



<b>For:</b> (x) <table border="1"> <tr> <td>Executive</td> <td>X</td> </tr> <tr> <td>CLMT</td> <td><input type="checkbox"/></td> </tr> </table> <b>Meeting Date:</b> 25 <sup>th</sup> March 2013 <b>Report of:</b> Head of Planning & Transportation <b>Report author:</b> Kevin Owen	Executive	X	CLMT	<input type="checkbox"/>	<b>Agenda Item Number: 22</b>
Executive	X				
CLMT	<input type="checkbox"/>				

<b>Subject:</b> <u>Local Plan Update</u> (For Executive Only) <b>Lead Executive Member(s):</b> Sian Timoney <b>Wards Affected:</b> All	<b>Consultations:</b> Councillors Scrutiny Stakeholders Others	(x) <input type="checkbox"/> x <input type="checkbox"/> <input type="checkbox"/>
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### Recommendation

#### 1. That :-

(i) The evidence studies listed in this report be published on line;

(ii) The studies be treated as a material consideration for Development Management purposes until a draft new pre submission plan is prepared;

(iii) The Local Development Scheme be revised according to the proposed timetable and then be referred to full council for adoption before publication on line.

### Background

- Over the last 12 months the Borough Council has been preparing an evidence base in order to progress the local plan review. The new Local Plan 2011 to 2031 will cover a 20 year period and replace the existing Local Plan 2006 -11 which is becoming out of date. The National Planning Policy Framework (NPPF) requires plan preparation to be based on sound and objective evidence.
- The Localism Act 2011 requires that when preparing a Local Plan, local authorities must also cooperate (i.e. a 'duty to cooperate') with their neighbours in trying to address strategic cross boundary issues, including any unmet housing needs that arise within their administrative area. There must be clear evidence that this duty has been implemented by a local authority (although there is no apparent requirement for local authorities to agree) in order for a plan to be found sound.

### The current position

#### Report

- The key evidence streams (i.e. Housing, Employment and Retail) are now ready for publication on the Council's web site. The key findings of these studies represent an up-dated evidence base for the purposes of the new local plan and as such can be treated as a material consideration for Development Management purposes until a draft new pre-submission stage document is prepared. Further studies will be published on line as they are completed. Doing this will be critical to protecting the Council's position for Development Management purposes until the new local plan is prepared. This is because if the local plan is silent or out of date; more weight will

given to the National Planning Policy Framework for deciding planning applications.

### **Timetable Update**

5. The Local Plan timetable was set out in the Local Development Scheme (LDS) adopted in April 2012 and published on the Council's web site. The LDS originally envisaged that evidence would be progressed sufficiently to publish a Pre Submission Consultation draft Local Plan in March 2013 with:-
  - submission in August
  - Examination in December
  - Adoption in July 2014
6. However, some of the critical evidence work has taken longer than anticipated. In addition, there has been a significant complication in trying to resolve Luton's unmet housing needs with neighbouring authorities and these discussions are still on going. This will be critical to preparing a sound local plan.
7. This report therefore, proposes that a revised LDS timetable for the local plan be brought to the Executive for approval. This timetable change will need a revision to the Council's published LDS with more detail (including recognising the risks to delivery posed by 'duty to cooperate'). The revised LDS will subsequently require adoption by full Council and then publication on the Council's web site.

### **Summary of Evidence to be published on line**

8. Joint Strategic Housing Market study 2012 (Opinion Research Services; jointly commissioned with Central Bedfordshire published on line in November 2012)
9. This study was prepared jointly with Central Bedfordshire and has been published on Luton's web site since November 2012. The study examines two household forecast scenarios for Luton over the period 2011-2031. These are a 'trend migration forecast' scenario and a 'net nil migration' forecast scenario.
10. The 'trend migration' scenario indicates that Luton needs to plan for 11,000 households (rounded figures) over the period 2011 – 2031. Based on recent migration patterns, this scenario allows for the outward migration of approximately 10,000 Luton households into Central Bedfordshire over the plan period (i.e. those households who can afford to buy a property in the market).
11. If Luton only provided for locally arising needs (i.e. a net nil migration forecast showing natural increase in the population due to births and deaths), this would suggest the need to plan for 18,000 households. However, the NPPF requires Local authorities to plan for migration patterns and so the net nil figure can only be indicative to show the scale of demographic pressure the town is likely to face.
2. To deliver affordable housing needs (e.g. social rented and intermediate housing such as shared ownership) 60% of Luton's 11,000 dwellings would need to be secured as affordable housing (i.e. approximately 6,600 dwellings). This is more than Luton's likely overall housing capacity as set out below.

