton	Central Bedfordshire	TOTAL
Population aged 75+				
2011		11,500	18,100	29,600
2031		16,700	35,600	52,300
Change 2011-31		**+5,200**	**+17,500**	**+22,700**
Additional Modelled Demand for Older Person Housing				
Extra care	Owned	160	520	680
	Rented	80	260	340
Sheltered 'plus' or 'Enhanced' Sheltered	Owned	50	170	230
	Rented	50	170	230
Conventional sheltered housing to rent		310	1,050	1,360
Dementia		30	100	140
Leasehold Schemes for the Elderly (LSE)		630	2,100	2,730
TOTAL		**1,310**	**4,390**	**5,700**
Percentage of Overall OAN		*7.4%*	*14.9%*	*12.1%*

5.56   The toolkit identifies future need for 5,700 specialist older person housing units of various types over the 20-year period 2011-31; however almost half of this need (48%, 2,730 dwellings) is for LSE housing. The total need for older person housing represents around 12.1% of the overall OAN for the housing market area, however the Central Bedfordshire need for 4,390 dwellings represents 14.9% of the OAN in that area whilst the Luton need for 1,310 dwellings represents only 7.4% of the borough OAN.

5.57   PPG also identifies that *"assessments should set out the level of need for residential institutions (Use Class C2)"* (ID 2a-021). The demographic projections have projected that the institutional population is likely to increase by around 1,200 persons over the period 2011-31 (Figure 25). This increase in institutional population is a consequence of the CLG approach to establishing the household population[42], which assumes *"that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s"* on the basis that *"ageing population will lead to greater level of population aged over 75 in residential care homes"*. However, older people are living longer, healthier lives, and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible – so despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

5.58   Given this context, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; some of the specialist older person housing may be more appropriate for their needs. Nevertheless, whilst specialist older person housing would generally be included within the overall OAN, **if fewer older people are expected to live in communal establishments than is currently projected, the housing needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.**

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[42] Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

5.59 More generally, it is important that the need for specialist older person housing is considered in partnership with other agencies, in particular those responsible for older person support needs. It is also important to consider other factors and constraints in the market:

» **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;

» **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme;

» **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated;

» **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and

» **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Households with Specific Needs

5.60 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

> **Households with specific needs**
>
> *There is no one source of information about disabled people who require adaptations in the home, either now or in the future.*
>
> *The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.*
>
> *Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

5.61 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Higher Mobility Component (HMC) is awarded when applicants have *"other, more severe, walking difficulty"* above the Lower Mobility Component (which is for supervision outdoors).

5.62 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill.

5.63 Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *"not all of the people included within these counts will require adaptations in the home"*.

5.64 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:

» Widening doors and installing ramps;

» Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;

» Providing a heating system suitable for needs; and

» Adapting heating or lighting controls to make them easier to use.

5.65 Local data about DFGs was published by CLG in Live Table 314[43], and this indicated that 483 DFGs were funded in the study area in 2010/11 at an average cost of £8,320. This represents around 10% of the overall annual housing need identified, however PPG notes that whilst patterns of DFG applications *"provide an indication of expressed need"* it cautions that this could *"underestimate need"*. Of course, it is

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[43] Table 314 has now been discontinued by CLG

also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

5.66 As previously noted, the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)[44]. This introduces three categories of dwellings:

> » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
> » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
> » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

5.67 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability. Planning Practice Guidance for Housing optional technical standards states:

> *Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.*
>
> *To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.*
>
> **Planning Practice Guidance (March 2015), ID 56-007**

5.68 The demographic projections showed that the population of Luton and Central Bedfordshire was projected to increase by around 81,900 persons over the 20-year period 2011-31 based on long-term migration trends. The number of people aged 65 or over is projected to increase by around 41,400 persons, which equates to around half of the overall growth; which includes an extra 9,200 persons aged 85 or over. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing. **Given this context, the evidence supports the need for all dwellings to meet Category 2 requirements, providing that this does not compromise viability.** This approach has been adopted in Local Plans elsewhere.

5.69 The CLG guide to available disability data[45] (referenced by PPG) shows that currently around 1-in-30 households in England (3.3%) have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). It is also important to recognise that these proportions are likely to increase over the period to 2031 in the context of the larger numbers of older people projected to be living in the area. **The evidence therefore supports the need for 10% of market housing and 15% of affordable housing to meet Category 3 requirements.** This recognises the changing demographics of the area and also provides an element of choice for households that need wheelchair user dwellings now as well as those households considering how their needs may change in future.

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[44] http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1
[45] https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data

Supported Housing Needs

5.70 Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 81 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

Figure 81: Estimates of Vulnerable and Older People Needs in Luton and Central Bedfordshire 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)

Client Group	Luton			Central Bedfordshire		
	2011	2021	Change 2011-21	2011	2021	Change 2011-21
People aged under 18 in need						
Teenage parents	450	460	+10	520	520	0
Young people aged 16-17	30	30	0	40	40	0
People aged 18-64 in need						
Alcohol misuse	760	850	+90	840	910	+70
Learning disabilities	350	390	+40	430	460	+40
Mental health problems	660	740	+80	570	620	+50
Offenders	390	440	+50	340	370	+30
Moderate physical or sensory disability	220	240	+20	310	340	+30
Serious physical or sensory disability	60	70	+10	90	100	+10
Refugees	20	30	+10	20	20	0
Rough sleepers	10	10	0	10	10	0
Single homeless with support needs	500	560	+60	430	470	+40
People aged 65+ in need						
Frail elderly	550	640	+90	930	1,250	+320
Older people with mental health needs	910	1,060	+150	1,530	2,060	+530
Older people with support needs	3,000	3,480	+480	5,030	6,790	+1,750

5.71 The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for the SHMA to determine these figures in isolation. There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of Welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy of capital contribution.

