

B&NES Core Strategy: SHMA Addendums 1a and 1b (July 2013) Covering Note

Summary

1. The SHMA Addendums do not cause the Council to seek to increase or reduce the number of dwellings proposed in the Plan at this time. The Council's plans remain within the range of objectively assessed housing needs that are currently evidenced.
2. The objectively assessed need for housing in the Draft SHMA was 8,300- 15,300 dwellings (over 20 years). The objectively assessed need for housing in the Addendum SHMA is 7,300-12,900 dwellings over the same time period. To each figure within the range must be added the Local Plan Shortfall of 1,167 dwellings
3. On August 2nd 2013 the Council held a SHMA seminar which focused on the outputs of Addendums 1a and 1b and how these have been generated.
4. Whilst SHMA Addendums 1a and 1b include some sensitivity analysis, an outcome of the SHMA seminar is that the Council will undertake further sensitivity testing of the dwelling projections in Addendum 1a. The outputs of this exercise will inform discussion at the hearings post September 17th. The nature of this testing is set out in paragraph 15 and will yield hybrid dwellings outputs between those generated by the application of the 2011-based and 2008-based headship rates. Upon receipt of this additional sensitivity testing the Council will again evaluate the implications for the Plan.
5. The assessment of housing need and the land supply strategy for meeting that need remains a key driver of the Plan and is the primary rationale for Green Belt release.

Addendum 1a - Trend-based migration-led population and household projections

6. SHMA Addendum 1a sets out an amended set of trend based migration-led population, household and dwelling projections, based on the revised mid-year population estimates for 2001- 2011. The revised mid-year estimates were not available at the Draft SHMA was published.

7. The outputs of Addendum 1a supersede Figure 42 and 43 of the Draft SHMA and consequent outputs.
8. Against the plausible range of population projections (q.v.), Addendum 1a provides two sets of companion household and dwellings projections by applying both the 2008-based and 2011-based headship rates.
9. The Council attaches limited weight to the population component¹ of interim 2011-based household projections (and earlier sets). This because these household projections are based on population projections that were themselves based on the rolled-forward mid-year estimates rather than the revised mid-year estimates. Given that the rolled forward set of estimates has been revised, it therefore follows that the interim 2011-based household projection (and earlier sets) were based not based on reliable population projections.
10. It is important to focus on the revised intercensal mid-year estimates as this is data can be used to generate a reliable range of projection based on historic trends. The establishment of an evidenced range of trend based migration-led projections is important in respect of the first bullet of NPPF 159.
11. Table 1 shows the difference in the population projections that are generated by using the adjusted rolled forward MYPEs² in the Draft SHMA and the Revised MYPEs in the Addendum SHMA.

Table 1: Household Population Projections 2011-31: Draft and Addendum SHMA

Population Projections	Low-trend Migration	Mid-trend Migration	High-trend Migration
Baseline HH Population	169,500	169,500	169,500
Draft SHMA HH Population Growth	16,600	22,200	32,800
Addendum SHMA HH Population Growth	13,700	16,600	19,600

12. The use of the revised mid-year estimates results in a narrower and lower range of trend-based population projections. Some observations from the Council are that (1) the Draft SHMA High Trend population projection (32,800) is no longer credible and (2) whilst a projection of 16,600

¹ Though not the headship rates for the period 2001-2021

² Mid-Year Population Estimates

people in the Draft SHMA was labelled as 'low trend', on the latest evidence this level of growth is actually a mid-trend scenario. The companion household projections are presented in Table 2.

Table 2: Dwellings Projections 2011-31: Draft SHMA compared to the Addendum SHMA

Dwellings Projections	Low-trend Migration	Mid-trend Migration	High-trend Migration
Draft SHMA – adjusted 2008 headship rates	8,300	10,600	15,300
Addendum SHMA – actual 2011 headship rates	7,300	8,600	9,800
Addendum SHMA – actual 2008 headship rates	10,200	11,500	12,900

