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Planning. Design. Economics.

City of Bradford MDC Local Plan

**Objective Assessment of Housing
Need**

Commercial Estates Group, Persimmon
Homes, Redrow Homes

17 February 2015

50335/02/JG/SC

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1.0 Introduction

1.1 Nathaniel Lichfield & Partners [NLP] has been instructed by CEG Land Promotions Ltd [CEG], Persimmon Homes and Redrow Homes to review the evidence underpinning the housing requirement set out in Policy HO1 of the Publication Draft Bradford Local Plan Core Strategy [BLPCS] and to undertake a set of independently-modelled demographic and employment-led projections, taking account of market signals in order to identify the FOAN for Bradford.

1.2 This report, which sets out the results of NLP's analysis, is intended to assist the Inspector in his consideration of the robustness of the BLPCS. It focuses particularly upon the identified Key Issue relating to Examination Matter 4a: Housing Requirement:

"Has the Council undertaken its objective assessment of housing need in line with the latest national guidance and good practice (NPPF/PPG)?"

Bradford Local Plan Core Strategy

1.3 The Bradford Local Plan Core Strategy Publication Draft was submitted for Independent Examination on 12 December 2014 and the hearings are due to commence in March 2015. The Plan covers the period between 2004 and 2030 and Policy Ho1 states that the Council is currently planning for the delivery of 42,100 new homes between 2013 and 2030.

Context for Assessment

1.4 The Government's policy approach to planning has been focused on applying the principles of 'localism' to give Local Planning Authorities (LPAs) greater autonomy in planning for housing and, in particular, setting local housing requirements in their development plans.

1.5 The National Planning Policy Framework (NPPF) outlines the approach to plan-making whereby LPAs are responsible for establishing housing requirement figures in new Local Plans. Paragraph 47 states that:

"To boost significantly the supply of housing, local planning authorities should:

- use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area..."*

1.6 The NPPF provides the context against which housing requirements in Local Plans should be prepared. In his statement to Parliament on 6 September 2012, the Secretary of State confirmed that:

"The Localism Act has put the power to plan back in the hands of communities, but with this power comes responsibility: a responsibility to meet their needs

for development and growth, and to deal quickly and effectively with proposals that will deliver homes, jobs and facilities".

- 1.7 The NPPF is supplemented by the Planning Practice Guidance (PPG) which was published as an online tool in March 2014. The PPG provides an overarching framework for considering housing needs, but also acknowledges that:

"There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need" (ID 2a-005-20140306).

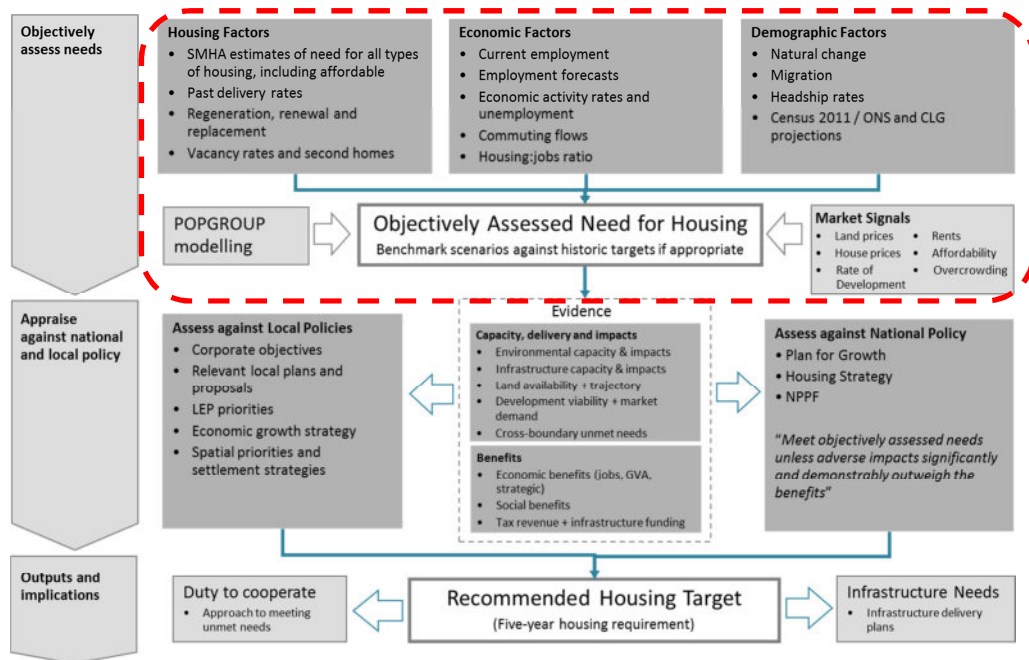
- 1.8 As such, whilst the NPPF and PPG provide a broad structure of the key considerations, there is no one commonly agreed or singularly prescribed approach for LPAs and other bodies to follow in objectively assessing the need for housing and setting their local housing requirements.

HEaDROOM Framework

- 1.9 In response to the need to structure the approach to setting local housing requirements NLP developed an analytical framework for defining an objective assessment of need and the quantum of housing that should be planned for through Local and Neighbourhood Plans. The HEaDROOM framework (so-called due to the Housing, Economic and Demographic factors that feed into it) provides the basis for assembling and presenting evidence on local housing requirements in a transparent manner. A central component of the framework is an understanding of the role of housing in ensuring that the future population of a locality can be accommodated (taking account of the dynamics of housing markets and other material factors) and the extent to which housing plays a crucial role in securing the economic growth and housing needs of a local area, meeting the requirements of the NPPF. HEaDROOM therefore closely follows the advice contained within the PPG. This framework, as it relates to the work NLP has been commissioned to carry out in respect of Bradford, is set out in Figure 1.1.

- 1.10 Since its conception in July 2010, the HEaDROOM framework has been applied in over 190 areas across the country. It has been used to underpin evidence tested at appeal and Local Plan Examinations and has previously been endorsed by Inspectors, including in South Worcestershire, Ribble Valley and East Hampshire.

Figure 1.1 NLP HEaDROOM Analytical Framework for Assessing Housing Requirements



1.12 In addition to a review of the Council’s current evidence, this report presents the findings of each stage of NLP’s analysis of demographic, housing and employment factors to present an objective assessment of housing need (OAN) for Bradford. These take the form of a number of scenarios, the basis for which is set out in the relevant sections of the report. By modelling a number of trend and economic change-based scenarios, this report sets out the housing, economic and demographic impacts of different levels of housing growth.

1.13 In accordance with the requirements of the NPPF and the PPG, the HEaDROOM framework also gives consideration to market signals in the assessment of housing requirements for individual local authorities.

Structure

1.14 This report is structured as follows:

- Section 2 provides a summary of the policy background relating to the identification of the Objectively Assessed Need for housing;
- Section 3 reviews the approach that has been taken by Bradford Metropolitan District Council and its advisors in establishing its housing requirement;

- Sections 4-7 provides an overview of the approach that has been taken to the assessment of housing needs, including an analysis of some of the key issues that have been raised by the most recent ONS and CLG data releases and sets out NLP's objective assessment of the need for housing in Bradford;
- Section 8 considers Market Signals;
- Section 9 brings the evidence together and identifies the FOAN for Bradford; and,
- Section 10 provides relevant conclusions.

2.0 **Approach to Objectively Assessed Need in Bradford**

- 2.1 NLP has adopted a number of scenarios to establish the need for housing in Bradford. This is based on different demographic, economic and housing factors which draw upon an analysis of context, past trends and robust forecasting. The assumptions underpinning the assessment are explained below before the outputs of the PopGroup demographic modelling are discussed and other relevant housing market signals are assessed. This Section therefore summarises a number of background policy issues that are relevant to the identification of an OAN figure for Bradford.

Approach to Assessment

- 2.2 The NPPF sets out the Government's planning policies for England and is centred around a presumption in favour of sustainable development "*which should be seen as a golden thread running through both plan-making and decision-taking*" (NPPF Paragraph 14). This requires local planning authorities to positively seek opportunities to meet the development needs of their area. To this end, Local Plans are required to meet objectively assessed needs, with sufficient flexibility to adapt to rapid change.
- 2.3 The NPPF contains a set of core land-use planning principles which underpin plan-making and decision-taking. These include driving and supporting sustainable economic development to deliver homes, business units and thriving local places. In order to achieve this objective, paragraph 17 requires "*every effort*" to be made to identify and then meet the housing, business and other development needs of the area, and to respond positively to wider opportunities for growth. In seeking to quantify such requirements, consideration is also to be given to market signals, such as land prices and housing affordability. The NPPF contains the overarching principle that Local Plans should be formed through an evidence-based decision making process (paragraph 47). This is further reiterated in the tests of soundness which the NPPF sets for the examination of Local Plans. Local Plans are required to be justified and to constitute the most appropriate strategy based on proportionate evidence. In addition, they should be:
- "Positively prepared... based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including meeting unmet requirements from neighbouring authorities where it is reasonable to do so..."* (paragraph 182).
- 2.4 The NPPF outlines the evidence required to underpin a local housing requirement, including the need to assess full housing needs. Paragraph 159 states that LPAs should:

"Prepare a Strategic Housing Market Assessment to assess their full housing needs... identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which;

- *Meets household and population projections, taking account of migration and demographic change;*
- *Addresses the needs for all types of housing, including affordable housing... ; and,*
- *Caters for housing demand and the scale of housing supply necessary to meet this demand."*

2.5 The PPG clarifies the position on how the NPPF should be interpreted and applied. It confirms that an assessment of need must be based upon:

"An identification of relevant market area;

- *Facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need;*
- *Up-to-date household projections published by the Department for Communities and Local Government which should provide the starting point estimate of overall housing need; and,*
- *Local demographic factors, employment trends as well as appropriate market signals including market indicators of the balance between the demand for and supply of dwellings".*

2.6 Although the PPG notes that demographic trends should be applied as a starting point when assessing the OAN, it goes on to state that consideration should also be given to the likely change in job numbers. This supports the importance that the NPPF places on the economy and the requirement contained within Paragraph 158 to *"ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals"*. A failure to take account of economic considerations in the determination of the OAN would be inconsistent with this policy emphasis.

2.7 The Inspector at the Fairford Inquiry¹ recognised the role of economic factors in the assessment of the OAN for Cotswold District:

"The Council has not provided a figure for OAN which takes account of employment trends. The Council argues that the advice in the PPG does not require local planning authorities to increase their figure for OAN to reflect employment considerations, but only to consider how the location of new housing or infrastructure development could help address the problems arising from such considerations. I disagree. In my view, the PPG requires employment trends to be reflected in the OAN, as they are likely to affect the need for housing. They are not "policy on" considerations but part of the

¹ Land South of Cirencester Road, Fairford (PINS Ref No: APP/F1610/A/14/2213318) (22 September 2014).

elements that go towards reaching a “policy off” OAN, before the application of policy considerations. There is no evidence that the Council’s figures reflect employment considerations” (I.R. Paragraph 19).