5.72 Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need for 47,300 dwellings over the 20-year period 2011-31. Furthermore, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Luton and Central Bedfordshire's residents.

6. Housing Requirements
Considering the policy response to identified housing need

6.1   The SHMA has established the Full Objectively Assessed Need for Housing in Luton and Central Bedfordshire to be 47,300 dwellings over the 20-year period 2011-31, however this figure will need to be tested through the statutory Plan-making process.

6.2   This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that *"housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply"* (paragraph 30). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

> *"Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.*

> *"However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.*

> *"Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council's approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments."*

6.3   The individual local authorities are currently in the process of preparing Local Plans. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new Plan periods; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the Local Plans will be the mechanism through which the SHMA evidence will be assessed against environmental and policy constraints, such as Green Belt, to identify a sustainable and deliverable plan requirement.

6.4   The Local Plans will also consider the spatial distribution of future housing and jobs growth across the Luton functional housing market area and the other functional housing market areas that cover Central Bedfordshire. The spatial distribution will be informed by the proposed Growth Options Study and the Employment Land Review and Economic Development Needs Assessment studies that are currently being undertaken.

Affordable Housing Need

6.5   The SHMA has identified a substantial need for additional affordable housing: a total of 14,600 dwellings across Luton and Central Bedfordshire over the 20-year period 2011-31. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.

6.6   As part of their strategic planning and housing enabling functions, the Councils will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Councils should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.

6.7   PPG identifies that Councils should also consider *"an increase in the total housing figure"* where this could *"help deliver the required number of affordable homes"*; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

> *The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes. (Paragraph 029)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

6.8   It will therefore be important for the Councils to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings[46] (paragraphs 3.20-21):

> *"National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*
>
> *Any uplift on the demographic starting point … would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified."*

6.9   Given that the identified OAN already incorporates an uplift of 10% on the baseline household projections, this will contribute to increasing the supply of affordable homes through market housing led developments. The Councils will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plans (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

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[46] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf

6.10   The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation.   The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

» **Affordable Homes Programme:** the flagship HCA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England

» **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward

» **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities

» **Community Right to Build:** (Outside London) including some provision for affordable homes

» **Empty Homes programme**

» **Estate Regeneration Programme:** often creating mixed tenure communities

» **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

6.11   However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agency have also signalled concerns. **Registered Providers** Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further. **Stock rationalisation by Registered Providers** The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation. **Extension of Right to Buy (RTB) to Registered Providers** The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development.	**Councils building more new homes** Many Councils are now trying to bring new rental schemes forward following reform of the HRA system. **New 'for profit' providers** Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers. **Co-operative Housing** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.

6.12   The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.

6.13   A Government task force was established in 2013 to encourage and support build-to-let investment[47]. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:

» **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale[48], particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.

» **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.

» **Local Enterprise Partnerships** are another potential source of new build PRS homes[49]. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.

» **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.

6.14   National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.

6.15   **Given the substantial need for affordable housing identified across Luton and Central Bedfordshire, the Councils will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Councils to consider all of the options available to help deliver more affordable homes in the area.**

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[47] https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector
[48] http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsidiary/7009701.article
[49] https://www.gov.uk/government/publications/growing-places-fund-prospectus

Older People in Residential Institutions (Use Class C2)

6.16 Planning Practice Guidance for Housing and Economic Land Availability Assessment states the following in relation to housing for older people:

> **How should local planning authorities deal with housing for older people?**
>
> *Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.*
>
> **Planning Practice Guidance for Housing and Economic Land Availability Assessment 2014, paragraph 37**

6.17 On this basis, the Councils will need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.

6.18 **It is important to recognise that the identified OAN of 47,300 dwellings does not include the projected increase of institutional population, which represents a growth of 1,164 persons over the 20-year period 2011-31.** This increase in institutional population is a consequence of the CLG approach to establishing the household population[50], which assumes *"that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s"* on the basis that *"ageing population will lead to greater level of population aged over 75 in residential care homes"*.

6.19 **On this basis, if bedspaces in residential institutions in Use Class C2 are counted within the housing supply then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN).** If these bedspaces are <u>not</u> counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.

6.20 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

6.21 Although the institutional population is projected to increase by 1,164 persons over the Plan period (based on the CLG assumption that there will be a *"greater level of population aged over 75 in residential care homes"*), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.

6.22 **On this basis, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.**

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[50] Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Gypsies and Travellers

6.23 Planning Policy for Traveller Sites (PPTS) came into force in March 2012. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

> *This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.*
>
> **Planning Policy for Traveller Sites, paragraph 1**

6.24 An April 2015 High Court Judgement, '*Wenman v SSCLG and Waverley Borough Council*', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

> *"42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the requirement to "identify, and update annually, a supply of specific deliverable sites sufficient to provide five years' worth of sites against their local set targets" (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they "identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing".*
>
> *"43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting."*

6.25 The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.

Table of Figures