

Appeal by Countryside Partnership Ltd and Wattsdown Developments Ltd

Land East of the A10, Buntingford, Hertfordshire

PROOF OF EVIDENCE OF

JONATHAN LEE

ON BEHALF OF

EAST HERTFORDSHIRE DISTRICT COUNCIL

LPA Ref: 3/23/1447/OUT

PINs Ref: APP/J1915/W/24/3340497

Introduction

1. My name is Jonathan Lee and I am Managing Director of Opinion Research Services (ORS), an independent social research practice that was founded at the University of Wales Swansea and has specialised in social and housing research for more than 30 years. I have a BSc degree in Computer Science (with Honours) awarded by the University of Wales (Swansea) in 1996.
2. I first joined ORS in 1994 and have been responsible for Strategic Housing Market Assessments, and more recently Local Housing Needs Assessments, undertaken for more than 100 local authorities across England and Wales, all of which require advanced knowledge of statistics and demographic modelling.
3. I was the Project Director for *“West Essex and East Hertfordshire Strategic Housing Market Assessment (September 2015)”* (CD17.30; “the 2015 SHMA”) and *“West Essex and East Hertfordshire Strategic Housing Market Assessment Affordable Housing Update (July 2017)”* (CD17.31; “the 2017 SHMA Update”) that were prepared by ORS and formed part of the evidence based that informed the adopted Local Plan. I took responsibility for the analysis and modelling and was the lead author of the reports. Both studies complied with the original National Planning Policy Framework (NPPF, March 2012) using a well-established approach that was consistent with the associated Planning Practice Guidance (PPG) on the Assessment of housing and economic development needs (PPG ID 2a), and the evidence was accepted by the Local Plan Inspector.
4. The NPPF and associated PPG have since been updated, with a standard method introduced for assessing Local Housing Need (LHN) and a revised definition for affordable housing introduced. *“East Hertfordshire Affordable Housing Needs Assessment (2022)”* (CD17.32; “the 2022 AHNA”) was prepared to take account of the new definition, and I had oversight of that report.
5. I am instructed by East Hertfordshire District Council to give evidence in relation to this Appeal. My evidence in this case deals specifically with housing need, including affordable housing need, and the use of the standard method for assessing Local Housing Need in the context of the housing requirement that informs the 5-year housing land supply calculation. To assist the Inquiry, the Council and the Appellant have drafted a *“Statement of Common Ground on Five Year Land Supply, Affordable Housing and Self-Build”* (CD14.4; “the Housing SoCG”) and whilst this is close to being agreed, it has not yet been finalised – so references in my evidence relate to the most recent draft and could change once the final version is agreed.
6. The evidence which I have prepared and provide for this appeal reference APP/J1915/W/24/3340497 (in this proof of evidence) is true and I confirm that the opinions expressed are my true and professional opinions. Planning and site assessment details relating to the Appeal are considered by other witnesses.

Housing Requirement for the 5-year Housing Land Supply Calculation

7. This Appeal is being considered under the current National Planning Policy Framework (December 2023). Paragraph 74 of the December 2023 NPPF states that:

... local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide either a minimum of five years' worth of housing⁴¹, or a minimum of four years' worth of housing if the provisions in paragraph 226 apply. The supply should be demonstrated against either the housing requirement set out in adopted strategic policies, or against the local housing need where the strategic policies are more than five years old⁴² ...

8. Given that the strategic policies in East Hertfordshire are more than five years old, local housing need should be used as the basis for assessing the five-year housing land supply, and footnote 42 confirms that this “should be calculated using the standard method set out in national planning guidance”.

9. This is agreed between the Council and the Appellant at paragraph 2.5 of the Housing SoCG.

10. PPG confirms:

The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply
[ID 2a-002-20190220]

The housing need figure generated using the standard method may change as the inputs are variable [ID 2a-008-20190220]

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes [ID 2a-005-20190220]

Affordability ratios are published every year (usually in March). [ID 2a-009-20190220]

11. This is agreed at paragraph 2.6 of the Housing SoCG. The standard method inputs for East Hertfordshire and the associated calculation of local housing need are also agreed, as presented in Table 4 of the Housing SoCG.
12. The only matter of disagreement between the Council and the Appellant in relation to the standard method is which specific inputs should be used for the calculation.

