

**North Hertfordshire Local Plan
Further Examination Hearings
Matter 21**

Monday 28th September 2020

Supplementary Statement

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On Behalf of CPRE Hertfordshire**

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Introduction

1. This statement has been prepared by Jed Griffiths MA DipTP FRTPI on behalf of the Campaign to Protect Rural England, Hertfordshire (CPREH). It has been compiled in response to an invitation by the Examination Inspector to submit additional material to the further hearing sessions to be held in September/October 2020. The statement addresses the issues and questions raised under Matter 21 – The objective assessment of housing need (the “OAN”) and the housing requirement.
2. An earlier statement on this matter was submitted to the examination in advance of the hearings which were scheduled for March 2020, but which were postponed. As recognised by the Inspector in his guidance notes, the context for the OAN has been changed by the publication by the Office for National Statistics (ONS) of the 2018-based population and household projections. This paper therefore addresses the revised issues and questions raised by the Inspector under Matter 21, and the North Hertfordshire Council’s response in examination document ED191A. Where appropriate, cross-reference will be made to the previous statement made by CPREH, and to earlier representations made to the examination.

Q21.1 Has the revised OAN figure for North Hertfordshire been arrived at correctly/on a robust basis and are the key assumptions made reasonable?

3. CPREH has given detailed consideration to the Council’s response to the Inspector’s letter of 9th July 2020 (sent jointly with colleague Inspectors for the Central Bedfordshire Local Plan). The Council’s views (In ED191A) set out their position in terms of the latest ONS projection and its implications for the Local Plan. As detailed below, CPREH has a number of concerns about the revised OAN and the assumptions made in its calculation.
4. In paragraph 8 of ED191A, the Council state that a total of 6,400 households are projected for the period 2011 – 2031 (320 per annum), yet paragraph 9 states that there is a need for 11,500 dwellings. Further, in paragraph 10, there is a table which uses a completely different ONS projection, based on a variant – the “ONS 10-year migration trend”. This produces a total of 8,638 additional households for the same 2011 – 2031 period (around 30% higher than the figure in paragraph 8), without any explanation. The background is found only in Appendix 1 to the statement, produced by ORS, the Council’s consultants.

5. The paper continues, in paragraph 11, to state that “necessary adjustments and allowances to the ONS projection (the variant, not the principal ONS projection) have been made. Again, no explanation for this is given in the statement.
6. In previous submissions to the examination, CPREH has expressed its concerns about the migration assumptions used by the Council in its projections of housing need. The Inspector is referred to Appendix 1 of ED191A, where figure 2 shows a table which compares all of the various projected figures from four sets of official projections going back to 2012. The highest, by far, of these is the ONS 10-year migration projection, which covers the period 2008 to 2018. CPREH is concerned that this is the projection which the Council now advocate as the basis for calculating housing need, despite the fact that it is the projection that diverges the most from the principal ONS projection. There must also be serious doubts about the realism of the Council’s choice, and the soundness of using a projection in the aftermath of the 2008 recession as a basis for projecting household formation rates to 2031 and beyond.
7. Whatever misgivings that North Hertfordshire, Luton, and Central Bedfordshire Councils have about the principal ONS projection; this should be the most appropriate basis for determining housing needs. It is surely superior to a variant which simply fits better with the numbers in the submitted local plans. The variant also appears to be aligned with the aspirations of the Councils for development of the site allocations which in many cases have been negotiated with site promoters and developers.
8. By using the projection which gives more weight to historic migration patterns, the Councils are already factoring in some of the household formation characteristics that they subsequently add in to adjust the projection. These adjustments include concealed households, affordability, and “market signals”. This process results in double-counting and inflation of the projection. It is a strong reason why the Councils should be using the principal ONS projection as their “starting point “, in line with the 2012 NPPF and associated planning practice guidance.
9. It is clear that the overall approach to the calculation of the OAN is highly challengeable. In CPREH’s view, the use of the extreme variant of the ONS projections carries the risk that the three local plans will be incompatible with future reviews of plans in neighbouring areas. In turn this is likely to generate pressures for excessive levels of development in a sub-region which is constrained by Green Belt, an Area of Outstanding Natural Beauty, and other environmental factors.

