

Topic Paper: Homes and Housing (Supplement) June 2014

ONS 2012-based Subnational Population Projections

and

further consideration of the CLG Household Projections

Contents

1. Introduction	2
2. ONS 2012-based SNPP	2
3. Household Projections	3

1. Introduction

- 1.1. The level of housing provision for the JCS has been tested at two public examinations and found sound, most recently in 2013. Since this latest examination ONS has published 2012-based sub-national population projections (SNPP) in May 2014.
- 1.2. This paper builds on evidence on housing need submitted to support the Joint Core Strategy (JCS) included in the 2010 Topic Paper “Homes and Housing” (EIP70) the 2012 update (SDJCS14) and the 2013 supplement (TP13).
- 1.3. The most significant new evidence on housing need will not be available until later in the year with the autumn publication of a new Strategic Housing Market Assessment (SHMA) covering Broadland, Norwich and South Norfolk as well as Breckland and North Norfolk, and new CLG 2012-based household projections. In the absence of this information, it would only be necessary or proportionate to undertake sophisticated analysis if the 2012-based SNPP deviated significantly from previous SNPP.

2. ONS 2012-based SNPP

- 2.1. These latest projections suggest that the total population of the 3 districts area will be 430,000 in 2026. This is the same as the 2010-based SNPP and slightly lower than the 433,000 suggested by the Interim 2011-based SNPP. It is worth noting that the 2012-based SNPP reaches the 433,000 population of the 2011-based SNPP one year later in 2027. Consequently, the starting point for the analysis of ONS population projections in SDJCS14, and particularly that derived from the 2010-based projections, remains valid.
- 2.2. The 2012 based SNPP confirms that the 2008-based population projection of 457,000 people in 2026 (EIP70 Appendix2), and therefore, the CLG 2008-based household projections derived from it, are a significant overestimate. This arises in part from an overestimate of the base population in 2008 (revised figure included in SDJCS Appendix 2), so to assess the impact of the revised SNPP on households and dwellings it is necessary to compare projections of growth over a time period rather than simply at an end-date. The 2012-based SNPP imply growth of 60,000 people 2008-2026 rather than the 78,900 in the 2008-based projections. The levels of housing need that would result from the 2008-based projections, which at around 45,000 would be towards the high end of the range, can be confidently rejected.

3. Household Projections

- 3.1. The supplementary paper TP13, while stressing the uncertainties in the CLG Interim Household Projections 2011-2021, simply projected forward on a pro-rata basis for the period 2021 to 2026. Subsequently, a greater consensus has emerged that they are likely to be an underestimate of housing need because the flattening of household formation rates seen in the 2011 census is likely to have resulted, in part, from adverse economic conditions. A return towards the long term trend in falling household size is expected (see for example TCPA Tomorrow Series Paper 16 “New estimates of housing demand and need in England, 2011 to 2031” : Alan Holmans : September 2013). The scale and timing of a return to falling household size is unknown at this time. With regard to the scale of the impact, Holmans contends that it is reasonable to assume that around 47% of the apparent difference between a 2008-based and census-based number of households nationally in 2011 can be attributed to the state of the economy. The remaining 53% is assumed to result from an underestimate of the tendency for lower household formation rates for international migrants in the first 10 years after arrival.
- 3.2. A nationally consistent and fully justified picture will begin to emerge with the release of CLG 2012-based household projections later this year. An attempt at a complex analysis at the current time would require numerous assumptions and may imply a spurious level of accuracy. The 2008-based formation rates are considered to be a reasonable representation of the long term trend. Therefore a very simple calculation has been undertaken to illustrate the broad scale of the impact if 2008-based formation rates were applicable to more recent population estimates. (N.B. this is an issue of household formation rates not the overall 2008-based household projections which are not appropriate for the JCS area).
- 3.3. Household projections are affected by both population projections and household formation rates. On the basis of total population alone, the 2008-based household projections illustrated in SDJCS14 may be considered to be around 32% too high ($78,900/60,000 = 1.315$). Applying this factor to the 44,000 households derived from the 2008-based household projections (SDJCS14 paragraph 9.3 and Appendix 3), would reduce to 33,460 households. With 3.8% more dwellings than households (TP13 paragraph 3.1) this would generate a need for **34,750 dwellings**. Clearly this analysis takes no account of any demographic differences between the 2008 and 2012 based SNPPs and any consequent impact on household formation. Moreover, the calculation is likely to overestimate need as it takes no account of the structural change resulting from international migrants or the more complex picture of household formation rates beginning to increase with the economic recovery but not returning to the long term average until late in the plan period. Therefore this figure should be considered very much as an indicative value. However, it falls within the range

presented in previous evidence, would provide a degree of flexibility to address efforts to deliver a more successful local economy than forecast, and illustrates that the level of provision in the JCS continues to be appropriate.