## **Luton's Housing Capacity**

3. Assessment work is ongoing to establish a precise housing capacity for Luton for the plan period. So far assessment has included examining potential housing sources through recycling vacant and underused land including older employment and commercial uses and low quality open space. Additional work has examined the role of existing and potentially new neighbourhood and district centres. The latest conclusion from this assessment is that the total housing capacity for Luton is likely to be about 6,200 dwellings. This work is based on provisional decisions about the use of land and buildings within a highly constrained town. The figure is therefore, consistent with the assumptions underlying the employment land review and assessments looking at the potential to convert empty office and business premises in the town centre.
4. Work will continue to refine the urban capacity figure including the assessment of industrial sites. The biggest remaining variable on this overall housing capacity figure is the outcome of ongoing discussions on the Power Court site. Previous housing assessments for the SHLAA have assumed this site will deliver a significant quantity of housing. However, recent discussions on the overall viability of this site indicate a substantially smaller amount of housing is likely to be brought forward as part of any mixed use scheme. If this happens, it may reduce the overall housing capacity below 6,000 dwellings.
5. The detail behind this assessment will be published alongside the Pre Submission plan (for Luton) to avoid unnecessary speculation about what may or may not be proposed for specific sites within the town. Nevertheless, the work indicates very limited capacity and is likely to result in a potentially large unmet housing need of around 4,800 dwellings over the plan period (compared against the trend migration scenario of 11,000 households).
6. The above evidence is and will continue to form the basis for the Borough Council's approach to 'duty to cooperate' and dialogue with neighbouring authorities on unmet housing needs. In particular, the urban housing capacity, when taken along side the other evidence, including on affordable housing viability, illustrates the very large unmet need for affordable housing which will not be capable of being addressed within Luton.
7. As part of this urban capacity work, a study has looked at the potential role of the town centre to accommodate mixed use employment and housing on vacant office and commercial property. This study will need to be assessed together with the other capacity work and published alongside the detailed urban capacity site assessments in due course.

## **Strategic Housing Land Availability Assessment (SHLAA) 2012 (published on line November 2012).**

8. The SHLAA examines potential supply of housing sites across the town based on committed sites (allocated sites and sites with planning permission) and those subject to planning applications. In consultation with the development industry and landowners, the SHLAA is updated and published each year. Previously the SHLAA was a joint study between Luton and Central Bedfordshire. Following the withdrawn Core Strategy each authority produces its own SHLAA. However, they are compiled consistently in accordance with national guidance. The sites are assessed with stakeholders according to criteria concerning site suitability, availability and achievability. Those sites which meet the criteria are set out in a 15 year housing trajectory. The SHLAA forms a key source for Luton's work on urban capacity of the town to accommodate housing.

### **Affordable Housing viability Study (3 Dragons consultancy)**

9. This study was not jointly commissioned however it uses 3 Dragons consultancy (who are nationally recognised) and they have also undertaken the viability study for Central Bedfordshire using the same methodology.
10. The Luton housing market operates differently from its neighbours, costs tend to be higher (e.g. clearances, industrial decontamination, site levels, access etc) and land values and house prices are relatively lower compared to the more affluent London commuter belt in Central Bedfordshire and Hertfordshire. As a result, viability of development is more marginal and so delivery of affordable housing is more difficult in Luton. In summary, the key messages from this study are:-
  - There is little evidence of the private sector delivering affordable housing in Luton over the last 4 years, indeed affordable housing that has been delivered is entirely down to some form of subsidy (e.g. the Council's Housing Joint Venture);
  - There is a propensity for market housing sites to come forward and be built out viably below the existing 15 dwelling unit threshold for affordable contributions (i.e. the current threshold in the existing Local Plan Policy H5 'Provision of affordable housing'). This is despite there being no cost advantage compared to schemes above 15 dwellings;
  - There is, consequently to above, no reason in viability terms, to set an affordable housing threshold at 15 dwellings in policy but rather a justification to seek contributions from all housing developments;
  - The highest residual land values are achieved with 2-5 bed houses at 35 dwellings per hectare (dph);
  - Large scale housing schemes are more viable than similar size flatted schemes;
  - A typical 35 dph housing scheme of up to 100 units could deliver up to a maximum of 10% to 15% affordable housing depending on the level of s106 contributions sought and the extent of site remediation required;
21. In addition to this assessment, the 3 Dragons consultants have included in their study some sensitivity testing using costs, transaction and land values which are being used to inform research for the establishment of the Community Infrastructure Levy. This work is being done by Nationwide CIL consultants (using Gleeds data). Running this data through the 3 Dragons affordable housing model suggests that a contribution of 20% to 25% may be achievable in Luton. However, this conclusion is very sensitive to cost assumptions, land price transactions, local builder self financing and labour practices. There is evidence that local builders are finding ways to bring forward viable and profitable schemes as evidenced by continued housing completions with a significant proportion of housing coming forward below the 15 dwelling threshold.
22. Both the 3 Dragons and Nationwide CIL research will form the material evidence on which to prepare a new local plan and new affordable housing policies. Officers recommend that on the basis of this evidence to date it would be reasonable to include a 20% affordable housing policy contribution together with no minimum size threshold. However, officers will continue to review any further evidence which becomes available to inform the local plan preparation

### **Employment Land Review study (Nathanial Lichfield & Partners)**

23. This study was not jointly commissioned but the methodology briefs were exchanged between

Luton and Central Bedfordshire to ensure a level of consistency.