- 2.8 This view reflects the position expressed by the Inspector (and confirmed by the Secretary of State) in the Pulley Lane Inquiries in Droitwich Spa². The Inspector’s report (which was accepted by the SoS) states that:

“The Council’s case that “unvarnished” means arriving at a figure which doesn’t take into account migration or economic considerations is neither consistent with the (Gallagher) judgment, nor is it consistent with planning practice for deriving a figure for objectively assessed need to which constraint policies are then applied. Plainly the Council’s approach is incorrect. Clearly, where the judgement refers to ‘unvarnished’ figures (paragraph 29) it means environmental or other policy constraints. There is nothing in the judgement which suggests that it is not perfectly proper to take into account migration, economic considerations, second homes and vacancies”. (I.R. Paragraph 8.45)

- 2.9 It is also clear that the approach taken to setting housing requirements must be grounded in the background evidence of need and demand within an area in the first instance, and that any assessment of whether and how the housing need could be met should follow as part of the Plan making process. This was brought into sharp focus in the Gallagher High Court Judgement³ which reiterates the sequence of actions whereby the full objectively assessed need for housing is identified prior to the establishment of a strategy to meet it, consistent with the NPPF. Importantly, the Judge emphasised that the second element of this process does not affect the objective assessment of need but rather the extent to which that can be met:

“In the context of the first bullet point in paragraph 47, policy matters and other constraining factors qualify, not the full objectively assessed housing needs, but rather the extent to which the authority should meet those needs on the basis of other NPPF policies that may, significantly and demonstrably, outweigh the benefits of such housing provision. It confirms that, in plan-making, full objectively assessed housing needs are not only a material consideration, but a consideration of particular standing with a particular role to play”. [§91]

- 2.10 The judgement of Mr Justice Hickinbottom was recently upheld by the Court of Appeal⁴.

² Land at Pulley Lane, Newland Road and Primslad Way, Droitwich Spa (APP/H1840/A/13/2199085) and Land north of Pulley Lane, Newland Road and Primslad Way, Droitwich Spa (PINS Ref No: APP/H1840/A/13/2199426) (2 July 2014).

³ ‘(1) Gallagher Homes Limited and (2) Lioncourt Homes Limited v Solihull Metropolitan Borough Council [2014] EWHC 1283’

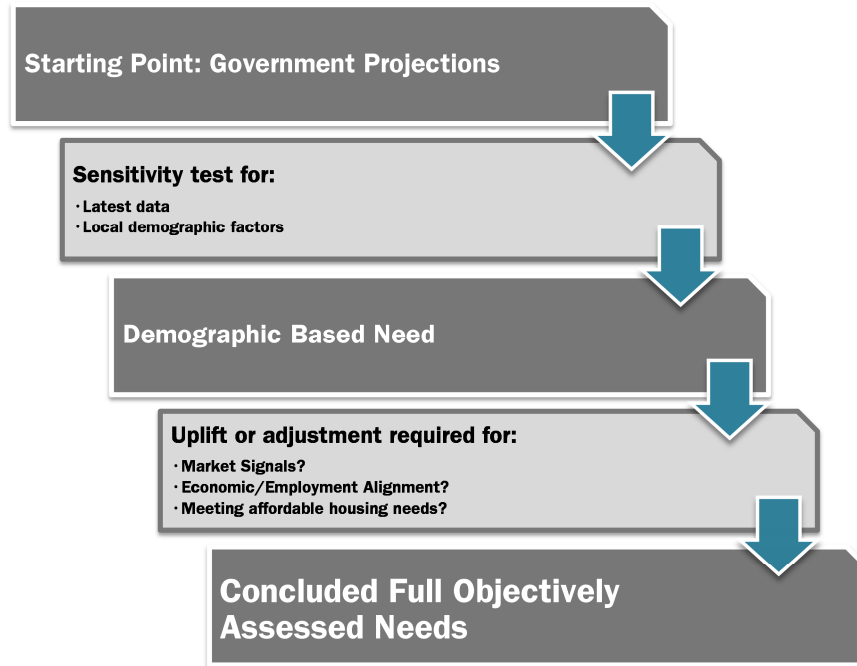
⁴ ‘Solihull Metropolitan Borough Council v (1) Gallagher Homes Limited and (2) Lioncourt Homes Limited [2014] EWCA Civ 1610’

In practice, applying the NPPF requires the following key steps in order to arrive at a robustly evidenced housing target:

- a The starting point for Local Plans is to meet the full objectively assessed development needs of an area (NPPF paras 16, 47 and 156).
- b An objective assessment of housing need must be a level of housing delivery which meets the needs associated with population and household growth, addresses the need for all types of housing, including affordable, and caters for housing demand (NPPF para 159).
- c Furthermore, a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including affordability (NPPF para 17).
- d In choosing a housing requirement which would not meet objectively assessed development needs, it must be evidenced that the adverse impacts of meeting needs would significantly and demonstrably outweigh the benefits, when assessed against the policies within the NPPF (para 14).
- e Where an authority is unable to meet its objectively assessed development needs or it is not the most appropriate strategy to do so, it must be demonstrated under the statutory duty-to-cooperate that the unmet need is to be met in another local authority area in order to fully meet development requirements across the housing market area (NPPF paras 179 and 182 bullet point 1).

- 2.11 It is against this policy context that the housing requirement for Bradford must be considered, with the key consideration being whether full objectively assessed development needs are to be met for the local authority area and across the wider Housing Market Area. The NPPF and PPG set out a logical process for undertaking a full objective assessment of needs. This approach is summarised in Figure 2.1.

Figure 2.1 NPPF and PPG Approach to Objectively Assessing Housing Needs



Source: NLP based upon NPPF/PPG

3.0 A Review and Critique of Bradford's Approach

BMDC's Housing Requirement and Justification

- 3.1 Table HO1 of the BLPCS identifies that Bradford District's Housing Requirement is 56,140 over the Plan period 2004 to 2030. As 11,053 net completions were achieved over the period 2004-2013, the Table suggests that the outstanding housing requirement over the remainder of the Plan period (2013 to 2030) would be 45,087, including meeting an existing significant backlog, at a rate of 2,652 dpa. The Council's calculations are set out in Table HO1 of the BLPCS, reproduced in Table 3.1.
- 3.2 However, the Council is only seeking to deliver 42,087 dwellings over the Plan period 2013 to 2030, at an average of 2,475 dpa (2,200 dpa excluding backlog). This figure is said to be based upon the housing requirement recommendation of 2,186 dpa set out in the August 2013 *'Housing Requirements Study Addendum Report'* undertaken by GVA and Edge Analytics, with adjustments made for what the Council consider is a substantial under-provision of dwellings between 2004 and 2013 (-7,687) and an assumption that 3,000 empty homes will be brought back into use.

Table 3.1 Bradford District BLPCS Housing Requirement

Bradford District Housing Requirement 2004 to 2030			
A	Statutory Development Plan Housing Requirement 2004-08	1,560 x 4	6,240
B	Statutory Development Plan Housing Requirement 2008-11	2,700 x 3	8,100
C	Housing requirement Study Based Housing Requirement 2011-13	2,200 x 2	4,400
D	Total Housing Requirement 2004-13	A + B + C	18,740
E	Net Completions 2004-13	(From AMR)	11,053
F	Residual unmet Need 2004-13	D - E	7,687
G	Housing Requirement Study Based Housing Requirement 2013-30	2,200 x 17	37,400
H	Total Housing Requirement 2004-30	D + G	56,140
Bradford District Housing Requirement 2004 to 2030			
I	Net Completions 2004-13	=	11,053
J	Allowance for Reduction in Vacant Homes	=	3,000
K	Remaining Requirement to be Met by Housing Site Allocations	H - I - J	42,087

Source: Bradford City Core Strategy Development Plan Document Publication Draft 2014

- 3.3 The figure of 2,200 dpa is said to be justified on the basis of the evidence contained within GVA and Edge Analytics' *"Bradford District Housing Requirement Study - Addendum Report"* (August 2013). This wought to model a range of projections incorporating both the demographic-led projections (incorporating the 2011-based interim Sub-National Population Projections

[SNPP] and the earlier 2010-based SNPP) and an alternative set of employment-led projections, specifically the job growth projections of the April 2012 run of the Regional Econometric Model [REM]. This latter projection suggested a change in FTE employment equal to 27,041 between 2011 and 2028 (1,591 per annum).

3.4 The report essentially modelled three alternative approaches to headship rates over the Plan period:

- 1 Use of the higher headship rates from the CLG's 2008-based household projections from 2011-2028 (excluding all reference to the lower 2011-based headship rates to 2021);
- 2 Use of the interim 2011-based household projection headship rates to 2021, but thereafter assumed either:
 - i a continuation of the trend projected in the 2011-based interim projections for the period 2011 to 2021, or
 - ii 'freezing' headship rates at projected 2021 levels.

3.5 The Addendum itself conceded that "*neither approach is ideal and would in both cases produce theoretical results*" [§2.10].

3.6 Edge Analytics seem to concluded that an appropriate approach would be to split the difference between the lowest scenario (Employment-led REM 2011-based Trend, at 1,807 dpa) and the highest (Employment-led 2008-based REM, at 2,565 dpa). The justification for this is said to be as follows:

"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 LPA may consider that the most prudent approach would be to adopt a housing target which reflects this mid-point figure of 2,186 dpa" [paragraph 4.6].

3.7 BMDC's Background Paper: 2 Housing (Part 1) (February 2014) seeks to support the selection of this target as the basis for the District's future housing requirement and claims that it has had regard to the influence of the economy and potential economic growth and has sought to ensure that different parts of the Bradford Core Strategy are consistent. The Council also claims that such an approach assumes that economic and housing market performance over the Plan period improves despite current uncertainty.

Bradford Housing Requirement Study Updated Demographic Analysis & Forecasts (September 2014)

3.8 Subsequent to the publication of the Core Strategy, BMDC commissioned Edge Analytics to update the core scenarios within the 2013 Bradford Housing Requirements Study Update.

- 3.9 The purpose of the September 2014 note was to implement the Bradford-specific recommendations of the report by Edge Analytics entitled ‘*Leeds City Region – Demographic evidence for the objective assessment of housing need within the Leeds City Region*’ (May 2014).
- 3.10 The 2013 scenarios were updated to take into account economic activity rates and commuting ratios from the 2011 Census, unemployment rates which reflect ‘economic recovery’ and the most recent (June 2014) employment forecast from the Yorkshire and Humber REM. They also apply the 2012-based SNPP as the new ‘official’ benchmark scenario (the two 2013 studies had used the re-based 2010-based SNPP). Between 2013/14 and 2030/31, the number of jobs identified by the 2014 REM is forecast to increase by +28,867 (+1,604 annually), which is slightly higher than the +1,591 annual increase in the earlier April 2012 REM [§3.10].
- 3.11 The household growth implications of each scenario were assessed using headship rate assumptions from both the 2011-based (Option A) and 2008-based (Option B) CLG household projections.
- 3.12 Six scenarios were produced under three scenario types: official ONS projections; alternative trend-based scenarios and a jobs-led scenario. The results are reproduced in Table 3.2.

Table 3.2 Edge Analytics September 2014 Scenario Results

Scenario	Average Annual Dwelling Requirement 2011-2030			Annual Average Job Growth 2011-30
	Option A (2011-based)	Option B (2008-based)	Average	
SNPP 2012-based	1,532	2,039	1,785	1,231
SNPP 2010-based	1,713	2,210	1,962	1,674
Natural Change	1,951	2,463	2,207	1,500
PG 5-yr migration	1,942	2,450	2,196	1,682
PG 10-yr migration	2,041	2,563	2,302	1,934
Jobs-led REM	1,791	2,307	2,049	1,536

Source: Tables 3, 4 and 5 of Edge Analytics’ ‘Bradford Housing Requirement Study Updated Demographic Analysis & Forecasts’ (September 2014)

- 3.13 The population growth under the SNPP 2012 based scenario is 11% lower than under the previous 2010-based official projections, which has depressed the housing need accordingly. The two migration-led scenarios are higher than the 2012-based SNPP scenario, partly because they incorporate an uplift to account for unattributable population change [UPC] in their trend-based migration assumptions.
- 3.14 The inclusion of UPC is not supported by ONS. ONS’ report ‘2012-based Subnational Population Projections for England - Report on Unattributable

Population Change' (January 2014)⁵ identifies that no adjustments have been made for unattributable population change in the 2012 SNPP (i.e. they are excluded from the calculation and projection forward of past migration trends).

