



Report

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Bradford District Housing Requirements Study: Addendum Report
GVA with Edge Analytics
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City of Bradford MDC

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For and on behalf of GVA Grimley Ltd

1. Introduction

- 1.1 GVA with Edge Analytics prepared a Housing Requirements Report for the City of Bradford MDC in February 2013. The aim of the study was to provide evidence to underpin the estimate of the scale of future housing needed in the district which is to be a key element of the Council's Core Strategy.
- 1.2 National Government guidance requires that Local Planning Authorities provide for the objectively assessed housing needs of their areas and that the assessment of need should reflect a range of information most notably current population and household projections. Population and household projections are issued by the Government and its agencies on a regular and cyclical basis approximately every 2 years.
- 1.3 Subsequent to preparation of the Bradford Housing Requirements Report, GVA and Edge Analytics were retained to provide advice on the implications of the 2011-based Interim Sub National Household Projections on the housing requirement scenarios developed as part of the earlier work.

2. 2011-Based Interim Sub-National Projections

- 2.1 In April 2013, CLG released its new interim household projections for local authority districts in England.
- 2.2 Household projections are derived through the application of household headship rates (also referred to as representative rates in the CLG documentation). The projected household headship rates have been derived using 2011 Census data in combination with statistics from the Labour Force Survey.
- 2.3 The newly issued household projections are underpinned by the interim 2011 population projection previously published by the ONS. This population projection uses 2011 Census statistics for its base period population but has used assumptions from the 2010-based population projection to define its fertility, mortality and migration components of change. This is because at the time of release the 2011 Census results relating to fertility, mortality and migration were not yet available. For this reason, the 2011-based

population projections provide a less reliable 'trend' projection of population growth than would otherwise be the case.

- 2.4 As a result the new projections have been accorded an "interim status" by the Government. They will be superseded by the new official projections which are due to be released in 2014. At this point they will provide a more definitive update on likely household growth trajectories, taking account of the unprecedented economic conditions that have affected local communities since 2008. The official household projections will also fully align with the Census 2011 results.
- 2.5 The new interim projections issued by the Government have been accompanied by a 'Statistical Release' and Quality Report. Notwithstanding the issues noted above this CLG supporting material has confirmed that the new interim projections replace the previous 2008-based projections and that the new projections should be used by Local Planning Authorities in combination with any other relevant local information.
- 2.6 New household projections provide an important consideration in setting the evidence base, and local planning authorities will need to consider the validity of the interim findings in advance of the official projections being released in 2014. The interim 2011-based projections suggest a reduction in the rate of household growth projected for the period 2011-2021 at a national level, compared to previous projections.
- 2.7 A key problem for policy makers and Local Planning Authorities is that all of the Government's household and population projections are trend-based. They are not forecasts and do not attempt to factor in policy changes at national or local levels. The projections therefore reflect in large part the trend period on which they are based (which is broadly the preceding 5 year period leading to the projection base date). For example while the preceding 2008-based household projections were based on a period of very strong economic growth and a booming housing market, the newly issued interim projections reflect very different and more difficult economic conditions.
- 2.8 The 2011-based interim projections therefore project forward a continuation of underlying trends in the economy and the housing market, as well as supply side factors (such as the historic supply of new homes) which in turn influence the rate and nature of household formation. The 2011-based interim projections must be interpreted in the context of the period in which they have been prepared; a period characterised by an unprecedented, deep recession and slow economic growth, fiscal austerity and
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historically low rates of housing completions. The interim projections therefore reflect these limiting conditions on household formation and project the continuation of these trends for a further 10 years.

- 2.9 In addition to the above, the time span of the projections (2011 – 2021) limits their usefulness for local planning authorities, typically working to local plan periods of 15 or more years. The official projection to be released in 2014 will cover a full 25 year period and will deliver 2011 Census alignment.
- 2.10 Projecting beyond 2021 using this new interim data would require the importation of “user defined” assumptions with regard to changes in headship rates in the remaining period of the Local Plan (i.e. 2021-2028). Theoretically, such assumptions might consider a continuation of the trend projected in the 2011-based interim projection for the period 2011 to 2021, or alternatively “freezing” headship rates at projected 2021 levels. Neither approach is ideal and would in both cases produce theoretical results at best.

3. Household Growth Projections

- 3.1 In identifying the recommended local housing requirement, the February 2013 Housing Requirements Study considered two specific scenarios: the re-based 2010 SNPP scenario and an Employment-led (REM) scenario. Both models have been re-run using the interim 2011-based household projections, in both cases considering the difference between the application of a trend-based assumption on headship rates post-2021 and a fixed headship rate post-2021.

SNPP 2010 Based Household Projections

- 3.2 The following table illustrates the projected level of household change resulting from the 2010 SNPP scenario, including the 2008-based household projection scenario presented in the February 2013 Housing Requirements Study, and the two additional scenarios relating to the 2011-based interim household projections, including the application of a trend-based assumption post-2021 and the application of a fixed headship rate post-2021.

Figure 3.1: SNPP 2010 Projected Household Change

Scenario	Households 2011	Projected Households in 2028	Change in Households 2011 – 2028	Annual Average (17 years)
SNPP - 2010 Trend (2011-based interim household projections)	199,172	227,155	27,983	1,646
SNPP - 2010 Fixed (2011-based interim household projections)	199,172	228,532	29,360	1,727
SNPP - 2010 (2008-based household projections)	199,300	235,778	36,478	2,146

Source: Edge Analytics, GVA, 2013

- 3.3 The three scenarios show a range of projected households in 2028 of between 227,155 (SNPP 2010/ 2011-based interim projections/ Trend) and 235,778 (SNPP / 2008-based household projections).
- 3.4 The two scenarios run using the 2011-based interim projections applying the alternative trend and fixed assumptions result in a range of between 27,983 and 29,360 additional households between 2011 and 2028, notably lower than the 36,478 projected in the previous evidence base.
- 3.5 This equates to a range of annual average additional households (over the 17 year period) of between 1,646 and 1,727 compared to the 2,146 in the previous evidence base.
- 3.6 In the February 2013 Housing Requirements Study the overall household growth figures were translated into dwellings required via the application of an assumed 3% vacancy rate and the figures were annualised. This reflects the fact that a properly functioning housing market needs a buffer of additional stock to enable turnover and choice and it also enabled comparison with the preceding Regional Spatial Strategy (RSS) targets which also allowed for a 3% vacancy rate. The same process has been followed in this addendum report and the resulting annualised housing requirements are set out in the following table.

