

## **MATTER 21 – THE OBJECTIVE ASSESMENT OF HOUSING NEED ('the OAN') AND THE HOUSING REQUIREMENT**

**ED194: The 2018-based household projections and Objectively Assessed Need (OAN) paper from North Herts District Council (NHDC)**

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### **a) Introduction – the role of Opinion Research Services (ORS)**

- 1) In my original representation on Matter 21 earlier this year I made the point that as a non-statistician it is very difficult to criticise the methodology from Opinion Research Services which is described as an 'independent social research practice that works with the public, voluntary and private sectors across the UK in areas of research covering a wide range of social issues including housing'.
- 2) However, in the light of their latest work on behalf of North Herts District Council (NHDC) on the new Office for National Statistics (ONS) 2018-based population and household projections I have changed my view considerably.
- 3) The manner in which ORS has approached this latest matter has left me with a deep feeling of unease about their impartiality, objectivity and accuracy. I now feel that their very close relationships to local councils – and in our case – NHDC – renders them susceptible to producing figures/projections that suit the council rather than providing a meaningful and robust set of statistics that we as a wider community can trust. I will demonstrate this in the ensuing pages.
- 4) I start with answers to the questions posed by the Inspector. This will be backed up with detailed explanations and calculations in the three Appendices that are attached to this paper.
- 5) Appendix A deals with the analysis of the North Herts OAN figures; Appendix B is a tabulation that sets out the different housing scenarios for North Herts that result from differently calculated OANs; Appendix C covers the analysis of the Luton OAN.

### **Inspector's Query 21.1 Has the revised Objectively Assessed Need (OAN) figure for North Hertfordshire been arrived at correctly/on a robust basis and are the key assumptions made reasonable?**

Answer: No most certainly not for a number of important reasons. Firstly, for sound statistical reasons the 10-year migration trend chosen by ORS is the most ill-suited of all the variants to project forward beyond the year 2020. The ORS assertion that the 10-year trend data should be employed is not proportionate or indeed relevant to the evidence and is not methodologically robust. We offer detailed reasons and calculations showing that the better ONS variants to employ are either the Principle Projection (2-year migration trends), or the 5-year migration trend. Both of these 2-year or 5-year trends produce much lower indicative housing numbers than the ORS calculation.

Secondly, the ORS methodology adds 1,470 houses to its indicative total through statistical reasoning and analysis that is deeply flawed for the reasons we give. These extra 1,470 houses should not be added at all.

Thirdly, ORS adds a 10% Market Signals uplift without much in the way of explanation except that it has done so before. We argue, and give sound reasons for our argument, that a negative Market Signals downgrade should be applied to reflect the current economic situation in the UK and the difficult housing market.

Fourthly, our analysis of their figures seems to indicate either a desperately poor explanation, or – what does seem more likely - some extra counting which needs to be explained clearly and, if found wanting, corrected. Essentially, ORS states that a 10% Market Signals uplift is not sufficient and that at least 17% would be needed to correct past housing shortcomings. We don't agree with this statement as a matter of principle, but close scrutiny of their figures shows that they have added the 10% and then a further 17%, rather than what they describe which should be 10% plus a further 7%. All this serves to ratchet up the housing numbers.

For all these reasons we state categorically that the OAN for North Hertfordshire has not been arrived at correctly/on a robust basis and the key assumptions are not reasonable and are open to serious challenge.

#### **Inspector's Question 21.2:**

##### **Has there been a 'meaningful change' in the housing situation in North Herts?**

Answer: Yes. As the draft Local Plan OAN is 14,000 houses, a drop to between 6,318, or 6,690, or 7,061, as I suggest, represents a 'meaningful change.' It is also a 'meaningful change' compared to the previous October 2019 OAN calculation of 12,900.

#### **Inspector's Question 21.3:**

##### **If there has been a 'meaningful change' in the housing situation in North Hertfordshire, should the Local Plan's housing requirement be modified to reflect it?**

Answer: Yes. The meaningful change is so large that it must be implemented. The ORS conclusion that the Market Signal is +10% is neither proportionate to the evidence, nor methodologically robust. A Market Signals rate of -20% has merit given the severe economic conditions that are with us now. But the economy should grow again in the mid-term and therefore a mid-range between -5% to -15% using the ONS 5-year trend variant is suggested. This would give a final NHDC OAN of between  $7433 \times 85\% = 6,318$  (-15%MS); or  $7,433 \times 90\% = 6,690$  (-10%MS) or  $7433 \times 95\% = 7,061$  (-5% MS). All of these figures are considerably lower than the 11,500 houses suggested by the ORS paper.

#### **Inspector's Question 21.4 – Has the indicative OAN figure for Luton been arrived at correctly/on a robust basis and are the key assumptions made reasonable?**

Answer: The ORS methodologies are not robust and include aspects that are impenetrable and incorrect. Fundamentally, Market Signals should be downgraded to reflect the challenging economic and house purchasing environment that looks set for a number of years. This would mean that the inappropriate ORS standard 10% uplift should be dropped and replaced with a range (as offered) of downgraded Market Signals from -5% -15%.

