

Latest Version
Response to Local Plan Updated Schedule
Further Matters, Issues and Questions Aug 2020
NHDC ED194
By R F Norgan and C K Peers

Foreword

ORS constantly state that their work is proportionate to the evidence and is robust.

Instead the ORS and the NHDC aim seems to be the maximisation of the number of houses built despite the evidence.

A General Point. It is environmentally damaging for HMG via the ONS data to direct local authorities to build a set number of houses irrespective of the availability or otherwise of suitable sites (eg brown field) when the population increase (N Herts) derives from migration rather than from natural local growth (birth v deaths).

NHDC has very few suitable sites.

Matter 21

**21.1 Inspector's Query 1,
The ONS household projections**

NHDC is advised by Opinion Research Sciences (ORS) in the calculation of the OAN both for NHDC and for Luton.

The starting point for calculating the OAN is the ONS 2018 household projections. However, the ONS give several different projections called variants. The major difference between the variants is how they treat migration.

The main variants are the Principle projection, the Low and the High International Migration projections and the 10 year International Migration trend projection. ORS chooses the 10 year migration trend variant.

There are several reasons why the ORS choice is not the right one. The 10 year trend variant averages migration over the last 10 years and projects that average forward. Thus the year 2009 (11 years old) adds as much weight to the average as the latest year 2018. Consequently if

migration is changing rapidly when the choice of variant is made (Sep 2020) – as it currently is (see Appendix B) - the 10 year average will smother the changed situation with 10 years of historic conditions very different from present conditions.

Hence, in choosing which ONS variant to employ the variant with the shortest migration trend time is to be preferred in order to more reflect the current and future change in migration. Both the Low Mig and the Principle variant employ 2 year internal migration trends and 5 year international trends.

For this reason alone the 10 year trend variant is the most **ill suited** of all the variants to be employed to project forward beyond the year 2020.

The ORS conclusion that the 10 year trend data should be employed is NOT proportionate to the evidence and is not methodologically robust.

For this reason the Plan is unsound.

So which of the ONS variants should be chosen?

It might be thought that the Principle projection would be the safest choice. However, as can be seen by Fig 4 of the ORS NHDC paper in ED191A international migration to north Herts is very low (circa 8.6% of inter UK migration). Consequently the ONS Low International Migration variant is the more suited choice.

The above argument applies equally to Luton as to NHDC OANs

Over the period 2011 – 2031 the ONS Low International Migration variant for north Herts is 5720.

Thus 5720 is the starting point for the calculation of the Plan OAN.

ORS Household Formation paras 26 to 29 NHDC document.

ORS maintains that 797 insufficient homes (suppressed housing) were provided in the period 2001 to 2011 and that these homes should be provided for in this Local Plan.

ORS also maintain that a further 673 homes (arising from 2011 onwards) were and will be needed for the same reason in the period 2011 to 2031. The ORS calculation for the 673 houses employs the 10 year trend variant (see comment under Q1) and seems to be based on the data shown in Fig 12. That data comes from the CLG with no link given to its source and is therefore not relevant beyond Jan 2017.

- 1) If these 797 (plus 673) homes are now needed as ORS maintains why were they not mentioned in previous ORS papers such as that of Oct 2019 which provided for the calculation of the OAN in ED171 or, indeed, for the calculation of the OAN for the original Local Plan (2017) document.

If the need was not present in 2017 and Oct 2019 then it cannot be present now in Aug 2020 as no relevant new circumstance has arisen in between.

Conversely, if this 'suppressed' housing was relevant in ED171 then ORS were incompetent in not including it in their contribution to the OAN - in which case the general competence of ORS comes into question.

- 2) The ORS calculations given in fig 13 omit the effects of age groups of greater than 40. The effect of higher age groups might negate that of the lower age groups.

This missing data makes the ORS conclusion unreliable.

- 3) It cannot be assumed that because some young men do not become the 'head' of a household it is because a house was not available.

There are almost certainly a multitude of other reasons for their decision.

- 4) Market forces would have corrected any actual shortage of houses (should it have existed) since 2001.

UK developers are sitting on land with planning permission enough to build circa one million houses so if the 1470 houses were needed they would have been built somewhere (see my Foreword).

Inter UK migration constantly corrects local imbalances in the availability of houses between different local authorities, as it would have done in North Herts from 2001 onwards.

ONS 2018 population projections for local authorities tell us that from 2018 to 2031 the natural growth of North Herts is -310 persons - in other words a drop. On the other hand net migration, both international and inter UK, adds 2217 to the North Herts population. The point being that these 2217 migrants do not have a specific need to go to North Herts. If the houses were not available in North Herts they just went elsewhere.