24. Nathaniel Lichfield & Partnership undertook the previous joint Employment Land Review study for Luton and Central Bedfordshire, and are familiar with Luton's economic circumstances. The study considers that to secure sustainable future economic development of the town (to regenerate jobs and prosperity), Luton should aim to deliver in excess of 18,000 (rounded) jobs over the plan period which is achievable (based on an East of England Forecasting model and a review of recent and likely market activity in Luton) and Luton is well placed to do so. The key findings are that:-

- Luton needs to retain its main existing employment sites as far as possible, and to ensure that employment space is delivered on them within the plan period. It also needs to retain most of its older employment areas until such time as replacement sites become available;
- The EEFM job forecast of 18,000 (rounded) jobs between 2011-31 appears to underplay Luton's economic growth potential although it is one that it is likely to be achievable given recent development activity and planned infrastructure investment. Luton is important as an employment centre for the sub-region around it, so a higher target would help to maintain that role. Luton's key sites could accommodate a net increase of some 18,000 jobs (rounded) and potentially more although that figure assumes all sites come forward and are fully developed within the plan period. A judgment is necessary but following an enhanced growth based strategy above 18,000 jobs for Luton would allow for the greater contribution of airport growth than the EEFM figures currently predict;
- The NPPF aims to avoid long term protection of sites allocated for employment where there is no reasonable prospect of them being used for that purpose. The key un-developed sites are Century Park, Napier Park, Butterfield and potentially Junction 10a. The study concludes that all of these sites are of good quality and are likely to be developed in the plan period and should be retained to meet Luton's forecast needs;
- The study cites that Experian research ranks Luton within the top ten authorities for future employment and output growth supported by key infrastructure investment and airport growth;
- Luton currently provides some higher paid managerial and professional jobs for the sub region but also more traditional industrial and service sector jobs, particularly suited to its own workforce (e.g. air transport sectors, retail, healthcare and leisure);
- Luton should capitalise on its unique competitiveness within the wider sub region aided by existing and planned connectivity improvements (e.g. Junction 10a), strategic airport access and key office developments (e.g. Capability Green and Butterfield Green) which offer competitive rents in the M1/M25 market - and will be best placed in an economic upturn;
- Luton should ensure that cheaper industrial land is conserved in order to provide affordable work space for local firms and enterprise until new replacement industrial space is completed and the economy improves;
- The study also concludes that Luton should allow for some marginal amber sites to proceed for redevelopment for housing.

25. In determining planning applications affecting employment land, the Council will be able to take the study evidence into account as a material consideration.

#### **Retail Study (White Young Green consultancy)**

26. This study was not jointly commissioned but the methodology briefs were similarly exchanged between Luton and Central Bedfordshire to ensure a level of consistency. Consultants White Young Green were appointed to undertake this retail study refresh and they had also previously

prepared the 2009 retail Study for Luton and Central Bedfordshire (for the withdrawn Joint Core Strategy). White Young Green therefore, have a detailed knowledge of Luton's retail market.

27. The study sets out the future demand for retail floor space split by convenience (e.g. food) and comparison (e.g. clothes, electrical etc) goods. The forecast is based on population growth and consequent increase in available retail expenditure within Luton's retail hierarchy (Town centre, District and Neighbourhood and local Centres). The main messages from the study are:-
- Luton town centre is generally performing well in spite of the recession, with recent improvements increasing its attractiveness (e.g. Mall and St Georges Square) although parts of the town centre are under utilised;
  - Luton town centre is under represented in convenience retail and while it has good representation in comparison goods multiple retailers, there is a particular need to increase market share and competitiveness for comparison goods in the face of stiff competition from rival centres;
  - The majority of the existing District Centres, proposed Neighbourhood Centres and other local centres are also faring well in serving communities and complementing the town centre and some have good potential to accommodate further community uses;
  - There is a reasonably high containment of main and top up convenience shopping within the Luton boundary with Dunstable the only material influence, however, there is a need for further convenience retail floor space in Luton to increase market share by 4% because of increased expenditure, over trading, and need for competition and choice;
  - For comparison goods, there is scope to increase the market share to recover leaked shopping trips currently largely caused by the strength of regional competitors beyond the study area such as Milton Keynes and Watford. By 2017 the Northern Gateway and Power Court could deliver this step change;
  - Support for some modest amount of convenience retail floor space, at Napier Park to secure regeneration, provided that the quantum does not undermine the delivery of sequentially more preferable sites;
  - Support for a modest amount of convenience floor space at Marsh Farm by 2017 to complement a qualitative need for retail and delivery of a District Centre for regeneration;
  - A modest convenience retail allocation for Birdsfoot Lane (South) to facilitate and upgrade to Neighbourhood Centre status; and
  - Remaining convenience and comparison floor space capacity to be met in accordance with the key policy tests relating to the sequential approach to site selection and impact.
28. In determining planning applications affecting retail development and floor space, the Council will be able to take the study evidence into account as a material consideration.