Figure 3.2 Hypothetical Annualised Dwelling Requirements

Scenario	Change in Households 2011 – 2028	Dwellings Required 2011-28 (3% vacancy assumed)	Net annual dwelling requirement
SNPP - 2010 Trend (2011-based interim household projections)	27,983	28,822	1,695
SNPP - 2010 Fixed (2011-based interim household projections)	29,360	30,241	1,779
SNPP - 2010 (2008-based household projections)	36,478	37,572	2,210

Source: Edge Analytics, GVA, 2013

Employment-Led (REM) Household Projections

- 3.7 The following table illustrates the projected level of household change resulting from the 2010 SNPP scenario, including the 2008-based household projection scenario presented in the February 2013 Housing Requirements Study, and the two additional scenarios relating to the 2011-based interim household projections, including the application of a trend-based assumption post 2021 and the application of a fixed headship rate post 2021.

Figure 3.3: Employment-Led (REM) Household Projections

Scenario	Households 2011	Projected Households in 2028	Change in Households 2011 – 2028	Annual Average (17 years)
Employment-led (REM) Trend	198,774	228,605	29,831	1,755
Employment-led (REM) Fixed	198,774	229,904	31,130	1,831
Employment-led (REM)	199,048	241,381	42,333	2,490

Source: Edge Analytics, GVA, 2013

- 3.8 The three scenarios show a range of projected households in 2028 of between 228,605 (Employment-led REM/ 2011-based interim projections/ Trend) and 241,381,778 (Employment-led REM / 2008-based household projections).

- 3.9 The two scenarios run using the 2011-based interim projections applying the alternative trend and fixed assumptions result in a range of between 29,831 and 31,130 additional households between 2011 and 2028, notably lower than the 42,333 projected in the previous evidence base.
- 3.10 This equates to a range of annual average additional households (over the 17 year period) of between 1755 and 1,831 compared to the 2,490 in the previous evidence base.
- 3.11 These overall projections of household change are translated into annual housing targets in Figure 3.4 below:

Scenario	Change in Households 2011 – 2028	Dwellings Required 2011-28 (3% vacancy assumed)	Net annual dwelling requirement
Employment-led (REM) Trend	29,831	30,726	1,807
Employment-led (REM) Fixed	31,130	32,064	1,886
Employment-led (REM)	42,333	43,603	2,565

Source: Edge Analytics, GVA, 2013

4. Bringing the Evidence Together

- 4.1 This paper has summarised the implications of applying the 2011-based interim household projections to the two scenarios identified within the February 2013 Housing Requirements Study. This includes the consideration of the further implications of assuming a trend-based and a fixed assumption of headship rates post-2021 (the end date of the interim data). It has also translated the household growth figures into annualised housing targets so that direct comparisons can be made with the February report.
- 4.2 Planning for purely demographically driven demand, as set out in the SNPP 2010-based population projections, does not take into account economic changes in Bradford over the plan period, nor the resultant requirements for labour to fill potential job opportunities. The REM model provides an agreed economic forecast and as a result has been used as an input to the modelling process to generate household numbers that are reflective of the economic growth potential of Bradford. However it should be noted that even under this scenario the figures embed the conditions prevalent in the 2011-based interim

projections (as noted previously) and therefore could lead to a continuation of past trends over the plan period. Equally, adoption of the previously run scenarios which used 2008-based household projections could produce an over estimate of housing need if the sort of economic and housing market conditions which underpinned those projections do not return during the period covered by the Local Plan.

- 4.3 In the absence of information regarding headship rates post 2021 to 2028; it is considered that the most appropriate basis for projecting is the trend-based assumption.
- 4.4 The table below compares the trend-based employment-led scenario applying 2011-based interim household projections with the previous employment-led scenario which applied 2008-based household projections, and a mid-point between the two presented for the purposes of forward planning.
- 4.5 We would not recommend setting Bradford's housing requirement by reference to the 2011 based interim household projections alone as this could imply a continuation of the economic conditions of the trend period i.e. of recession over whole of the Local Plan period. It would not therefore be supportive of the Council's aspirations to achieve economic growth and regeneration, provide sufficient affordable homes and reduce problems of overcrowding in parts of the urban area.
- 4.6 Given the uncertainty over where the real future performance of the economy and housing market might fall in the spectrum between assumptions underlying the 2008 and 2011 based household projections, the Local Planning Authority may consider that the most prudent approach would be to adopt a housing target which reflects this mid-point figure of 2,186 dwellings per annum.

Figure 4.1: Mid-Point Calculation

<i>Scenario</i>	<i>Change in Households (2011-2028)</i>	<i>Dwellings Required 2011-28 (3% vacancy assumed)</i>	<i>Net annual dwelling requirement</i>
Employment-led (REM)	42,333	43,603	2,565
Employment-led (REM) Trend	29,831	30,726	1,807
<i>Mid-Point</i>	<i>36,082</i>	<i>37,165</i>	<i>2,186</i>

Source: Edge Analytics, GVA, 2013