By far the greater part of increasing North Herts population is inter UK migration (Figs 3 and 4 of the NHDC ORS paper (ED191A) show that to be the case).

The 'suppressed' housing described by ORS does not exist today, if it ever did. Thus no addition should be made to the chosen ONS household projection variant.

The ORS conclusion is NOT proportionate to the evidence and is not methodologically robust.

For this reason the Plan is unsound

Market Signals.

ORS apply a +10% uplift as a consequence of market signals.

ORS does not give justification for that uplift other than the same uplift has been applied in previous years and by other local authorities. (ORS NHDC para 40).

This level of Market Signal is not correct. Thus the Plan is unsound.

The Market Signals that are most relevant to day stem from the Covid 19 outbreak and the resultant Lockdown. Some of them are listed in Appendix A.

These predictions together indicate a down-turn in the house purchasing power of the UK public and in the number of potential buyers...

Market Signals on the need for new houses are strongly negative. The present boom in house buying and selling is merely a function of a lower stamp duty and does not indicate a greater need for more houses.

I place the Market signal effect at a very conservative minus 10%.

The ORS conclusion that the Market Signal is +10% is neither proportionate to the evidence nor methodologically robust.

Thus the ONS Low Mig variant after 10% deduction gives an OAN of 5148.

This figure is inline with the expected increase in population by ONS of the East of England at 5% over 10 years from 2018. Over the 20 year Plan period that rate of increase calculates to be 5325 units.

This comparison justifies the selection of the ONS Low Migration variant and a -10% market signal.

On the other hand the Council aims to build (mostly on the Green Belt) at almost 3X (14,650) the East of England growth rate.

ORS Key Choices

The key choice by ORS of the 10 year trend ONS variant on which to base the OAN calculations is unreasonable.

The key choice to assume a 'suppressed' housing deficit is unreasonable.

The key choice that market signals indicate an uplift of 10% is unreasonable.

Question 21.2

As the previous OAN was 14000 houses a drop to 5148 represents a 'meaningful change'.

Question 21.3

The meaningful change is so large that it must be implemented as a lower Local Plan housing requirement.

Question 21.4

The indicative OAN figure for Luton has not been arrived at correctly.

The arguments given in 21.1 determines that the ONS Low International Migration variant should be chosen of the ONS variants for Luton.

The Luton ONS Low Mig variant gives an increase of **1696** over the Plan period (however the ONS Principle population projection shows a FALL in the Luton population of 9958 between 2018 and 2031, which presumably indicates a fall in the equivalent number of households???)

The figure is subject to the same market signals as described in 21.1 (-10%) above to give a Luton OAN of 1526.

It is appreciated that the Luton OAN is set at 17,800 by their adopted Local Plan but it would be entirely wrong of NHDC to ignore the changed circumstances generated by the 2018 ONS data and worsened market conditions (giving an indicative OAN of just 1526) at the expense of destroying North Herts Green Belt.

As the Luton Local Plan accommodates a build of 8500 houses (they are actually on course to build 13,000) within the borough it follows there is no unmet need.

Even if there were an unmet need the Inspector who approved the Luton Local Plan made it plain that Luton unmet need should be met by Central Beds CBC and not NHDC.

Indeed, with the capacity to build 8500 in Luton and an OAN of just 1526 Luton has the capacity to take the unmet need of North Herts (the reverse situation than before) where building might otherwise be on North Herts Green Belt land.

The key choice by ORS of the 10 year trend ONS variant on which to base the Luton OAN calculations is unreasonable.

The key choice that market signals indicate an uplift of 10% is unreasonable.

Question 21.5

A change of Luton AON from 17,800 to 1526 is a 'meaningful change' in the housing situation in Luton.

Question 21.6

As a result of there being no Luton unmet need all the East of Luton sites should be deleted entirely from the Plan.

Matter 22

Question 22.1 a)

Reducing the overall housing requirement to 13,000 and undertaking an early review of the local Plan is NOT the most appropriate way forward.

For a start the NHDC housing need is NOT 13,000 but 5148 as shown in my answer to Q21.1 above.

There might be reasons for an early review of the Local Plan as economic conditions are currently in a state of flux. However, NHDC has demonstrated that it takes every opportunity, justified or not, to maximise its environmentally damaging house building ambitions beyond the evidence for need.. An early review will just give NHDC a further opportunity to pursue those ambitions.

For this reason an early review should be resisted

Q22.1b

The quoted housing requirement figure of 13,000 should be 5148.

The supply of land should be drastically reduced in the Local Plan to meet the new figure by first removing Green Belt sites from the Plan.