## Conclusions

29. The above key studies will provide valuable objective market evidence to strengthen plan preparation and the council's development management position under the existing local plan policies. Additional studies are also nearing completion on other necessary parts of the evidence base for plan making, and the Council will publish these as they become available.

## Goals and Objectives

30. To ensure the preparation of a sound local plan which is based on up to date evidence and policies. This will help to ensure that the future housing and employment needs of the Borough are met without the risks associated with town cramming and that any unmet needs are

addressed though the 'duty to cooperate'.
<b>Proposal</b>
31. That the evidence which is proposed to be published is published in accordance with this report and subject to the caveats, in order to protect the Council's position and that a revised timetable be endorsed in order to progress a sound local plan.
<b>Key Risks</b>
32. The Borough Council can choose not publish evidence or revise the timetable. However under the Localism Act 2011 this may result in the preparation of an unsound local plan for Luton by failing to ensure that it is based on objective up to date evidence. An unsound plan would leave the Council vulnerable to the 'presumption in favour of sustainable development' under national policy, which may lead to planning decisions being made without adequate attention to local concerns'.
<b>Consultations</b>
<b>Appendices attached: None</b>
<b>Background Papers: None</b>

## IMPLICATIONS

For Executive reports

For

CLMT Reports

- grey boxes must be completed  
Clearance is not
- all statements must be cleared by an appropriate officer  
required

		<b>Clearance – agreed by</b>
<b>Legal</b>	There are legal implications for the Borough Council under the Localism Act 2011 which requires the Council to prepare a local plan that is evidence based in order for the plan to be found 'sound'. The plan timetable will need to respect the 'duty to cooperate' with neighbours on meeting unmet housing needs.	John Secker, Legal Services
<b>Finance</b>	While there are no immediate financial implications arising from this report, the proposed new system of local government finance means that this Development Strategy will have a significant long-term financial impact on Luton. The comments made in relation to Luton's needs are very important to its financial position, as the maintenance of Luton's retail hierarchy and further urban regeneration will be essential for the Council's financial position in future. This is because the government is proposing a new financial system in which authorities retain a proportion of new business rates income to replace grant currently received by the Council.	Darren Lambert, Finance Manager for Environment & Regeneration on 7 <sup>th</sup> March 2013.

<b>Integrated Impact Assessment (IIA) – Key Points</b>		
<b>Equalities/ Cohesion/Inclusion (Social Justice)</b>	There are no direct equalities implications. However, as the plan evidence is used to shape the local plan and development management decisions, there will be direct equalities implications and these will be addressed through a sustainability appraisal and strategic environmental appraisal.	Agreed; Sandra Legate Equality and Diversity Policy Manager 8 <sup>th</sup> March 2013.
<b>Environment</b>	There are no direct environmental implications. However, as the plan evidence is used to shape the local plan and development management decisions, there will be direct environmental implications and these will be addressed through a sustainability appraisal and strategic environmental appraisal.	Agreed by the Strategy Sustainability Officer on 8 <sup>th</sup> March 2013.
<b>Health</b>	There are no direct equalities implications. However, as the plan evidence is used to shape the local plan and development management decisions, there will be direct equalities implications and these will be addressed through a sustainability appraisal and strategic environmental appraisal. It is also advised that a Health Impact Assessment is undertaken for very large developments.	Chimeme Egbutah (Advanced Health Improvement Specialist) 8 <sup>th</sup> March 2013.
<b>Community Safety</b>	There are no direct community safety implications. However, as the plan evidence is used to shape the local plan, there will be direct community safety implications and these will be addressed through a sustainability appraisal and strategic environmental appraisal.	Vicky Hawkes 07/03/13
<b>Staffing</b>	There are no staffing implications.	
<b>Other</b>	None	

**FOR EXECUTIVE ONLY - Options:**

Not to agree the recommendations within the Report