10. There are other more detailed factors which affect the robustness of the calculations. For example, paragraph 11 of Appendix 1 states that higher mortality amongst the elderly is off-set by “a reduction in migration”. The principal ONS projection, however, shows a reduction of “in-migration”, so there is no off-setting. Consequently, there is a fall in population and a reduction in the number of households.
11. In the section of Appendix 1 on population age groups, paragraph 22 notes a 9% reduction (8,000 residents) in the 16-64 age groups, and a 10% reduction (3,400 residents) in the 65+ range in the period to 2031. Rather than concluding that these figures will translate into fewer households, and lower dwelling requirement, ORS state that it “would lead to a shortfall of workers.” CPREH challenges this assumption, especially in view of the current economic crisis and the changing patterns of working, and other uncertainties arising from Covid 19 and Brexit. In these circumstances, it is surely irresponsible of the Council to promote the development of thousands of houses on Green Belt land seemingly in order to promote the in-migration of workers into the District. This component of the calculation of housing need is clearly not justified, even if there were an economic justification, which is not evident from the ORS report.
12. There are further concerns about so-called “concealed households”. In paragraph 28 of Appendix 1, ORS argue that if more affordable houses had been built in the early 2000’s, the household formation rates of the 1990’s would have continued beyond 2001. This would mean that 797 concealed households should now be added to the housing need figures. No evidence has been provided, however, of any such households in the District that have both wanted to occupy a separate dwelling in North Hertfordshire and have failed to do so because of a lack of housing. The assumption about concealed households is entirely theoretical. Even if were true, there is no justification for assuming that 100% of these households both still exist and still require a separate dwelling, and have been unable to do so since 2001.
13. The claim about concealed households is compounded in paragraph 30 by adding in a further 673 households for the period to 2031, using the same assumptions as above. Thus, in paragraph 31, a total of 1,470 households are added to the already inflated variant projection.

14. In summary, CPREH are extremely concerned that the Council are attempting to justify an excessive calculation of the OAN, in that they are arguing for a return to household formation rates similar to those in 2001. This approach is surely unsound because it assumes both a desire and an ability of new households to form, when the people potentially forming households are from a completely different generation, within an entirely different social and cultural context.
15. The final section of the ORS report in Appendix 1 (paragraphs 32 to 42) on adjusting the housing need calculation is of particular concern, particularly the conclusions in paragraphs 40 and 41. These show that the result of the ORS approach gives a figure for housing need which is 80% higher than the main ONS projection, and 33% higher than the Council's own preferred use of the highest variant ONS projection.
16. Part of the reason for this considerable increase is the addition of a 10% "market forces" uplift, which must be questionable given the current economic circumstances. Adding to this adjustment an even higher allowance for the assumed, entirely theoretical, historic suppression of household formation clearly includes double counting.
17. A level of 80% above the main ONS projection is self-evidently excessive and unacceptable, even given the current social and economic context within which the Local Plan Examination is taking place. Acceptance of such an extreme estimate of housing need would, in effect, ignore the latest "meaningfully changed" context, and would render the plan unsound. The Council should have generated a realistic calculation of housing need based on the principal, not the highest variant, ONS 2018-based household projection, with evidence-based adjustments to reflect the housing market area.

Q21.2 In the light of this, has there been a "meaningful change in the housing situation" in North Hertfordshire?

18. In its earlier paper, produced for the March hearings, CPREH expressed concern that the Council, in paper ED171, had not considered the ONS 2016-based household forecasts to be a "meaningful change". The Council's interpretation, however, was based on a reduction of 6.3% compared to the 2014-based ONS projections, not the figure on which the Local Plan had been based, which was a difference of over 20%.

19. CPREH is pleased to note that the Council, in paper ED191A, accepts that the 2018-based household projection does represent a “meaningful change” compared to the 2014-based projection. The position is summarised in paragraphs 13 and 14 of ED191A, where a reduction of 11% is acknowledged. Although this is welcome, CPREH considers that the true reduction remains at more than 20%.

Q21.3 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?

20. It is agreed that there has been a “meaningful change in the housing situation”, but in the view of CPREH, the change is far greater than that which is claimed by the Council and its consultants in ED191A. As stated in its earlier paper on Matter 21 (paragraphs 7 and 8), CPREH believes that the Local Plan housing requirement should be reduced. There should be a set of Main Modifications which focus on the removal of those sites which make a “significant contribution” to the Green Belt, for example proposed sites GA1 and GA2 at Great Ashby and north east of Stevenage, and site KB4 at Knebworth. These would be removed as well as the deletion of the site allocations to the east of Luton. These points are dealt with in more detail under Question 21.6 below and in the response to Matter 22.

Q21.4 Has the indicative OAN figure for Luton been arrived at correctly/on a robust basis and are the key assumptions made reasonable?