The first GB sites to be removed should be those categorised as having significant contribution to GB principles followed by those GB sites having middle ranking contribution and last by those GB sites giving small contribution.

After that operation any remaining OAN being met by a GB site should be classed instead as unmet need for adjoining authorities to supply. Luton has the capability to take that unmet need as described in my answer to 21.4 above.

Q22.1c

In ED191B para 25 NHDC state there has never been an intention to pursue a buffer of any particular percentage. Then in para 27 NHDC pursues a buffer of 13%.

In para 25 NHDC explain that the buffer is an output of site selection, allocation process and housing delivery assumptions. In other words the buffer is not a particular aim.

But in para 27 NHDC state that the buffer gives greater certainty that the housing requirement will be met. In other words NHDC has a particular aim to the buffer.

I agree that there is a particular aim to the buffer but not the one that NHDC give. Their aim is to surreptitiously and improperly increase the number of houses built beyond the evidence for building them.

The reason that house-builders do not build to the OAN number is when the OAN had been incorrectly set above the level of true housing need and developers will not build what they cant sell.

Q22.1d

There should be no buffer. See answer to Q22.1c.

Question 22.2a

The Councils calculations are incorrect and irrelevant due to the greatly different housing requirement of under 800 units.

Q22.2b

In the 9 years so far of the Plan period **2317** houses should have been built based pro rata on an OAN of 5148 for the whole period.

4340 have already been built or have permission plus windfalls etc by April 2017 (Local Plan SP8).

The actual number built is **2814** according to ED191B. This exceeds the requirement by 497 units.

There has been no under-delivery. The 20% buffer is not required.

Q22.2c

As only 2334 houses remain to be built over eleven years (212 average per year then only **1060** need to be built over the next 5 years.

This small number should be accommodated by brown field sites ONLY

It should be noted that the ONS 2018 Low Int Migration population projections for local authorities gives an increase over the period 2018 to 2031 of just 2100 for North Herts. At an average household size of 2.3 that equates to just **913 units** over the following **13 years**. This contrasts to the pro rata figure above of 1060 for just 5 years.

Q22.2d

The council should investigate whether it can find sufficient brown field sites.

Appendix A.

Current and near future economic conditions.

- 1) House-building is expected to be 35% down in 2020 compared to 2019 (Knight Frank).
- 2) The Construction Products Association predicts that new housing starts will be only 40% of last year numbers. 2021 housing starts will be 25% down on 2019, although even this level is dependent on a strong economic recovery.
- 3) See also NHDC own ED191B para 2.
- 4) The Office of Budget Responsibility (OBR) predicts an annual GDP drop of initially 20% followed by an asymptotic approach to the previous projection reaching -5% in 5 years time but with a worse case of -10%.
- 5) Where-as a 5% deposit would have been sufficient to buy a house now generally a 15% deposit is required.
Furthermore, that deposit cannot come from Mum and Dad but has to have been earned by the lender (data Hometrack).
- 6) The Bank of England predicts (Aug 2020) that the unemployment rate will increase after lockdown and the furlough scheme to 7.5%. That equates to 2.46 million unemployed which is 1.2 million more than in 2019.
- 7) The EU Commission states that the EU faces a deep and uneven recession. This is bound to reflect upon UK economic activity.
- 8) Uncertainty in what the future hold now hinders every economic and employment decision.
- 9) National debt to GDP ratio set to exceed 100%.
- 10) Visas for immigrants fell to just 100 in April compared to a monthly average of 21,500 in 2019.

Rolls Royce chairman doubts aviation will ever return to pre Covid 19 levels.

Appendix B

Reasons for lower future international migration.

International migration represents 73% of future UK population growth. Hence the UK can expect a lower population growth than is factored into the ONS 2018 household projections.

Most immigrants enter the UK by airplane.

For example, **4.2million** non-nationals entered the UK by air in Jan 2020. In April, after Lockdown, that was down to just **49,000** (latest Home Office statistics 28 May 2020).

Forbes states that aviation will not recover for many years and may never return to its old levels.

Border controls are likely to be more restrictive and flight charges are likely to increase significantly due to lower passenger numbers.

For example, the monthly average passenger numbers through Heathrow (traffic statistics) during 2019 was 7 million but in July 2020 (latest data) it was just 12% of that figure.

MAG (includes Stansted) July passenger numbers are just 14% of previous July.

Visa applications were 29% down on the previous 12 months to end of June 2020. This includes only 3 months of the Lockdown effect. This implies that visa applications during lockdown were near zero.

Future international immigration levels will remain low and consequently net immigration levels will also remain low.

Net EU migration has fallen from 219,000 to 58,000 (year to March 2020) annually (Migration Watch)..