The Council's position

13. The Council's position is that the calculation should be based on the most up-to-date inputs: annual average household growth for the reference period 2024-2034, and the affordability ratio for 2023.
14. The PPG explicitly confirms that these are the correct inputs that are to be used for the calculation.
15. To establish the baseline at step 1 of the calculation, it is necessary to calculate the projected average annual household growth over a 10-year period. PPG states (emphasis added):

*This should be 10 consecutive years, **with the current year being used as the starting point** from which to calculate growth over that period [ID 2a-004-20201216]*

16. The current calendar year is 2024 and using this as the starting point for a period of 10 consecutive years gives the reference period 2024-2034. That is the reference period used by the Council.
17. Alternatively, taking the financial year April 2024 to March 2025 as the current year and using that as the starting point, the 10 consecutive years would run from 2024-2025 to 2033-2034. Once again, this gives the reference period 2024-2034.
18. There is no ambiguity. The Council has used the correct 10-year period for establishing the baseline at step 1 of the calculation: 2024-2034.
19. To determine the adjustment to take account of affordability that is then applied at step 2 of the calculation, PPG states (emphasis added):

***The most recent** median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level, should be used [ID 2a-004-20201216]*

20. This sentence of the PPG provides a hyperlink to the following page on the Office for National Statistics website:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

21. A screenshot of the current version of that page is shown overleaf, which confirms that the current edition of this dataset was released on 25 March 2024.

The screenshot shows a web browser window displaying the Office for National Statistics (ONS) website. The URL is ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian. The page features the ONS logo and navigation links for 'Release calendar', 'Methodology', 'Media', 'About', and 'Blog'. A search bar is present with the text 'Search for a keyword(s) or time series ID'. The main content area is titled 'Dataset' and 'House price to workplace-based earnings ratio'. It includes a table with the following information:

Contact:	Release date:	Next release:
Housing Analysis Team	25 March 2024	March 2025

Below the table, there is a section 'About this Dataset' with the text: 'Affordability ratios calculated by dividing house prices by gross annual workplace-based earnings. Based on the median and lower quartiles of both house prices and earnings in England and Wales.' A green button labeled 'View all data related to housing' is visible. The 'Edition in this dataset' section shows the 'Current edition of this dataset' as an 'xlsx (267.3 KB)' file. A note indicates that 'Previous versions of this data are available.' On the right side, there are sections for 'Contact details for this dataset' (Housing Analysis Team, better.info@ons.gov.uk) and 'Publications that use this data' (Housing affordability in England and Wales).

22. The “most recent” affordability ratios published in the current edition of this dataset are for the year 2023. That is the affordability ratio used by the Council. The affordability ratios are calculated by dividing house prices by gross annual earnings, based on the median and lower quartiles of both house prices and earnings.
23. The earnings data are from the Annual Survey of Hours and Earnings which provides a snapshot of earnings at April in each year. Earnings relate to gross full-time individual earnings on a place of work basis, and the 2023 figures relate to the tax year ending 5 April 2023.
24. The house price statistics come from the House Price Statistics for Small Areas, which report the median and lower quartile price paid for residential property and refer to a 12-month period with April in the middle (year ending September). On that basis, the house price data used to calculate the 2023 affordability ratio covers the period 1 October 2022 to 30 September 2023.

25. Once again, there is no ambiguity. The Council has used the most recent median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level, to determine the adjustment to take account of affordability at step 2 of the calculation: the affordability ratio for 2023.
26. It is important to recognise that there is no relationship between the inputs to the standard method calculation and the period used for the 5-year housing supply. These are two entirely separate considerations, and there is nothing in the PPG that identifies any dependency between the two.
27. Regardless of the period being used for the 5-year housing supply, the PPG is unambiguously clear that the current year should be used as the starting point for the 10-year reference period at step 1 of the standard method, and that the most recent median workplace-based affordability ratios should be used at step 2. There is no justification for using any previous (or future) year as the starting point at step 1, and no justification for using any historic affordability ratios relating to previous years at step 2.
28. The inputs that the Council has used for the standard method calculation are the inputs required by PPG. Step 1 uses the current year as the starting point for the 10-year reference period 2024-2034. Step 2 uses the most recent median workplace-based affordability ratios, published by the Office for National Statistics.
29. It is agreed at paragraph 2.8 of the Housing SoCG that using these inputs yields an annual local housing need of 1,041 dpa. This represents a 5-year housing requirement of 5,205 dwellings.