3.15 Averaging out the various scenarios produces an overall range of between 1,785 dpa and 2,302 dpa.

3.16 Edge Analytics concluded by stating that:

"Whilst the 'SNPP-2012' scenario provides the suggested starting point for the objective assessment of housing need, the alternative 'trend-based' outcomes presented by the 'PG-5yr' and 'PG-10yr' scenarios should be given due consideration, given the likely impact of the recession upon recent migration flows and given the continuing uncertainty with regard to the future impacts of international migration." [§5.7]

"The dwelling growth outcome linked to CBMDC's jobs growth forecast has been presented. When interpreting this scenario's out comes, it should be noted that variant assumptions on economic activity, commuting and unemployment could influence the forecast dwelling requirements. For example, a reduced net out-commute and/or higher rates of economic participation in the older age groups could each contribute to lower housing need over the plan period." [§5.8]

3.17 In summary then, it is claimed that the employment-led scenario ranged from 1,791 dpa to 2,307 dpa, suggesting a mid-point of 2,049 dpa, compared to 2,186 dpa referred to in the previous August 2013 Addendum Report.

3.18 In terms of how this revised data has been interpreted by BMDC, it commented that:

"The housing requirement within the CSPD was still within the revised range - the only difference being that the Core Strategy proposal now lay towards the top of the range rather than in the middle of it. The Council therefore concludes that the updated work continues to show that the CSPD housing requirement is sound and will meet the objectively assessed needs of the district and significantly boost housing supply." [§2.33] BMDC "Background Paper: 1 Overview" (December 2014)

Critique

3.19 BMDC is progressing its Local Plan and has produced an evidence base examining what their local housing target should be and the broad approach to meeting those requirements. Certain aspects of the Council's approach to defining the Full Objectively Assessed Need [FOAN] for housing are to be welcomed, most specifically:

⁵ <http://www.ons.gov.uk/ons/about-ons/get-involved/consultations/consultations/consultation-on-the-2012-based-subnational-population-projections-for-england/snpp-consult-upc.pdf>

- 1 The principle that the FOAN should be met in its entirety within the Bradford MDC administrative area (which has also been defined as an independent HMA);
- 2 That the approach to identifying the FOAN should align with economic needs; and,
- 3 The acceleration of headship rates above and beyond those within the suppressed 2011-based (interim) household projections post 2021.

3.20 However, having reviewed the Council's housing evidence base documents, NLP has identified a number of concerns about certain elements of the work and the approach undertaken. These are discussed below:

Economic Aspirations

3.21 Demographic-based projections should not be taken as the end point in assessing the OAN for local authority areas. The NPPF and PPG both require consideration of employment-based projections. In preparing employment-based projections, the software that is used (such as PopGroup) would constrain/inflate migration to a level which, when set alongside the profile of migrants moving in and out and natural change within the population, will produce an indigenous labour force sufficient to support the given level of employment taking account of commuting and unemployment.

3.22 The only economic evidence that has been used by BMDC in setting its housing OAN relates to the Regional Econometric Model. The Housing Requirement Addendum Report (August 2013) modelled a range of projections incorporating employment-led projections, specifically the job growth projections of the April 2012 run of the REM, which suggested a change in FTE employment equal to 27,041 between 2011-28, or 1,591 per annum. The subsequent September 2014 Edge Analytics update to the report sought to explore the housing implications of an updated version of the REM, which increased annual job growth slightly to 1,640 between 2013/14 and 2030/31.

3.23 However, Policy EC2 of the BLPCS states quite clearly that *"the Council will support the delivery of at least 2,897 new jobs annually in the District in the period to 2030"*.

3.24 From the Council's evidence, we therefore draw the following conclusions:

- 1 The supporting text to Policy EC2 dismisses the earlier 2011 job projections produced by the REM on the grounds that they are *"based largely on trend-based modelling of how the economy might perform in future years. In this respect they are not wholly complete assessments of jobs growth and related land requirement"*. [§5.1.14]
- 2 Although the Council has subsequently sought to cast doubt on the achievability of the 2,897 figure quoted in Policy EC2, it is nevertheless a stated target of the BLPCS, and one that has not featured in any of the FOAN housing modelling work.

- 3 On this basis, there is a clear disconnect between the job target set out in the BLPCS and the job targets underpinning the housing requirement figure; the former is almost more than 75% higher than the REM job figure in the Council’s housing evidence base. This runs against the requirement of Paragraph 158 of the NPPF.
- 4 Such an approach could lead to unsustainable outcomes, resulting in Bradford becoming a magnet for high levels of in-commuting, with the undesirable effects of congestion and escalating house prices likely to result. This clearly undermines the economic vision for the area.
- 5 Furthermore, NLP has obtained Experian’s latest December 2014 job projections from Experian. They suggest that annual job growth in the order of 2,168 could be achieved in Bradford City between 2013 and 2030. Such a figure is close to the mid-point between the 2014 REM figure of 1,604 and the Policy EC2 target of 2,897, which suggests it represents a reasonable compromise between the Council’s range of job targets.
- 6 The Framework requires the planning system to do *‘everything it can to support sustainable economic growth’* [§19]. It is not clear why Edge Analytics did not model a more realistic level of job growth for Bradford that aligned with the EC2 target.
- 7 The Council’s approach does not properly give effect to their policy on job creation of 2,897 jobs p.a.

Table 3.3 Comparison of Net Job Growth Projections for Bradford City

REM April 2012 (used by Edge Analytics)		REM June 2014 (used by Edge Analytics)		Experian (December 2014)		BLPCS Policy EC2 Job growth
Total (2011-2028)	Per Annum	Total (2013-2030)	Per Annum	Total (2013-2030)	Per Annum	Per Annum
27,041	1,591	+28,867	1,604	36,850	2,168	+2,897

Source: Edge Analytics Bradford Housing Requirement Study Updated Demographic Analysis and Forecasts (September 2014) / Experian December 2014 / BLPCS Policy EC2

- 3.25 In summary, the resultant housing requirement figure of 2,200 dpa for 2013-2030 therefore makes insufficient allowance for economic growth factors in contravention of the Practice Guidance and fails to reflect the Council’s own approach towards job creation.

Approach to Headship Rates

- 3.26 NLP has significant concerns about the robustness of the modelled scenarios in the August 2013 Housing Requirements Addendum. The report essentially assumed three alternative approaches to headship rates over the Plan period. One approach was to use the higher headship rates from the CLG’s 2008-based household projections from 2011-2028 (essentially excluding all reference to the lower 2011-based headship rates to 2021).

- 3.27 The other approaches used the interim 2011-based household projection headship rates to 2021, but thereafter assumed either a continuation of the trend projected in the 2011-based interim projections for the period 2011 to 2021, or alternatively ‘freezing’ headship rates at projected 2021 levels. The Addendum states that “*neither approach is ideal and would in both cases produce theoretical results*” [§2.10].
- 3.28 The 2013 Addendum Report recognises that the latest 2011-based household projections suggest a reduction in the rate of household growth projected for Bradford City when compared with the previous 2008-based household projections. This is because the former dataset projects trends derived from a period “*characterised by an unprecedented, deep recession and slow economic growth, fiscal austerity and 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.*” [§2.8]
- 3.29 However, whilst recognising that using these approaches embeds the conditions prevalent in the 2011-based interim projections and could therefore lead to a continuation of past trends over the plan period, the modellers nevertheless conclude that “*the most appropriate basis for projecting is the trend based assumption*”. [§4.3] This assumption is critical and flawed, because it artificially constrains the mid-point housing figure taken forward in the BLPCS.
- 3.30 The figure of 2,200 dpa taken forward by Bradford City Council in the BLPCS is clearly referenced as being the ‘mid-point’ (2,186 dpa) between the trend based employment-led scenario of 1,807 dpa and the previous February 2013 employment-led scenario (which applied 2008-based headship rates) of 2,565 dpa.
- 3.31 Whilst it is agreed that modelling is not an ‘exact science’, and that there needs to be an element of judgement as to where an appropriate figure might lie, by taking a random mid-point between the two upper and lower ranges suggests that the modellers have limited faith in the robustness of either scenario, and have ended up recommending a figure that is not substantiated by any of their model runs.
- 3.32 Picking a mid-point between the two book-end scenarios is entirely arbitrary and affords no weight to a reasoned analysis about the scenarios. This is despite the Council’s evidence repeatedly stressing that the 2011-based household projections imply a continuation of the recession over the whole of the Plan period, which would not be supportive of the Council’s aspirations to achieve economic growth and regeneration. Instead, reliance upon the 2011-based interim household projections serves to deflate the average figure, such that the headship rates that have been applied by Edge Analytics continue to be shaped by conditions experienced during the recession.

3.33 NLP considers that the ‘trend’ and ‘fixed’ headship rate approaches modelled by Edge Analytics are invalid and as such should not be used to define the OAN for housing need as they do not represent the most appropriate strategies when considered against reasonable alternatives. BMDC has therefore failed to use the most appropriate and up-to-date statistical evidence to inform its housing strategy for the City as required by The Framework [§ 158].

Economic Activity Rates

3.34 In constructing the employment constrained projections for the February 2013 Bradford Housing Requirements Study, Edge Analytics varied older person economic activity rates to reflect changes to pension ages in the long term. Edge Analytics assumed that for the 50-64 and 65-74 age groups, economic activity rates would incrementally increase by 10% between 2011 and 2030 to reflect the gradual impact of this employment factor. [§5.32]

3.35 Edge Analytics’ September 2014 Update modifies this approach and makes the following uplifts to the economic activity rates to take into account the planned changes to the State Pension Age [SPA]:

- 1 Women aged 60-64: 40% increase from 2011 to 2020;
- 2 Women aged 65-69: 20% increase from 2011 to 2020;
- 3 Men aged 60-64: 5% increase from 2011 to 2020; and,
- 4 Men aged 65-69: 10% increase from 2011 to 2020.

3.36 Appendix B records that the increase in economic activity rates in the 60-69 age brackets for Women is higher than recorded in the ONS Labour Force Projection 2006 on the grounds that there will be an accelerated pace of change in the SPA.

3.37 The implication of this adjustment is that a lower level of in-migration is required to support existing or new jobs, and hence it can be associated with a much lower level of population and housing growth as a result.

3.38 Whilst it is agreed that changing statutory retirement ages are likely to have some impact upon economic activity rates, the Housing Requirements Study and subsequent Updates do not provide any evidence to demonstrate the extent to which the scale of increase that has been modelled is likely to occur in practice.

3.39 Whilst useful as a comparator, the LPS is now 9 years out of date, and failed to take into account the recession. This had significant impacts on economic activity in the youngest age groups, with economic activity rates declining significantly more than was anticipated in the projections.

3.40 The figures that result from this key set of employment-led scenarios can be viewed as illustrative at best. They should not be considered as providing a

reliable indicator of future demographic change and housing requirements. For example, if this degree of change were to be even slightly lower, the planned level of housing provision would result in a shortfall in housing, to deliver against the forecast level of employment.