13. Against the overall dwellings projections of the Addendum 1a the overall number of dwellings that the Core Strategy will enable is 12,700 (and the SHLAA currently identifies 12,900). However, this is not the number that the Council considers that it should be judged against for the purposes of 5-year land supply. How the Council arrived at the figure of 12,700 (and the reasoned logic for not using the 'requirement' re 5 year land supply' is set out in Annex 1 to the March 4th Council Report on the Proposed Changes.
14. In respect of the Addendum 1a projections, it is important to understand that for the 2008-headship rate outputs, the 2008-based headship rates are applied to the population projection over the entire projection period 2011-31. For the 2011-based outputs, the 2011-based headship rates are applied to the population projections from 2011-2021 and are held constant thereafter to 2031.
15. One outcome from the SHMA Seminar on August 2nd 2013 was that further sensitivity testing of the 2011-based headship rate outputs will be undertaken. The Council will prepare a 'hybrid' set of dwelling projections, the results of which will lie between the 2008-based and 2011-based outputs. For this exercise is considering adopting the approach used by Nathaniel Lichfield and Partners for Berkeley Strategic in respect of the Hart Core Strategy³. This draws on the quality report accompanying the interim 2011-based household projections - which states that:

"There are also particular limitations in the use of the 2011-based interim household projections. The projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue.

³ <http://www.hart.gov.uk/ps1-02a - berkeley - appendix 1 matter 1 version 2.pdf>. See Fig 2.1% 2.15

16. The NLP approach applies 2011-based headship rates until 2021, beyond then it applies the rate of annual change in household formation from the 2008-based household projections, to reflect such long term trends and in the absence of other long-term projections of household formation⁴. The Council considers could be a reasonable way of dealing with the period post 2021 and for refining the objectively assessed need for housing within the 'space' between the 2008-based and 2011-based outputs of Addendum 1a. The Council is mindful that the quality report accompanying the 2011-based household projections also states re 'comparability' that:

"Each set of household projections is unique, comprising trends made using the best information available at that point in time, thus each new set of projections replaces in its entirety the previous set. The 2011-based projections span until 2021 in order to be consistent with the 2011-based sub-national population projections. Users are discouraged to use the 2008-based projections to estimate changes beyond 2021 as these are not consistent with the data from the 2011 Census that have been incorporated in the 2011-based projections. Instead, if users need to assess housing requirements beyond 2021 they should make an assessment of whether the household formation rates in that area are likely to continue.

17. This seems to state that whilst the actual household growth outputs of the 2008 projections should not be used post 2021, the household formation rates implicit within them could be applied to projected population structure from 2021, if the Council thought that these rates would be return. The Council will reflect on this matter with the authors on the SHMA.

18. The meeting of projections, although a very significant concern (and the foundation of determining the objectively assessed need for housing), it is not the whole concern in respect of identifying the scale of housing that is required. There are other matters to take into account, namely

- the amount of housing that is actually required to enable the Council and development industry to deliver the affordable housing outputs of the Addendum SHMA.
- the relationship between population, housing and the labour force in respect of forecasts jobs growth.

⁴ NLP observes that this is a potentially conservative view this technique could be applied from 2016 too. Nevertheless they adopted 2021 was adopted as the cut-off point, given the 11-based projections replace and supersede the 08-based projections for 2011-2021.

Addendum 1a Labour Force Projections within the Addendum SHMA

19. SHMA Addendum 1a provides labour force projections for each population/dwellings projection. These projections are shown in Figures 11 and 15 of Addendum 1a and the assumptions in respect of the future structure of the population and future specific economic participation rates are clearly set out.

Table 3: 20 Year population, dwellings and labour force projections

	Low-trend Migration	Mid-trend Migration	High-trend Migration
1a Additional People	13,700	16,600	19,600
Additional Dwellings Addendum SHMA 2011 based headship rates	7,300	8,600	9,800
Additional Dwellings Addendum SHMA 2008 based headship rates	10,200	11,500	12,900
Additional Economically Active	10,700	13,300	15,900

20. The actual 20 year jobs growth aspiration in B&NES is 11,500 (or 10,350 over 18 years). BNES/43 sets out the reasoned logic for this position. Against this background the SHMA reveals that net migration between the low to mid trend scenarios will provide a more than sufficient increase in the size of the workforce. The mid-trend itself will actually generate 13,300 more economically active people over 20 years (see Table 3 above) or 12,015 over 18 years (see Table).