21. CPREH has carefully considered the Council’s response to the Inspector’s questions about the OAN figure for Luton Borough, as set out in paper ED191A. A detailed review of the population and household projections by ORS is attached as Appendix 3 to ED191A. A table at Figure 1 of the Appendix gives a comparison of the numerous projections made for the period 2011-2031. The table includes three variants of the ONS 2018-based projections, which are summarised in paragraph 4 of the Appendix. This notes that the 2018-based projections are “considerably lower” than previous official projections, with the principal projection showing a growth of only 3,775 households for the period 2011-2031., an average of 189 per annum. From other sources, it is also apparent that, using the ONS projection, the annual average annual housing need for Luton for the period 2020 to 2030 is only 24 dwellings (a total of 236 for the ten-year period). Similarly, the projection for Luton for the period 2018 to 2036 is for an annual average increase of only 41 dwellings (a total of 743). All of these figures are substantially less than the housing need requirement in the adopted Luton Local Plan.

22. Despite the observation made in paragraph 4, ORS then goes on (paragraphs 6-9) to argue that longer term migration rates should be used in the calculation of household projections. In paragraph 7 of its report, ORS states that the main ONS projection is “too low”. It seems that this is just the opinion of ORS and their clients’ wish to justify their past assumptions. No firm evidence is presented to show that the main ONS projection has inbuilt errors on such a scale that would bridge the gap between it and the highest variant produced by ORS. CPREH rejects the approach taken by ORS, for the reasons stated above in paragraphs 6-9 of this statement. The ONS assumptions in its principal projection, although based on trends over two years, are far more realistic and reflect changes in migration patterns which are likely to continue.

23. The second part of Appendix 3 contains a detailed discussion of household formation in Luton, with a comparison of ONS and CLG household representative rates for the period 2011-2031. To establish the impact of each set of household projections, ORS undertook sensitivity testing, summarised in Figure 4. In paragraph 22, the consultants conclude that “it is likely” that the official projections published by ONS were too low, given the extent of suppressed household formation in Luton, and the reliance on data from the 2001 census.

24. In paragraph 23 of Appendix 3, ORS states that “we believe that the 17.5% higher adjusted calculation provides the best basis for considering whether there has been a meaningful change”. CPREH would wish to emphasise that this assumes that the ONS projection is less reliable than the previous CLG and the 2001 census was inaccurate. There is no quantifiable evidence that these assertions are true, which casts doubts on the Council’s view that there has been no meaningful change of housing needs in Luton.

25. The overall conclusions, set out in paragraphs 24-26 of Appendix 3, are therefore challengeable. Although it is acknowledged that the “starting point” for establishing need has reduced considerably (from 14,349 households to 3,775), the report concludes that projections based on long-term migration changes and take account of changes to the household formation method “provide more consistency”. Taking into account these factors, adding a questionable “market uplift” assumption of 20%, a housing need of 16,638 dwellings is suggested. On that basis, the full OAN would be 16,700 dwellings for the period 2011-2031. Compared to the OAN of 17,800 dwellings, which was the basis for the Luton Local Plan, there is a reduction of “only 6%”, which ORS do not consider to be a “meaningful change”.

26. In the view of CPREH, this conclusion is flawed, because of the questionable assumptions which have been made by ORS in the calculations. As described above, these include the use of long-term historic migration rates (based on the Luton SHMA of 2015), theoretical assumptions about household formation, finally adding in an inflated figure of 20% for “market uplift”.

Q21.5 In the light of this, has there been a “meaningful change in the housing situation” in Luton?

27. In view of the doubt over the assumptions made by ORS in its calculations, it is astonishing that the Council consider that no change to its spatial strategy is required in relation to the unmet housing needs of Luton. The evidence from the 2018-based ONS projections clearly shows that there has been a “meaningful change in the housing situation” in Luton. The trends underlying the projections, based on the two-year period 2016-2018, are clearly continuing and cannot be dismissed as short-term patterns, as argued by ORS.

Q21.6 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?

28. It is the firm view of CPREH that the sites to the east of Luton should be deleted from the North Hertfordshire Local Plan. Despite the Memorandum of Understanding between the three local authorities, the “unmet need” argument can no longer be justified. This will be raised in more detail by CPREH in the hearing sessions on Matter 22.

Final Point

29. In the view of CPREH, the approach to housing land supply recommended by ORS and the Council is similar to the way that the government, in the Planning White Paper and consultation on Changes to the Planning System, is seeking to re-write the standard methodology so that it fits the arbitrary target of 300,000 dwellings per annum. It seems that once a course of action has been fixed, then all the assumptions and analysis are “retrofitted” in a dogmatic and determined fashion, so that no further changes have to be made to the housing strategy in the Local Plan. This ignores the fact that the evidence base and wider contextual circumstances have changed radically since the submission of the Local Plan.

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Hertford

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