Affordable Housing Need

- 3.41 The Framework states that LPAs should “*use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the HMA*”. [§47, NLP emphasis] In this regard, BMDC’s most recent 2013 SHMA update concludes that the total gross affordable housing requirement is 769 dwellings annually, based on eliminating the backlog over ten years (rather than the five years recommended in the former 2007 CLG guidance and the PPG). The net figure is for approximately 587 dwellings annually.
- 3.42 The Council considers that the relevant target to plan for is the lower 587 dpa affordable target. We disagree on two grounds. Firstly, Table 4.9 in the 2013 SHMA suggests that the 587 figure is derived by assuming that an annual over-supply of three bed properties (-129) can simply be ‘netted off’ a very high level of need for one bedroom general needs properties (586 dpa). This is simply not appropriate, given that the introduction of the over-occupation penalty means that the option of housing an individual in need of a 1-bed property in a much bigger house may simply not be a financially viable option.
- 3.43 Secondly, the SHMA approach seeks to address backlog over an inappropriate time period:
- “The 2013 SHMA analysis indicates a net annual shortfall of 587 affordable dwellings. This is based on the assumption that the backlog need is reduced over a 10 year period. By comparison, if the backlog is assumed to be cleared over a 5 year period the net annual shortfall would be 1,302.” [4.63]*
- 3.44 The former SHMA Practice Guidance⁶ stated that the affordable homes quota should “*be based on meeting need over a period of five years*” [page 52]. Whilst less detailed guidance on modelling affordable housing need is provided in the March 2014 Practice Guidance, it is nevertheless clear that housing need must be addressed as soon as possible:
- “LPAs should aim to deal with any undersupply within the first 5 years of the plan period where possible” [3-035-20140306]*
- 3.45 It is clearly unacceptable for a household on the waiting list to have to wait up to ten years for their housing needs to be met. On this basis, it is considered that the gross figure of 769 dpa is the absolute minimum that should be provided, and that a sound approach would justify a figure in excess of 1,300 dpa as appropriate.

⁶CLG (2007): Strategic Housing Market Assessments Practice Guidance Version 2

- 3.46 Policy HO8 of the BLPCS has a target that between 20% and 25% of total gross housing completions should be affordable housing. On this basis, even if the Council was to attempt only to eliminate the 769 dpa affordable housing need, then a minimum of 3,076 dpa would need to be provided (or 5,200 if backlog is to be addressed over 5 years). The provision of 2,200 dpa would only provide around 550 affordable dpa assuming that the 25% target is achieved for all housing.
- 3.47 Even this level of delivery is likely to be a considerable over-estimate. As the Council themselves have commented in their response to our 2014 representations:
- “Given viability levels, affordable housing quotas proposed for Bradford are low (15%) and thus the increase in the housing targets for Bradford needed to make much difference to the overall amount of affordable homes delivered would be considerable and mostly likely undeliverable”.*
- 3.48 In the event that a 15% affordable housing target was applied, a total of 5,127 dwellings would be required to support the delivery of 769 affordable homes, and 8,667 to support the delivery of 1,300 affordable homes per annum.
- 3.49 The Council also responds that not all affordable housing need will be met via s.106 contributions, and states that a significant contribution will be made from 100% social housing schemes provided by RSL’s or the Council. This claim should, however, be viewed in the light of the fact that in the 12 months to Q4 2013, 93% of new homes in Bradford were completed by the private sector. Furthermore, the Council has not produced any evidence to demonstrate how it would meet the substantial affordable housing shortfall likely to arise from delivering just 2,200 dpa in this way, particularly considering the substantial funding cutbacks proposed by Government.
- 3.50 The Practice Guidance is quite clear that the affordable housing requirement should be met ‘in full’. The Council appears to be suggesting that this is not possible for viability reasons, but this does not affect the need to identify correctly the FOAN in this regard and issues of viability should be properly analysed when formulating the housing strategy. The Guidance also states that *“an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes”*⁷. It is clear that such an increase is necessary in this case.

Market Signals

- 3.51 From assessing BMDC’s Housing Evidence, it is clear that this analysis of Market Signals has not taken place.
- 3.52 The Council has failed to properly assess the key market signals as set out in the Practice Guidance and to analyse whether Bradford District is performing

⁷ 2a-029-20140306

better or worse than comparable areas nearby and how its performance has changed over time. Summarising contextual housing data in the 2010 and 2013 SHMAs is not the same as testing whether an uplift to the housing need figure is appropriate.

- 3.53 This is a key flaw in the Council’s approach to identifying the housing OAN, and no structured approach has been taken to querying whether an uplift to the demographic starting point is appropriate.

Time period for Policy HO1

- 3.54 Table HO1 draws upon data from 2004-2013 and provides an overall requirement for a 26-year period up to 2030. This Plan period is inconsistent with National Policy on two counts.

- 3.55 Firstly, the Framework advises that Local Plans should “*be drawn up over an appropriate time scale, preferably a 15 year horizon*” [§157]. The proposed plan period concludes in 2030. Even if the plan is found sound and is not subject to considerable delays, it is unlikely to be adopted until 2016, which would result in a 14-year time period.

- 3.56 Secondly, CEG Policy HO1’s start date is 2004 and is 11 years old. It is unclear why the Council has chosen this year other than it reflects the time period of the now revoked Yorkshire and the Humber Regional Spatial Strategy [RSS]⁸. The Council has used this alignment of start dates to justify inclusion of the 1,500 dpa/2,700 dpa RSS targets for Bradford that were contained in the RS. This approach is entirely flawed.

- 3.57 A number of recent High Court decisions have confirmed that the former RSS figures should not be used as a proxy for what the Local Plan process might eventually produce by way of a qualified assessment of housing needs. In particular, the Gallagher HCJ⁹ concluded that:

“Where, as in this case, the plan maker uses a policy on figure from an earlier regional strategy, even as a starting point, he can only do so with extreme caution – because of the radical policy change in respect of housing provision effected by the NPPF”. [§98]

- 3.58 It is clear that the housing requirement figures for Bradford that were contained within the RSS did not comprise an objective assessment of housing need, but were instead driven by a number of policy imperatives. Indeed, Paragraph 12.4 of the RSS notes that *“the figures for 2004-2008 are broadly in line with net build rates in recent years”*¹⁰, effectively meaning that they were supply rather than demand-led.

⁸Government Office for Yorkshire and the Humber (May 2008): The Yorkshire and Humber Plan Regional Spatial Strategy to 2026, page 159, Table 12.1

⁹ Gallagher Homes Limited and Lioncourt Homes Limited v Solihull Metropolitan Borough Council [2014] EWHC 1283 (Admin)

¹⁰Government Office for Yorkshire and the Humber (May 2008): The Yorkshire and Humber Plan Regional Spatial Strategy to 2026, para 12.4

- 3.59 As for the 2008-26 requirements (which have been applied by BMDC over the period from 2008 to 2013), the RSS clearly states that *“the figures are not derived directly from one mathematical model or set of projections. Rather they are the result of the range of evidence and debate that has been considered through the process of preparing the Plan and latest evidence about household growth in the region”* [§12.5]
- 3.60 This comprises a policy-driven housing requirement; hence it is wrong for BMDC to have simply included the RSS figures in its own FOAN assessment for the period 2004-2011. Furthermore, these figures are below the level of household growth for Bradford suggested by both the 2004-based (+2,640 households per annum 2004-29) and 2006-based (+3,120 households per annum 2006-31) SNHPs, suggesting that the Council has not failed to take adequate account even of the demographic needs of the area.
- 3.61 In summary, it is clear that the RS figures cannot legitimately form any part of the FOAN for Bradford for any phase of the Plan period.
- 3.62 A further area of concern relates to the use of backlog in BMDC’s FOAN calculations. Whilst past under-delivery of dwellings against need is a legitimate market signal to be taken into account in uplifting the requirement above the demographic starting point, it should not simply be added on to the housing requirement as this would distort the modelling.
- 3.63 As such, NLP concludes that both the Plan period and the approach taken to ‘adding on’ backlog to the housing FOAN were fundamentally unsound and the Plan is flawed as a result.

Towards an Objectively Assessed Housing Need

- 3.64 On the basis of the above, it is concluded that the SHMA does not provide a full objective assessment of housing need for Bradford. It fails to properly consider the implications of market signals and the need for affordable housing and also draws upon a series of assumptions that are not properly supported. Foremost in this regard, it:
- 1 Fails to achieve a proper alignment between the housing and employment policies and growth aspirations within the Plan;
 - 2 Applies an arbitrary approach to household formation that affords no weight to a reasoned analysis about the scenarios;
 - 3 Applies supply-led housing requirement levels that were contained within the (now revoked) Regional Strategy to inform part of the OAN assessment for the Plan period; and,
 - 4 Adopts an approach in relation to backlog that does not conform the principles established by the Courts and that is fundamentally unsound.

4.0 **An Objective Assessment of Housing Need**

4.1 NLP has adopted a number of scenarios to establish the requirement for housing in line with its HEaDROOM framework. These are based on different demographic, economic and housing related factors which are explained below.

4.2 NLP agrees with BMDC that the Council area constitutes a housing market area and so the analysis set out below focuses upon this area geographical alone. However, it is recognised that Bradford does have close relationships with a number of adjoining local authority areas and the implication of this will need to be considered in the context of the Duty to Cooperate in terms of the extent to which Bradford might be called upon to accommodate housing growth associated with its neighbours.

Context and Assumptions

4.3 The NPPF requires local planning authorities to apply up-to-date and relevant evidence in order to establish their housing requirement figures. For this reason, in seeking to identify the objectively assessed housing requirement, consideration must be given to the key recent data sets which relate to population and household formation, which have a direct bearing upon future housing needs:

- a The ONS 2012-based Sub National Population Projections (SNPP) (released 29 May 2014) provide updated population projections at a district level and supersede the previous 2011-based Interim Sub National Population Projections (released in 2013); and,
- b The CLG 2011-based Interim Household Projections (released 9 April 2013) provide updated Government projections of household formation both nationally and at a local authority level, including revised headship rates underpinning the projections (i.e. the proportion of any population that would act as the 'head' of a household). These supersede the previous 2008-based Household Projections (released in 2010).

ONS 2012-based Population Projections

4.4 The 2012-based SNPP project the population of all local authorities in England over the period from 2012 to 2037 and are based on the assumption that the demographic trends (births, deaths and in/out migration) that were experienced between 2007 and 2012 will continue in the future. As such, they draw upon trends that were experienced during a time of economic downturn.

4.5 They do not take account of planned and emerging policies that are yet to take place and no allowance is made for potential future improvements in the national or local economy.

- 4.6 The 2012-based SNPP represent a “full” set of projections, which draw upon an updated set of underlying fertility, mortality and migration trends. The SNPP are consistent with the 2012-based national population projections and take account of information from the 2011 Census. They differ from the 2011-based interim SNPP which did not update fertility, mortality or migration rates from those used in the 2010-based projections and which, because of the lower quality of data used in them, only covered a 10 year period (2011-2021).
- 4.7 It is important to note that the 2012-based SNPP relate only to population change. The 2012-based Sub-National Household Projections (SNHP) are expected to be released on 26 February 2015 but until then, the 2011-based Interim SNHP remain the most up to date, although they are subject to the concerns highlighted below.