The selection by ORS of the ONS 10-year migration variant plus its Market Signal uplift, and dubious sensitivity analysis is pretty much the only scenario that results in NHDC possibly having to provide housing on the Green Belt on the east of Luton sites to help meet Luton's unmet needs. All the other scenarios that are offered discount this possibility comprehensively.

**Inspector's Question 21.5 - In the light of this, has there been a 'meaningful change' in the housing situation in Luton?**

Answer: ORS argues that under its analysis and with an OAN of 16,700 representing a 6% change from the Luton Local Plan's 17,800 this does not represent a 'meaningful change'. My paper shows that taking any of the proposed alternatives including even those using the ONS 2018 10-year migration variant with Market Signal downgrades results in percentage ranges of a 53% change through to 63%. Using the ONS 5-year migration projections and with negative Market Signals applied results in percentage changes ranging from 39% to 47%

All of these scenarios presented definitely result in a 'meaningful change'.

**Inspector's Question 21.6 - If there has been a 'meaningful change' in the housing situation in Luton, should the East of Luton sites be modified or deleted from the Local Plan?**

Answer: In all of the scenarios offered in my paper, only one has some theoretical need of a contribution from neighbouring authorities that might result in the East of Luton sites being called upon to provide some houses. Of the other scenarios shown, the unmet need is so low that either Central Bedfordshire (as the first port of call as recommended by the Luton Inspector) will be well able to provide all of the housing required, or alternatively, Luton's own minimum house building of 8,500 will cover all of the shortfall.

Furthermore, the analysis of OANs and unmet needs is thrown into considerable confusion because of the actual high over-delivery of housing from within Luton itself that renders any unmet need to be non-existent under most analyses and almost non-existent on one.

The revised Statement of Common Ground (SOCG) of July 2020 signed between NHDC, Central Bedfordshire Council and Luton Borough Council, as was requested by the Inspector, is a worthless piece of self-serving paper. It simply states that all three Councils agree that the revised OAN suggested by ORS shows that this results in there not being a meaningful change in the housing numbers required for Luton. My analysis shows that to be very clearly untrue. Furthermore, the Inspector asked the three Councils in this SOCG to also include in the document the requirement to set out the need for housing which cannot be accommodated in Luton based on the adopted Luton Local Plan. This they have not done.

Even if you take at face value the ORS analysis which shows a smaller reduced unmet need for Luton of 8,200 (instead of 9,300), this has serious implications for two of the three councils. This new lower figure would result in Central Bedfordshire being required to provide its 7,350 houses as the first port of call (as clearly stated by the Inspector who examined and approved the Luton Local Plan), leaving 850 as the residue to be picked up by NHDC. NHDC cannot build just 850 houses on the east of Luton sites as this would fall seriously foul of Herts County Council's policy statement that the proposed east of Luton

sites have to self-sustaining in terms of secondary school provision. It states that the only way that it can sanction capital expenditure for secondary school provision on the east of Luton sites is if the entire 2,150 houses are built.

In the SOCG, the Inspector also asked all three councils to provide comparative figures based upon the most up-to-date information set out in the 2018-based projections and set out conclusions on what this means for both the NHDC and the Central Bedfordshire Local Plan examinations. Again, they have not done this.

It is worth adding at this point that in Matter 22 there will be a discussion of a new development from NHDC in relation to the east of Luton sites that is buried in their supporting paper (Housing delivery and five-year housing land supply as 1 April 2020). In paras 31 and 32 of that paper NHDC is now suggesting that only 1,400 houses will be able to be built on the east of Luton sites through to 2031. They now regard the potential delivery of these houses to be a buffer site to give surety of supply to ensure the delivery of the planned housing needs for North Herts. Whatever happened to the unmet need from Luton that these houses on the east of Luton sites have always been planned for? Why suddenly are these proposed houses now meant to be for North Herts? Given, as stated above, that there seems no realistic way in which North Herts can possibly just build 1,400 houses in this area due to the Herts County Council secondary school ruling, in the circumstances, and as shown in Appendix B, I now feel it realistic to remove these 1,400 houses from any North Herts housing consideration.

As a final point it is frankly shocking that in order to continually pursue its relentless stated aim of building the 1,950 houses to the east of Luton to meet the supposed unmet housing needs of Luton, NHDC has never (in all documentation we have seen) done due diligence to take any notice of Luton's past house building track record, current build rates, new developments and brownfield sites earmarked for future housing use, which renders the unmet need as largely disappeared. This is a shameful dereliction of duty and a worrying demonstration of why the Government is intent, in its new Planning White Paper, to abolish the Duty to Co-operate. The antics of NHDC demonstrate clearly that the principle of the Duty to Co-operate has been hijacked by this lamentable council.

Therefore, there is no need for any housing contribution from the east of Luton sites on the Green Belt and consequently these sites should be deleted entirely from the Local Plan.