The Appellant's position

30. The Appellant's position in response to "What inputs should be used for the standard method calculation?" is set out at the first row of Table 9 in the Housing SoCG, which states:

It is the appellant's position that the use of the results of the Standard Method for the period 2024 to 2034 should not be used to assess the Housing Supply for the 5 years between 2023 to 2028. The requirement should be based on the same time period. The appellant acknowledges that if the council updated its evidence base of supply to cover the five years starting from 1st April 2024 then the updated figure could be used. The appellant has attempted to update the position and this is set out in their evidence and invite the council to assist with this update.

31. Despite the statement asserting that "the results of the Standard Method for the period 2024 to 2034 should not be used" the Appellant fails to identify their position as to the inputs that should be used, merely stating "the requirement should be based on the same time period". This would appear to reference back to the "5 years between 2023 to 2028" used to assess the housing supply.

32. It would be contrary to PPG for the requirement to “*be based on the same time period*” as the housing supply, given that the standard method establishes a baseline that is calculated using the projected average annual household growth over a 10-year period whereas the housing supply relates to a 5-year period.
33. Although the Appellant has failed to confirm which inputs should be used for the standard method, it is relevant to note their response to “*What period should be used for assessing the 5-year housing supply?*” that is set out in the second row of Table 9 of the Housing SoCG.

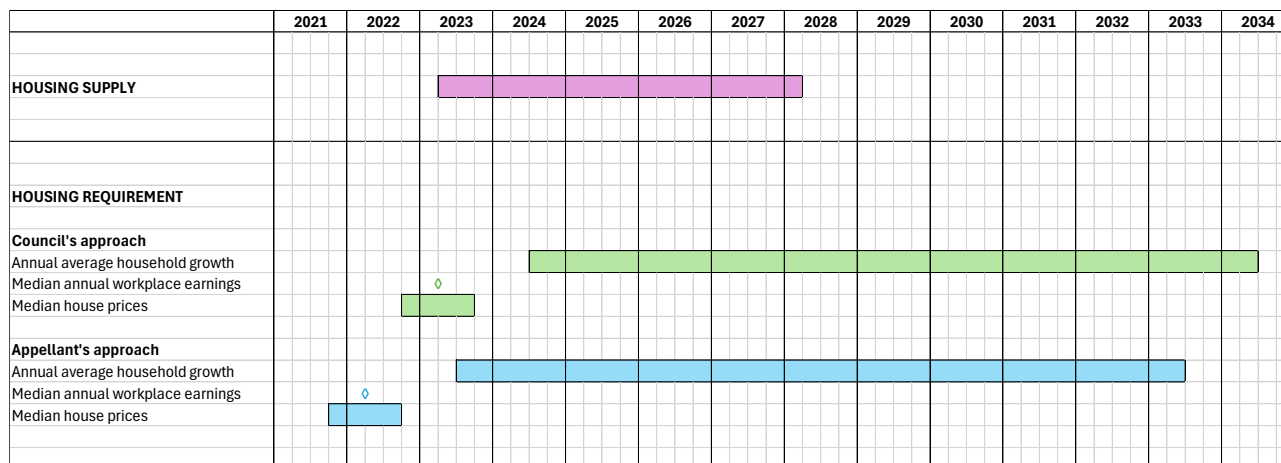
34. That states:

As set out above the appellant considers that if the updated time period and affordability ratio is to be used then the supply should also be updated, and they have attempted to do this as set out in their evidence.

35. On this basis, the Appellant’s position would appear to be that the standard method calculation should be based on the inputs that applied prior to the most recent updates: annual average household growth for the reference period 2023-2033, and the affordability ratio for 2022.
36. It is agreed at paragraph 2.7 of the Housing SoCG that using these inputs yields an annual local housing need of 1,112 dpa. This would represent a 5-year housing requirement of 5,560 dwellings; but these are not the correct inputs to be used for the standard method calculation as identified by PPG.
37. Although the reference period 2023-2033 proposed for step 1 covers “*10 consecutive years*” it fails to use “***the current year*** ... as the starting point” (emphasis added) so is contrary to PPG [ID 2a-004-20201216].
38. Similarly, the 2022 affordability ratio proposed for step 2 does not provide “***the most recent*** median workplace-based affordability ratios, published by the Office for National Statistics at a local authority level” (emphasis added) so that is also contrary to PPG [ID 2a-004-20201216]. There is simply no justification for relying on a ratio from any previous year when a more recent figure has been published and is available.
39. The standard method calculation was always intended to be straightforward, using the current year as the starting point for establishing household growth together with the most recent affordability ratio. There is nothing in the PPG to suggest any other inputs should be used. To the contrary, the PPG explicitly recognises “*the housing need figure generated using the standard method may change as the inputs are variable*” and states that the number “*should be kept under review and revised where appropriate*” [ID 2a-008-20190220].
40. The Appellant appears to be mistakenly confusing the period used for the 5-year housing supply with the inputs to the standard method calculation when these are two entirely separate considerations.