CLG 2011-based Interim Household Projections and Household Formation

- 4.8 The CLG household projections are trend based and identify the change in the number of households that would be expected in the event that the levels of change that have been experienced between 2001 and 2011 were to continue in the future. Whilst technically drawing upon on longer term trends, the latest projections strongly reflect recently observed trends in the last five years during the period of suppressed household formation which are associated with the impacts of the economic downturn, constrained mortgage finance and past housing under-supply. They do not take any account of the impact of future government or local policies, changing economic conditions or other factors that might have an impact upon demographic behaviour or household consumption.
- 4.9 The projections effectively roll forward the demographic and housing conditions that were experienced during a time of economic downturn, when financial pressures resulted in an increase in the number of concealed households and a stagnant housing market. In so doing, they fail to take any account of the implications of economic growth in terms of household formation and contradict evidence showing that those in concealed households will seek to realise their housing ambitions as the economy recovers and the housing supply situation improves. This is likely to result in an increase in household formation and the demand for housing – something that is not reflected in the interim projections and which means that they almost certainly will underestimate the true level of household change to 2021 and do not provide the basis for assessing household formation post 2021.
- 4.10 In considering the implications of the interim household projections, it is useful to consider two separate time periods: the period to 2021 that is covered by the projections and the period after 2021 that is beyond the scope of the projections.

Rates in the Period 2011 to 2021

- 4.11 The CLG 2011-based Interim Household Projections provide estimates of future household growth in Bradford from 2011 to 2021, averaging 1,590 households per annum in the City.
- 4.12 This level of projected growth results from the rolling forward of past trends which were skewed by economic context and the reality that the number of concealed households has increased as a result of:
- 1 A significant undersupply of new homes;
 - 2 Asking prices remaining out of reach for first time buyers; and,
 - 3 Restricted mortgage finance putting severe limitations on the market.
- 4.13 When considering housing requirements going forward, the issue is whether the trends that have been assumed by the projections to continue will be maintained or whether economic changes will encourage an increase in household composition before 2021. In essence, the fundamental question must be whether trend based projections are the most appropriate immediately after a severe recession. It is not considered that they are. The trend based projections, which are drawn from a period of economic downturn, effectively demonstrate what the level of household formation and demand would be if the economy was not to recover before 2021.
- 4.14 National policy and development plan aspirations seek to ensure the recovery of economic conditions and house building well before 2021. On this basis, the projections fail to identify the number of households that are likely to be established over the next 6 years because an improvement in economic conditions would result in an acceleration of household formation rates. Placing too much weight on this projection to inform the future dwelling requirement would serve to under-provide for housing (when considered against both demographic and economic scenarios), contrary to the NPPF.

Rates in the Period after 2021

- 4.15 As the household projections only consider the period to 2021, page 9 of the accompanying Quality Report¹¹ states that those users interested in understanding household growth and housing requirements during the period after 2021 should *“make an assessment of whether the household formation rates in that area are likely to continue”*. There is clear evidence in respect of economic forecasting and relating that to housing consumption in times of economic recovery that they will not. The PPG states that *“plan makers would need to assess likely trends after 2021 to align with their development plan periods”*.
- 4.16 In considering the housing requirement for Bradford to 2030 it would not be appropriate to extend suppressed household projections across the Local Plan

¹¹ DCLG 2011-based Interim Household Projections Quality Report (April 2013)

period. Instead, regard should be given to the likely acceleration of household formation to a rate that takes account of the backlog of pent-up demand from concealed households as well as new household formation. After an initial “catch up” period, the household formation rate would be expected to effectively reflect a resumption of longer term trends.

Implications

- 4.17 The latest CLG projections are a useful starting point for understanding OAN. However, they do not offer a complete answer in themselves as the PPG makes clear. Indeed, taken at face value, they seem to run counter to these objectives and create a risk of perpetuating housing shortages at just the time when supply needs to be boosted and policy requires this to happen. Government Ministers are clearly alive to this issue and hence their concern about following the latest projections, which being largely short term trend based perpetuate the latest trends as experienced during the economic downturn.
- 4.18 NLP has considered which rates of household formation are appropriate for testing beyond 2021. Taking into account the long term trends and the way the recession has affected household formation, it is anticipated that household formation rates will increase at a faster rate again in the future. It is likely that household formation will begin to pick up as the wider economy returns to growth, people’s circumstances improve, household incomes increase and there is better access to mortgage finance. Such factors will improve confidence and ability to form new households. However, this increase in household formation will potentially not be to the same degree as previously assumed in the 2008-based projections.
- 4.19 NLP’s base baseline position regarding household formation beyond 2021 indexes formation against the 2008-based household projections (from a different starting point) on the assumption that household formation will increase in line with long term trends as the economy improves. This “index” approach is supported by the PAS “*Technical Advice Note on Objectively Assessed Need and Housing Targets*” (2014) [paragraph 5.25-§5.27] and has been explicitly endorsed by Inspectors at a number of Local Plan examinations¹². The Inspector into the South Worcestershire Development Plan examination asked the Councils to apply it in undertaking further analysis in order to derive an objective assessment of housing need over the Plan period.
- 4.20 The index approach is considered to represent an entirely appropriate basis for assessing future housing requirements, albeit that it could be viewed as conservative estimate for two reasons:
- a This approach assumes that headship rates will increase in the future, it does not address the issue of suppressed households that were unable

¹² Including South Worcestershire, Lichfield and West Lancashire.

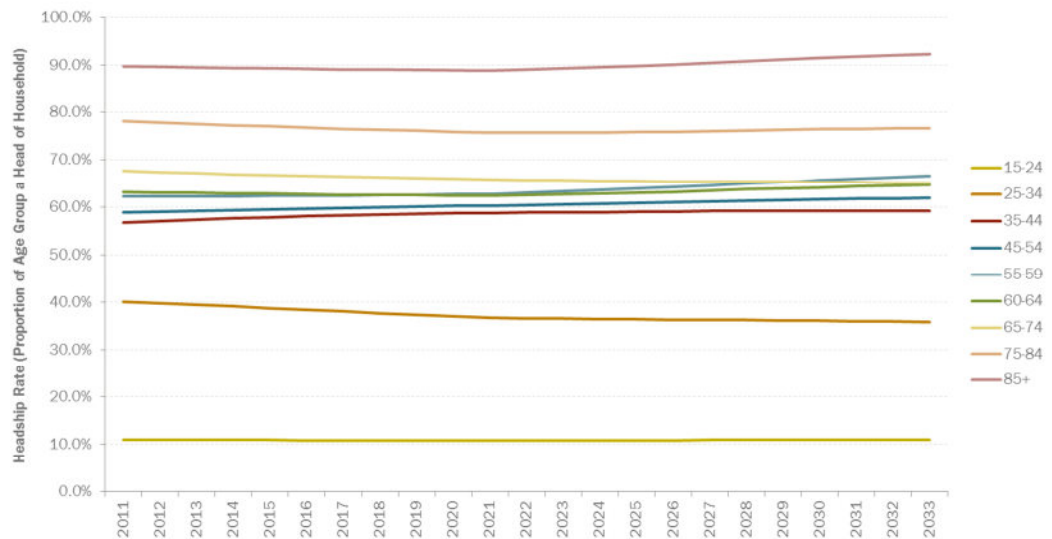
to realise their housing aspirations during the recession. It is therefore a highly conservative approach which does not provide for any “catch up” in household formation. Instead, it focuses solely upon future housing requirements – effectively creating a “lost generation” of people that were unable to form their own households during the recession.

- b It adopts the interim 2011-based headship rates to 2021, and thereby assumes that household formation rates over the next 6 years will reflect the suppressed rates that were experienced during the recession. It therefore does not reflect evidence¹³ that household formation rates might pick up as the economy improves over the next few years. The implication of these considerations is that the index approach may underestimate the dwelling need.

4.21 The household formation rates within these projections are applied to the projected population in Bradford to arrive at estimates of likely growth in households at the local level.

4.22 An illustration of the above assumed rates for individual age cohorts are displayed in Figures 4.1, which shows increasing headship rates (the proportion of a population that will form a head of household) among 35 to 64 year olds and but a decreasing headship rate amongst 15 to 34 year olds and those aged 65 and above (although older age cohorts continue to have significantly higher headship rates than younger groups). These age specific projections of household headship have been applied through each of the scenarios modelled through the PopGroup software.

Figure 4.1 Projected Household Headship Rates for Bradford (Index approach)



Source: CLG 2011-based Household Projections, NLP

¹³ Such as that from the Cambridge Centre for Housing & Planning Research which has stated that formation rates will rise as a result of economic growth in the short term and will thereby result in pent-up demand being realised and new household formation occurring.

2012 Sub National Household Projections

- 4.23 Consideration should be given to the 2012-based SNHP which are expected to be published on 26 February 2015. They will provide estimates of the number of households in each local authority in England between 2012 and 2037, broken down by size and type. They are based on past trends of population change and household composition and, as such, assume that the demographic and household formation trends that were experienced between 2007 and 2012 will continue. They do not take account of any economic or policy considerations which might result in different trends in the future. As a result, it is expected that it will show a much lower level of household growth than is likely in the future economic climate. Basing housing requirements solely on these projections would result in a shortage of homes for those who need them.
- 4.24 The PPG requires CLG household projections to provide the starting point for the assessment of housing need. However, they do not constitute the end point. Instead, it states that it might be necessary to make adjustments to take account of factors that were not captured in past trends. The same arguments will apply to the 2012 SNHP as to the 2011 SNHP and this highlights the importance of handling the new projections with care when they come out.

Summary of Assumptions

- 4.25 There are a number of assumptions which underpin the baseline PopGroup modelled scenario including:
- 1 A **base year** of 2012 is applied to reflect the base date of the 2012 SNPP but the outputs are identified for the period between 2013 and 2013, to reflect the period over which the housing need has been identified by BMDC;
 - 2 Future change assumed in the Total **Fertility** Rates [TFR] and Standardised **Mortality** Rates [SMR] are based on the birth and death projections derived from the ONS 2012-based SNPP. This in turn is used to derive future projected TFRs and SMRs through PopGroup;
 - 3 The 2011 and 2012 population figures (by age cohort) are **constrained** to align with the latest 2011-based and 2012-based mid-year population estimates for the City of Bradford;
 - 4 Inputs on **headship (effectively household formation) rates** (using the CLG 2011-based household forecast headship rates up to 2021, and the 2008-based rates after this time. The baseline sensitivity tests assume a range of different headship rates post 2021, as follows:
 - i Index – this assumes that the rate of change in household formation will move in line with the rate of change assumed for that period within the 2008-based household projections,
 - ii Partial Catch Up – catch up to 50% of 2008 SNHP rates by 2033,

- iii Catch Up – catch up to 2008 SNHP rates by 2033;
- 5 In Bradford (as in any area), it is expected that housing **vacancies and second homes** will result in the number of dwellings exceeding the number of households. In establishing future projections, it is likewise expected that the dwelling requirement will exceed the household forecast. Hence an empty homes rate of 5.14% is factored into the model for all the scenarios;
- 6 To calculate the **unemployment** rate, NLP took the September 2012 NOMIS unemployment figures for the authority area to equate to the 2012 rate; the September 2013 figures to equate to the 2013 rate; and the September 2014 figures to equate to 2014. NLP kept the former figure constant for 2015 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the long term average over a five year time frame. This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate;
- 7 2011 Census **Economic Activity Rates** used for each age cohort to equate to the 2011 economic activity profile for the City of Bradford. From 2012 onwards, an adjustment has been made to reflect the changes to the State Pension Age; the propensity for people to live longer and retire later; and the growth of part time opportunities amongst other challenges. The NLP approach mirrors that put forward by Kent County Council in their Technical Paper: “*Activity Rate projections to 2036, Research and Evaluation, Business Strategy and Support*” (October 2011). The increase in rates, which is most pronounced for women over the age of 60 and males between the ages of 65-69, are gradually increased from 2012 onwards up to 2020, beyond which they are held constant across the remainder of the forecasting period;
- 8 It has been assumed that the **commuting rates** remain static with no inferred increase or decrease in commuting levels. According to the 2011 Census, this equated to a rate of 1.105 for Bradford (i.e. more people commute out of Bradford than commute in on a daily basis); and,
- 9 There will also be an additional driver to growth in household formation due to the strong trend towards smaller average household sizes nationally.