Table 4: 18 Year population, dwellings and labour force projections

	Low-trend Migration	Mid-trend Migration	High-trend Migration
1a Additional People	12,330	14,940	17,640
Additional Dwellings Addendum SHMA 2011 based headship rates	6,570	7,740	8,820
Additional Dwellings Addendum SHMA 2008 based headship rates	9,180	10,350	11,610
Additional Economically Active	9,630	12,015	14,310

21. The Draft SHMA did not include labour force projection for each of the migration-led population and dwellings projections, whereas Addendum 1a does do this. Conversely, the Draft SHMA included some employment-led housing requirements (based on 9k and 11K additional jobs),

whereas Addendum 1a does not do this – because of the additional analysis of the migration-led projections from a labour force perspective. .

22. The implications of each migration-led trend projections can be used in to understand the implications for the growth of the economically active population (whether participation rates remain at 2011 levels or increase as projected). However, at the request of some participants to the SHMA seminar the Council will provide dedicated population, household and dwellings forecasts for the achievement of 11,500 additional economically active people. Outputs will be structured as follows, with population, household and dwellings outputs presented for each empty cell.

Illustrative presentation of hybrid workforce led data outputs.

	Participation rates - unchanged	Participation rates - changed
2008-based headship rates	TBC	TBC
Hybrid headship rates	TBC	TBC
2011-based headship rates	TBC	TBC

Addendum 1b Affordable Housing

23. The need to enable the delivery of affordable housing is a key driver of the Council’s reasoning for identifying a role for the Green Belt in future housing land supply.
24. The quantitative need for affordable housing in the Addendum SHMA remains (broadly speaking) within the ranges previously evidenced in the Draft SHMA of 3,000, 3,400, 4,100 units although there is now a slightly lower figure of 2,800 and a slightly higher figure of 4,500.

Table 5: SHMA Additional Affordable Housing Need: 20 years

	Low-trend Migration	Mid-trend Migration	High-trend Migration
Draft SHMA – adjusted 2008 headship rates	3,000	3,400	4,100
Addendum SHMA – actual 2011 headship rates	2,800	3,200	3,500
Addendum SHMA – actual 2008 headship rates	3,900	4,200	4,500

Table 6: SHMA Additional Affordable Housing Need: 18 plan period

	Low-trend Migration	Mid-trend Migration	High-trend Migration
Draft SHMA – adjusted 2008 headship rates	2,700	3,060	3,690
Addendum SHMA – actual 2011 headship rates	2,520	2,880	3,150
Addendum SHMA – actual 2008 headship rates	3,510	3,780	4,050

25. To each of the 18 year plan period scenario much be added the affordable housing that would have been provided if 35% of the Local Plan Backlog of 1,167 had been secured as affordable housing i.e. 410 units. Adding this backlog effectively brings the plan period totals back up to the 20 year SHMA totals as shown in Table 7.

Table 7: SHMA Additional Affordable Housing Need: 18 plan period + LP period affordable shortfall

	Low-trend Migration	Mid-trend Migration	High-trend Migration
Draft SHMA – adjusted 2008 headship rates	<i>3,110</i>	3,470	4,100
Addendum SHMA – actual 2011 headship rates	<i>2,930</i>	3,290	3,560
Addendum SHMA – actual 2008 headship rates	3,920	4,190	4,460

26. The Proposed Changes to the Core Strategy are currently able to deal with the implications of the scenarios shown in bold italics shown in Table 7. The Proposed Changes to the Core Strategy sought to deliver 3,100 affordable units and the SHLAA currently forecasts 3,190 units.
27. Paragraph 17 introduces the need to produce a hybrid set of projections based on hybrid headship rates. The Council will have to reflect on this analysis once undertaken. It is clear that the Core Strategy changes are sufficiently robust to accommodate the overall need for new housing but there may be implications regarding delivery of affordable housing which will need to be considered through the examination.
28. A further implication of the SHMA Addendum 1b is that there is now an identified need for intermediate housing as part of the affordable tenure split. The hybrid sensitivity testing will refine a middle ground between the application of the 08-based and 11-based headship rates.

Programme for additional sensitivity testing

29. The additional sensitivity testing arising from the SHMA Seminar will not commence until at least the w/c 12 August and will hopefully be available before 23rd August (timetable subject to confirmation by the SHMA consultant). The results of the testing will produce outputs within the range of those in Addendums 1a and 1b, effectively it will refine the objectively assessed need for housing further.

30. The Council will maintain contact with SHMA seminar participants from mid-August through to September 13th. Substantive progress on the SoCG (or disagreement) and a Draft Agenda will not be made until the end of August, but the completion of this exercise by September 13th remains realistic.