Considering the Underlying Time Periods

41. As previously noted, there is no relationship between the inputs to the standard method calculation and the period used for the 5-year housing supply. The PPG is directive about the inputs that should be used: the current year should be used as the starting point for the 10-year reference period at step 1, and the most recent median workplace-based affordability ratios should be used at step 2.
42. On this basis, the Council does not accept that the time periods used for the standard method inputs have any relevance to the time period used for the 5-year housing supply.
43. Notwithstanding this fundamental point, if the relationship between the time periods did have any relevance, it is instructive to note that the Council’s approach (which directly accords with the PPG) is based on inputs that actually better align with the 5-year period used for housing supply than the inputs proposed by Appellant’s approach (which is contrary to the PPG).
44. The diagram below identifies the 5-year period proposed for housing supply (1 April 2023 to 31 March 2028) alongside the reference periods for the inputs to the standard method based on the Council’s approach and the Appellant’s approach.



45. When compared with the 5-year housing supply, the Council’s approach provides a 37.5% overlap with the period for assessing average household growth, a 50% overlap with the period for assessing median house prices, and the median annual earnings estimate aligns directly with the start of the housing supply period.
46. In contrast, whilst the Appellant’s approach provides a 47.5% overlap with the period for assessing average household growth, that is only 10% points higher than the Council’s approach – and there is no overlap whatsoever with the period for assessing median house prices, and the median annual earnings estimate predates the housing supply period by a whole year.

Conclusions on Housing Requirement

47. The inputs that the Council has used for the standard method calculation are the inputs required by PPG, and these inputs also align more closely with the 5-year period used for housing supply. Step 1 uses the current year as the starting point for the 10-year reference period 2024-2034. Step 2 uses the most recent median workplace-based affordability ratios, published by the Office for National Statistics.
48. Although the Appellant has failed to clearly set out their proposed inputs in the Housing SoCG, they appear to have mistakenly confused the inputs required for the standard method calculation with the period used for the 5-year housing supply. These are two entirely separate considerations, and there is nothing in the PPG that identifies any dependency between the two.
49. As a consequence, the Appellant's approach fails to use the current year as the starting point for step 1, despite this being explicitly required by the PPG, and also fails to use the most recent affordability ratio for the adjustment at step 2, again despite this being explicitly required by the PPG.
50. The Appellant's approach is directly contrary to PPG and the resulting figures are not relevant and should therefore be set to one side.
51. The Council's approach is based on the correct inputs as set out in PPG. These inputs yield an annual local housing need of 1,041 dpa which represents a 5-year housing requirement of 5,205 dwellings.
52. The land supply associated with this requirement is presented in the right-hand column of Table 11 in the Housing SoCG. These are the only periods that should be considered when determining the 5-year housing land supply.

Affordable Housing

53. Affordable Housing Need is agreed, as set out at paragraphs 2.17 to 2.19 of the Housing SoCG.
54. Affordable Housing Delivery is also agreed, as set out at paragraphs 2.20 to 2.28 of the Housing SoCG.
55. Table 7 clearly demonstrates that affordable housing delivery has increased significantly since the Local Plan was adopted, from 97 dpa in the ‘pre-plan’ period 2011-2017 (before the plan was adopted) up to 206 dpa over the period 2017-2023. Despite this substantial increase, there remains a shortfall of affordable housing provision and the Council recognises the benefits of providing more affordable housing in the district.
56. Whilst the delivery of affordable housing is clearly important, its provision should not result in housing being delivered in the wrong places. The Council wants to ensure that the right housing is provided in the right places, and there is no justification for the provision of affordable housing being afforded very substantial weight at this appeal.
57. The Appellant is only proposing a policy compliant level of affordable housing and the number of affordable homes on the site will only make a modest contribution to the identified need, with very few (if any) delivered within the next 5 years. Nevertheless, in recognition of the benefits, the Council considers that provision of affordable housing should still be attributed significant positive weight in the decision-making process.