Scenarios for Future Housing Needs

4.26

Based upon the analysis of the context and past trends which will continue to drive the need and demand for housing within Bradford, NLP has adopted a number of scenarios to test the requirement for housing based on different factors. The scenarios are outlined as follows:

Demographic Scenario

- a **CLG 2011-based household projections** – This scenario applies the 2011-based interim SNHP, adjusted for vacancy rates and trended post 2021.
- b **Baseline: 2012-based SNPP** – This tests the housing and employment implications of the population change that is anticipated by the 2012-based Sub-National Population Projections (SNPP).
- c **Baseline Partial Catch-up** – As (b) but change post 2021 is targeted to end at a point halfway between the CLG 2011-based end rates trend and the CLG 2008-based Household Projections Catch Up end rates by 2033.
- d **Baseline Catch-up** – As (c) but a higher rate of household formation has been assigned post 2021 to ‘catch up’ to the earlier 2008-based rate post 2021.

Economic Scenarios

- e **Bradford Core Strategy jobs** – A ‘policy-on’ economic-led scenario based upon the BLPCS Policy EC2 target of 2,897 new jobs annually.
- f **Bradford Core Strategy Jobs 3% Unemployment** – A ‘policy-on’ economic-led scenario based upon the BLPCS Policy EC2 target of 2,897 new jobs annually, but with unemployment rates reducing to 3% by 2030.
- g **Experian jobs forecast** – A ‘policy-off’ economic-led scenario based upon delivering the level of employment growth associated with the latest (December 2014) projections that have been obtained from Experian Business Strategies (2,168 new jobs p.a.).
- h **2014 REM forecast** – A ‘policy-off’ economic-led scenario based upon delivering the level of employment growth associated with the 2014 REM projections (1,604 new jobs p.a.).

4.27 Scenarios b, e, f, g and h apply the index approach to headship rates, as detailed above.

5.0 Demographic Scenarios

5.1 An analysis of underlying demographic trends represents the first part of the HEaDROOM framework. This requires an understanding of projected population growth through natural change and migration, household formation rates, and also the level of vacant and second homes in the area. NLP has used specialist demographic modelling and forecasting tool PopGroup to model future trends in demography. This is then converted to household, dwelling and labour force estimates using the Derived Forecast add-on tool. PopGroup is an industry standard demographic modelling software package and is used by Government Agencies, County Councils and Local Authorities across the UK.

Scenario A: 2011 SNHP

5.2 This scenario applies the household projections for Bradford that are contained within the 2011-based interim Sub National Household Projections to 2021. It then trends the projections forward to 2030. This reflects the approach that the PPG identifies as the “starting point” in assessing the FOAN.

5.3 The headline changes are shown below:

Table 5.1 Summary of 2011-based Interim SNHP Scenario

Category	2013	2030	Change (2013-2030)	Annual
Households	201,768	228,790	27,022	1,590
Dwellings	212,701	241,187	28,486	1,676

Source: 2011-based interim SNHP / NLP Analysis

5.4 This scenario equates to an additional 27,022 households between 2013 and 2030. **Taking account of existing housing vacancy rates, an additional 28,486 dwellings would be required to accommodate these additional households in Bradford (1,676 p.a.).**

5.5 This scenario has not been modelled through PopGroup and so it is not possible to identify the population and economic implications of this level of housing growth.

Scenario B: 2012 SNPP (Baseline)

5.6 This scenario represents the housing and economic implications of the projected demographic shift based on current factors and past trends in Bradford, using projected assumptions from the 2012-based SNPP. The assessment of the household and dwelling implications of the projections apply headship and household composition trends contained within 2011-based interim household projections to 2021, followed by an application of the index approach to headship rates described above.

5.7 The headline changes are shown below:

Table 5.2 Summary of 2012-based Interim SNPP Scenario

Category	2013	2030	Change (2013-2030)	Annual
Population	527,785	580,043	52,259	3,074
Households	201,768	231,882	30,114	1,771
Dwellings	212,701	244,446	31,746	1,867
Indigenous Labour Force	246,733	264,224	17,491	1,029
Jobs supported at existing jobs density ratio	198,123	219,511	21,388	1,258

Source: NLP Analysis of PopGroup Outputs

5.8 Under this scenario, the total population of Bradford is projected to rise by 52,259 people between 2013 and 2030. This is expected to comprise a natural change of 70,001 and net migration of -17,742.

5.9 Based upon the index approach, the population change anticipated by this scenario equates to an additional 30,114 households over the period from 2013 to 2030. **Taking account of existing housing vacancy rates, an additional 31,746 dwellings would be required to accommodate these additional households in Bradford (1,867 p.a.).**

5.10 Applying age specific economic activity rates to the projected population shows that this scenario would result in an additional 17,491 people in the indigenous labour force of Bradford by 2030. By applying the ratio of workers to jobs, it result would support 21,388 additional jobs in between 2013 and 2030 (1,258 p.a.).

Sensitivities

5.11 Two sensitivity tests have been applied to the Baseline Scenario, as follows:

- a Scenario C 2012 SNPP Partial Catch-Up; and,
- b Scenario D: 2012 SNPP Full Catch-Up.

5.12 The results for the 2012 SNPP sensitivity scenario are as follows:

Table 5.3 Sensitivity Test for 2012-based Interim SNPP Scenario

Category	Scenario C: Partial Catch-up		Scenario D: Catch-up	
	Annual change (2013-30)	Change 2013-30)	Annual change (2013-30)	Change 2013-30)
Population	52,259	3,074	52,259	3,074
Dwellings	32,298	1,900	37,613	2,213
Jobs supported	21,388	1,258	21,388	1,258

Source: NLP Analysis of PopGroup Outputs

- 5.13 Because these scenarios only related to the household formation rates, the population and employment outputs are the same as those identified in relation to Scenario B.
- 5.14 Compared with the results of Scenario B,
- a Scenario C increases the housing need by 552 (1.7%); and,
 - b Scenario D increases the housing need by 5,867 (18.5%).

6.0 Economic Scenarios

- 6.1 The second component of the HEaDROOM framework is based upon an understanding of the relationship between housing and employment. Although there are a complex set of issues involved in matching labour markets and housing markets (with different occupational groups having a greater or lesser propensity to travel to work), there are some simple metrics that can explore the basic alignment of employment, demographic and housing change, notably the amount of housing needed to sustain a given labour force assuming certain characteristics of commuting and employment levels.
- 6.2 Ensuring a sufficient number of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing. The challenge of meeting employment needs is clearly given a heightened importance as a result of the need to secure economic growth out of recession, and the NPPF highlights this by stating that planning should "*do everything it can*" to support economic growth and requires local planning authorities to ensure alignment between their employment and housing (and other) policies and proposals.
- 6.3 This approach is consistent with the Planning Practice Guidance¹⁴ which stipulates that plan makers, in assessing need for housing, should:
- a Make an assessment of likely growth in jobs based upon past trends and/or economic forecasts (as appropriate);
 - b Have regard to the growth of the working age population in the housing market area; and,
 - c Where the supply of working age population (labour force supply) is *less* than projected job growth, then plan makers will need to consider increasing their housing numbers, in order to address the resultant unsustainable commuting patterns and the reduction in resilience of local businesses.

Scenario E: Core Strategy Jobs

- 6.4 Policy EC2 of the Bradford Core Strategy states that "*the Council will support the delivery of at least 2,897 new jobs annually in the District in the period to 2030*". This equates to a total of 49,249 jobs over the 17-year period from 2013. Paragraph 5.1.14 of the Core Strategy justifies this figure, which is

¹⁴ See 'Assessment of housing and economic development needs' chapter of Planning Practice Guidance published by National Government in March 2014.

higher than that identified by the Regional Economic Model (the evidence that informed the economic policies within the Plan) by stating that:

“Whilst the current economic trend indicates a growth of approximately 1,352 jobs per annum (excluding retail and Wholesale - REM March 2013), the actual need is much greater. ... In order to attain full levels of employment in the District (providing jobs for everyone), the target number of jobs that would need to be created by 2030 is 4,424 jobs per annum which is in reality, an unattainable aspiration. The strategy for a prosperous economy is to create the right conditions and opportunities for significant jobs growth across the District. It is not sustainable to accept the District’s high level of unemployment and economic inactivity and it is through policy EC2 an attempt is made to mitigate these circumstances. Since the number of claimants obtaining Job Seekers Allowance is estimated to reach 21,464 by 2030 and in addition, the growth in the working age population in full employment will increase by 27,800, there is a requirement for an average of a further 2,897 new jobs annually to provide for this demand”.

6.5 Although the evidential basis of this figure is difficult to understand, it does represent the employment target that the Council has sought to pursue and so, in line with Paragraph 158 of the NPPF, it is necessary to consider the housing implications of this level of employment growth.

6.6 The necessary population growth to underpin an expansion in the indigenous labour supply, which in turn would (accounting for net commuting rates) support this given level of employment growth is modelled in this scenario along with the level of housing required to ensure delivery of these jobs. The headline changes are shown below:

Table 6.1 Summary of Core Strategy Jobs Scenario

Category	2013	2030	Change (2013-2030)	Annual
Population	536,132	656,375	120,243	7,073
Households	204,305	257,484	53,179	3,128
Dwellings	215,375	271,436	56,061	3,298
Indigenous Labour Force	251,267	302,142	50,875	2,993
Jobs supported at existing jobs density ratio	201,764	251,013	49,249	2,897

Source: NLP Analysis of PopGroup Outputs

6.7 Under this scenario, the total population of Bradford is projected to rise by 120,243 people between 2013 and 2030. This is expected to comprise a natural change of 82,694 and net migration of 37,549.

6.8 Based upon the index approach, the population change anticipated by this scenario equates to an additional 53,179 households over the period from 2013 to 2030. **Taking account of existing housing vacancy rates, an additional 56,061 dwellings would be required to accommodate these additional households in Bradford (3,298 p.a.).**

Sensitivity

6.9 A sensitivity tests have been applied to Scenario E. This (Scenario F) considers the implications of a more ambitious reduction in unemployment levels in Bradford to 3% by 2030.

6.10 The results for this sensitivity scenario are as follows:

Table 6.2 Sensitivity Test for Core Strategy Jobs Scenario

Scenario F: Partial Catch-up		
Category	Annual change (2013-30)	Change (2013-30)
Population	87,681	5,158
Dwellings	44,558	2,621
Jobs supported	42,249	2,897

Source: NLP Analysis of PopGroup Outputs

6.11 Compared with the results of Scenario E, this scenario would

- a Reduce the population change between 2013 and 2030 by 32,562 (-27.1%); and,
- b Reduce the housing need between 2013 and 2030 by 11,503 (-20.5%).

Scenario G: Experian Jobs

6.12 This scenario is based upon data from the Experian Economics Forecast (December 2014). This forecasts that Bradford will experience an increase in employment of 36,856 between 2013 and 2030. This figure does not make any allowance for policy objectives or local aspirations (i.e. a policy-off forecast) and is 25% lower than the target contained within Policy EC2 of the Bradford Core Strategy.

6.13 This scenario considers the implications of delivering this level of employment growth. The headline changes are shown below:

Table 6.3 Summary of Experian Jobs Scenario

Category	2013	2030	Change (2013-2030)	Annual
Population	531,730	621,924	90,194	5,306
Households	202,945	245,994	43,049	2,532
Dwellings	213,941	259,324	45,383	2,670
Indigenous Labour Force	248,855	284,886	36,031	2,119
Jobs supported at existing jobs density ratio	199,827	236,677	36,850	2,168

Source: NLP Analysis of PopGroup Outputs

6.14 Under this scenario, the total population of Bradford is projected to rise by 90,194 people between 2013 and 2030. This is expected to comprise a natural change of 77,537 and net migration of 12,657.

- 6.15 Based upon the index approach, the population change anticipated by this scenario equates to an additional 43,049 households over the period from 2013 to 2030. **Taking account of existing housing vacancy rates, an additional 45,383 dwellings would be required to accommodate these additional households in Bradford (2,670 p.a.).**

Scenario H: REM Jobs

- 6.16 As set out in Section 3, the evidence base underpinning the housing requirement figure within the Bradford Plan drew substantially upon the Regional Economic Model. As with the Experian forecast, this represents a policy-off figure. It equates to a total of 27,268 jobs between 2013 and 2030 (1,604 new jobs p.a.). Although this figure was used to underpin the Council's housing evidence, it was not considered as part of its policies which instead draw upon a figure that is 80% higher. As set out above, the supporting text to Policy EC2 actually dismisses 2011 REM projections on the grounds that they are *"based largely on trend-based modelling of how the economy might perform in future years. In this respect they are not wholly complete assessments of jobs growth and related land requirement"*. [§5.1.14]

- 6.17 The headline changes are shown below:

Table 6.4 Summary of REM Jobs Scenario

Category	2013	2030	Change (2013-2030)	Annual
Population	533,194	599,408	66,214	3,895
Households	203,397	238,162	34,765	2,045
Dwellings	214,418	251,066	36,648	2,156
Indigenous Labour Force	249,657	274,128	24,471	1,439
Jobs supported at existing jobs density ratio	200,471	227,739	27,268	1,604

Source: NLP Analysis of PopGroup Outputs

- 6.18 Under this scenario, the total population of Bradford is projected to rise by 66,214 people between 2013 and 2030. This is expected to comprise a natural change of 72,362 and net migration of -6,147.
- 6.19 Based upon the index approach, the population change anticipated by this scenario equates to an additional 34,765 households over the period from 2013 to 2030. **Taking account of existing housing vacancy rates, an additional 36,648 dwellings would be required to accommodate these additional households in Bradford (2,156 p.a.).**

7.0 Summary of Scenarios

- 7.1 The Framework clearly stipulates that LPAs should use their evidence base to ensure that *“their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework”* [§ 47] and *“prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”* [§ 159].
- 7.2 To provide a robust picture, NLP has modelled seven demographic / employment-led scenarios to provide an in-depth assessment of the level of housing required to meet need and demand arising from household and population projections as required by The Framework [§159]. This analysis also provides an assessment of the level of housing required to meet need and demand arising from household and population projections. The results for the City of Bradford are displayed in Sections 5 and 6, and also in Figure 7.1 and Table 7.1 below.
- 7.3 It is clear from the analysis that the GVA/Edge Analytics August 2013 figure of 2,186 dpa (rounded to 2,200 dpa by BMDC) sits above the 2011-based household projection (1,676 dpa), which is the ‘starting point’ for undertaking an FOAN housing analysis according to the Practice Guidance. However, it is entirely legitimate and necessary to adjust this initial starting point upwards to take into account an acceleration in household formation over the Plan period and also to address worsening market signals, economic needs and affordable housing requirements.
- 7.4 NLP’s Scenario D Catch Up headship rate scenario, at 2,213 dpa, is closest to the Housing Requirement study’s figure of 2,186 dpa. However, such a figure purely addresses need emerging from demographic changes over time, and would result in an economic output that is lower than associated with any of the employment-led scenarios (i.e. 1,258 jobs p.a. compared to between 1,604 and 2,897 p.a. associated with the REM and Local Plan Policy EC2).
- 7.5 Whilst NLP recognises that there is not a straightforward direct causal relationship between job growth and housing need, it is generally considered that the two are nevertheless fundamentally related. A level of housing provision that bears no relation to Bradford’s economic aspirations would result in internal inconsistencies in the Local Plan and have unsustainable consequences. It would, furthermore, fail to accord with the requirements contained within the NPPF.
- 7.6 The economic based scenarios identify how much housing would be required to provide a sufficient labour supply, which would meet different estimates of job growth, recognising that the Framework requires that planning should *“do everything it can”* to support economic growth. NLP has run four separate

economic based scenarios which demonstrate that housing need in the City of Bradford would be:

- a 2,156 dpa under the 2014 REM (based on a job target of 1,604 annually);
- b 2,670 dpa based on the latest Experian Job Growth projections (+2,168 jobs annually); and,
- c 3,298 dpa if the Council’s policy of providing for 2,897 jobs per annum (set out in Policy EC2) is to be achieved.

7.7 By reducing the unemployment rate from 11.3% currently, to a highly ambitious figure of 3%¹⁵ by 2030, but keeping the 2,897 job target constant (i.e. more local residents are accessing the job market lessening the need for economically active in-migrants), the 3,298 dpa housing need figure would reduce to 2,621 dpa.

Figure 7.1 NLP Scenario Modelling – Bradford City (2013-2030)



Source: NLP Analysis / PopGroup Modelling

¹⁵ The Council has assumed that unemployment will fall to 0%. This is completely unrealistic and so 3% has been assumed as the lowest rate to which unemployment might theoretically be expected to fall

Table 7.1 NLP Scenario Modelling – Bradford City (2013-2030)

	Demographic Led				Economic Led			
	A	B	C	D	E	F	G	H
Population Change	-		52,259		120,244	87,681	90,193	66,215
of which Natural Change	-		70,001		82,694	77,691	77,537	72,362
of which Net Migration	-		-17,742		37,549	9,990	12,657	-6,147
Household Change	27,022	30,114	30,638	35,680	53,180	42,268	43,050	34,765
Dwelling Change	28,486	31,746	32,298	37,613	56,061	44,558	45,383	36,649
<i>Dwellings p.a.</i>	1,676	1,867	1,900	2,213	3,298	2,621	2,670	2,156
Economic Activity	-		17,491		50,875	34,584	36,031	24,470
Jobs	-		21,388		49,249	49,249	36,850	27,268
Jobs p.a.	-		1,258		2,897	2,897	2,168	1,604

Source: NLP Analysis / PopGroup Modelling

- 7.8 It is considered that on balance, the demographic scenarios, headship rate sensitivities and the Experian projections suggest that it would be appropriate to adjust the CLG's 2011-based household projection figure of 1,676 upwards. On this basis, we consider that our Scenario B, the 2012-based SNPP of 1,867 dpa, represents an appropriate demographic starting point for defining housing FOAN in the City of Bradford.
- 7.9 However, this is the very least that could be considered appropriate for the City's basic demographic growth requirements to be achieved. As is very clearly set out in the Practice Guidance, this would only represent the starting point for identifying the FOAN before considerations of market signals, economic growth and affordable housing issues are analysed to test whether an uplift would be required. The implication of this is that the FOAN for Bradford should be considerably higher.

8.0 Market Signals

8.1 The Practice Guidance¹⁶ indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of housing. The Guidance sets out six market signals:

- 1 Land prices;
- 2 House prices;
- 3 Rents;
- 4 Affordability;
- 5 Rate of development; and,
- 6 Overcrowding.

8.2 It goes on to indicate that appropriate comparison of these should be undertaken and an upward adjustment made where such market signals indicate an imbalance in supply and demand, and the need to increase housing supply to meet demand and tackle affordability issues:

“This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.”

“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.” [§2a-020-20140306]

8.3 The Practice Guidance sets out a clear and logical ‘test’ for the circumstances in which objectively assessed needs (including meeting housing demand) will be in excess of demographic-led projections.

8.4 To rectify the failure of BMDC to undertake a proper review of market signals, NLP has undertaken a brief overview for Bradford below.

¹⁶The Practice Guidance, 2a-019-20140306

Land Prices

- 8.5 VOA data is available for Bradford, which shows land values of £950,000 per hectare in 2010. The data shows that average bulk residential land values in Bradford had increased by 78% since 2001. In contrast, the national average bulk residential building land prices were £1.77m per hectare in 2010. This demonstrates that land values in Bradford itself are relatively low when compared to the national average. Nevertheless, the rate of growth nationally is far lower than Bradford's growth, at just 42% between 2001 and 2010.
- 8.6 The above values are illustrative rather than definitive and represent typical levels of value for sites without abnormal site constraints and a residential planning permission of a type generally found within the area¹⁷.

House Prices

- 8.7 The Practice Guidance identifies that longer term changes in house prices may suggest an imbalance between the demand for and supply of housing. Although it suggests using mix-adjusted prices and/or House Price Indices, these are not available at local authority level on a consistent basis, and therefore for considering market signals in the Bradford HMA, price paid data is the most reasonable indicator.
- 8.8 Whilst the 2013 Bradford SHMA considered sales and house prices (paragraphs 3.4-3.5), no discussion is provided as to whether the rate of change suggests that an increase in the demographic starting point is necessary.
- 8.9 Land Registry price paid data suggests September 2013 prices in Bradford were a third lower than the national average and 4% lower than in West Yorkshire. However, house price rises in Bradford have outstripped surrounding districts in West Yorkshire, with a growth of 163% between 1998 and 2013 compared to 150% across the sub-region as a whole.

¹⁷ This data is sourced from VOA and comes with the caveat that the land values provided are not the results of statistical analyses of actual land transactions. They are hypothetical prices attached to a 'typical' site for the area in question, with planning consent for residential development and serviced to the site boundary. The figures take account of affordable housing provision in line with local trends, as well as situations where supply is mostly brownfield. As these are hypothetical prices, they are not required to be in line with RICS Valuation Standards. They should be treated as illustrative of local land market conditions. They are not definitive figures and should not be applied to specific sites, which will have individual characteristics that will affect value, such as location, servicing or planning status.

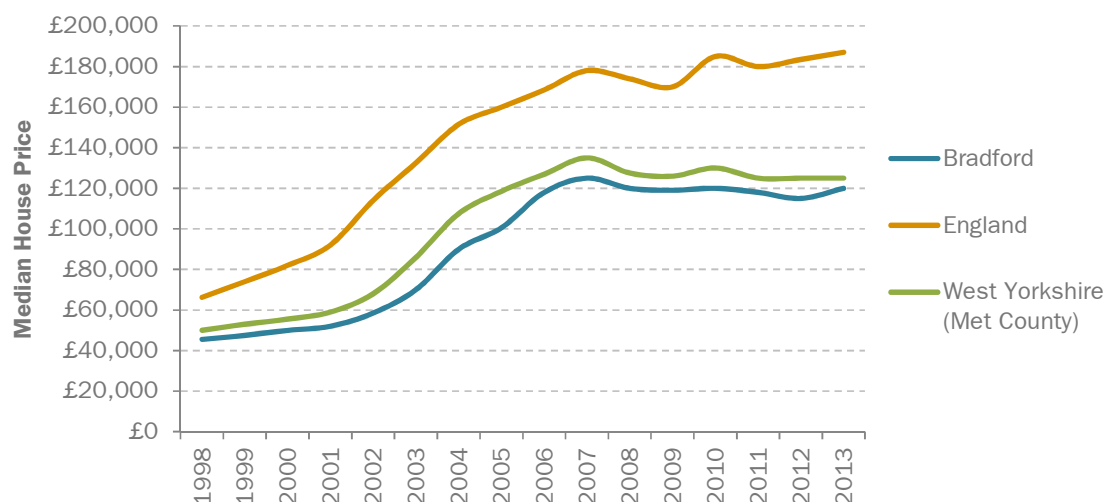
Table 8.1 Median Dwelling Prices, Bradford (September 2013)

	Dwelling Price	Change in House Price 1998-2013
Bradford	£120,000	+163%
West Yorkshire	£125,000	+150%
England	£187,000	+182%

Source: Land Registry Price Paid Data (September 2013)

8.10 CLG publish series data on median house prices based on the same Land Registry price paid data series. This currently runs from 1998 to 2013. This longitudinal analysis is illustrated in Figure 8.1, which indicates that the median house price for Bradford has been increasing at a consistent rate to the West Yorkshire Median since 1998.

Figure 8.1 Median House Prices



Source: CLG Live Table 586

Rents

8.11 On a similar basis, high and increasing rents in an area are a further signal of stress in the housing market. Median rents in Bradford are £450 per month, with rents ranging from £390 per month for a 1 bed flat, to £650 per month for a 4+ bed house¹⁸. The median rent paid in West Yorkshire is slightly higher on average, at £495 per month, whilst the equivalent median rent nationally is higher still, at £595. Overall, rental values in Bradford are around 25% lower than the national average.

8.12 Series data for rents from VOA statistics is only available for Q2 2011 to Q3 2013. Nevertheless, the VOA data demonstrates that median rents in Bradford

¹⁸ VOA Private Rental Market Statistics Q3 2013

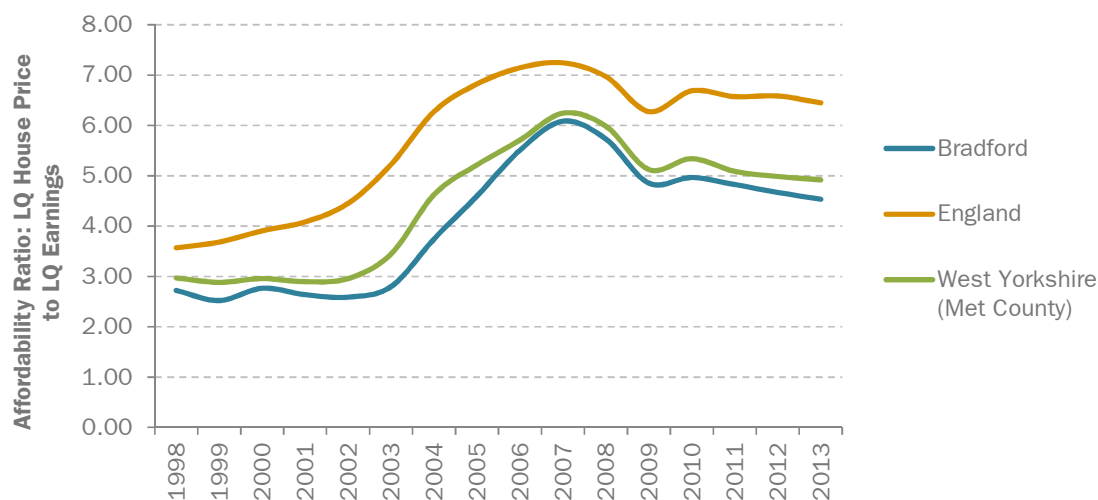
have remained constant since 2011, compared with growth of 4.4% nationally and 4.2% for West Yorkshire as a whole. This suggests that affordability within the private market rental sector has not worsened in Bradford.

Affordability

8.13 The former CLG SHMA Guidance defines affordability as a ‘*measure of whether housing may be afforded by certain groups of households*’. The Guidance concludes that assessing affordability involves comparing costs against the ability to pay, with the relevant indicator being the ratio between lower quartile house prices and lower quartile earnings.

8.14 Figure 8.2 illustrates that lower quartile house prices peaked in 2007 at 6.09 times lower quartile incomes in Bradford¹⁹, which was broadly equal to the West Yorkshire average (6.24) at that time. This subsequently dropped considerably, to 4.85 in 2009, before gradually declining to 4.53 by 2013. Bradford has been consistently more affordable than the national average ratio (6.45 in 2013), but remains broadly in line with the West Yorkshire average (4.29 in 2013).

Figure 8.2 Lower Quartile Affordability Ratios, Bradford



Source: CLG Live Table 576

8.15 However, there is a very high level of affordable housing need in Bradford District, equal to 769 affordable dwellings annually (gross), based on the 2013 SHMA.

¹⁹ CLG, Live Table 576

Rate of Development

- 8.16 The rate of development is intended to be a supply-side indicator of previous under-delivery. The Practice Guidance states that:
- “if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan”.* [§2a-020-20140306]
- 8.17 The rate of development is therefore a market signal relating to the quantity of past under-supply which will need to be made up. Against this the Council recognises that there has been a high and persistent under-delivery of dwellings from 2004 to the present. Table HO1 of the BLPCS identifies that, when set against the statutory development plans covering the 9-year period between 2004 and 2013, a total of 18,740 dwellings should have been delivered. However, just 11,053 were actually completed, an under-delivery of 7,687, or 41%, against the RS target which does not represent a reasonable basis for the assessment of OAN.
- 8.18 The implication is that the rate of delivery in Bradford City has fallen well short of planned supply. This will have contributed in a significant way towards the other housing market signals which indicate that there has been increasing stress in the housing market as a product of demand not being met. The scale of previous under-delivery should be factored into an uplift of the future supply in order to reverse trends in the housing market, a point accepted in Policy HO1 of the BLPCS and the supporting text:
- “When completions over 2011-13 are factored in there has been an overall under-supply of 7,687 dwellings over the period. This is corroborated by the fact that household growth over this period has far exceeded the number of dwellings provided and this has been one of the factors in the growing demand for social housing and significant problems of over-crowding in parts of the district. This under-supply has therefore been added to the requirement”.* [§5.3.16]
- 8.19 Given that the BLPCS is based upon a Plan period of 2004 to 2030, it will be necessary to remedy this shortfall over the next 5 years. This would have significant implications for Bradford’s ability to maintain a 5 year supply of deliverable sites. However, given that the housing requirement in the RS was constrained, making up any backlog against that requirement figure would not fully address issues to do with suppressed household formation and market imbalance.

Overcrowding

- 8.20 Indicators on overcrowding, sharing households and homelessness demonstrate unmet need for housing within an area. The Practice Guidance suggests that long-term increases in the number of such households may be a signal that planned housing requirements need to be increased.

8.21 The 2011 Census includes data on household occupancy. The occupancy rating provides a measure of whether a household's accommodation is overcrowded or under-occupied based upon the number of rooms in a household's accommodation. The ages of the household members and their relationships to each other are used to derive the number of rooms they require, based on a standard formula. The number of rooms required is subtracted from the number of rooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room / bedroom than required, whereas +1 implies that they have one more room / bedroom than the standard requirement.

8.22 Table 8.2 illustrates that overcrowding against the occupancy rating in Bradford (2011 data) is considered to be severe, with 9.75% of households living in a dwelling that is too small for their household size and composition. This compares to 8.74% nationally. Overcrowding has also increased since 2001 in Bradford, in line with the national trend.

Table 8.2 Overcrowding: Household Room Occupancy Rating

	2001			2011		
	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)
Bradford	180,245	14,905	8.27%	199,296	19,429	9.75%
England	20,451,427	1,457,512	7.13%	22,063,368	1,928,596	8.74%

Source: Census 2001 / Census 2011

8.23 The levels of overcrowding are likely to be a symptom associated with affordability in Bradford as well as the high fertility rate and young population. This means that Bradford has a significant proportion of larger families occupying housing stock which is not of adequate size. This is reflected in the supporting text to BLPCS Policy HO1, which suggests that the significant problems of overcrowding are likely to have been caused by the past under-provision of housing.

8.24 Even though median house prices are low when compared nationally, resident incomes are also low, which makes affording larger properties unmanageable to many Bradford households.

8.25 Due to affordability as well as the shortfall in supply and relative demand, people are either willing to accept sub-optimal living conditions (e.g. living in smaller houses to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out and have to share with friends / family). In such circumstances overcrowding is indicative of insufficient supply to meet demand.

Synthesis of Market Signals

- 8.26 Drawing together the individual market signals above begins to build a picture of the current housing market in and around Bradford, the extent to which demand for housing is not being met and the outcomes that are occurring because of this.
- 8.27 In order to draw meaningful conclusions regarding the extent to which such market signals indicate housing market stress in Bradford and a level of supply that is not meeting demand, the Practice Guidance suggests that comparison of both absolute levels and rates of change in such indicators should be made with similar areas and nationally. In this respect, Bradford has been compared and ranked against other nearby Local Authorities and the overall indicators for England.
- 8.28 These comparator centres have been chosen as they constitute areas which border the district and/or have some connection through migration and commuting:
- 4 Harrogate;
 - 5 Craven;
 - 6 Leeds;
 - 7 Kirklees;
 - 8 Bradford;
 - 9 Wakefield;
 - 10 Calderdale;
 - 11 Hyndburn; and,
 - 12 Burnley.
- 8.29 The intention of using these comparator centres (and England) is to provide a range of benchmark centres which will either compete economically with the City of Bradford for businesses or are similar in certain geographic, economic or demographic factors. The national average also compares how Bradford's housing market fares in comparison to overall trends across the country.
- 8.30 The comparative assessment of market signals highlights the scale of housing market stress within Bradford. Across the nine comparator areas, Bradford is performing better than the national average on all of them with the exception of the percentage of housing that is over-occupied, which is higher than the national rate and indeed all of the remaining eight comparator areas. The district also appears to have high a high rate of change in house prices (the highest of any of the comparator areas with the exception of Harrogate and England as a whole), a very high rate of change in overcrowding rates and a significant increase in the number of homeless households when compared to

neighbouring authorities. Hence on many of the indicators it is experiencing worsening market conditions compared to comparator areas nearby.

- 8.31 As noted earlier, Bradford has massively under-delivered housing when set against the previous adopted Development Plan targets, by 7,687 dwellings over the period 2004-2013 (854 dwellings annually). As one of the key market signals, the Practice Guidance has the following to say regarding how past under-delivery should be factored into the establishment of FOAN:

"Formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under-delivery of housing. As household projections do not reflect unmet housing need, LPAs should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply." [§2a-016-20140306]

- 8.32 This is clarified further:

"If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan." [§2a-020-20140306]

- 8.33 The market signals therefore provide an indication of tightening demand and suggest that there needs to be a significant improvement in affordability within Bradford and a requirement to stabilise the increasing house prices and worsening affordability of housing and renting privately.

- 8.34 The extent to which the demographic 'starting point' for identifying FOAN for housing needs to be boosted to address market signals is necessarily an area of some judgement, but the judgements must be realistic and reasonable. The Practice Guidance is clear that the more significant the affordability constraints and the stronger other indicators of high demand, the larger the improvement in affordability needed and, therefore the larger the additional supply response should be. Hence it is clear in Bradford's case that some significant upward adjustment is necessary relative to adjoining areas, and that the scale of adjustment to housing supply over and above demographic-led projections at this time would need to be moderately high in line with the Practice Guidance.

- 8.35 It is NLP's judgement that in this instance, market signals suggest that an uplift of around 20% would be reasonable in order to:

- 1 Plan positively for growth;
- 2 Address worsening market signals;
- 3 Improve affordable housing issues; and above all,
- 4 Address the consequences of the very high levels of past under-delivery.

- 8.36 This is necessary to meet needs that have been suppressed within the existing demographic characteristics of the City, and therefore would assist in meeting

change within the existing population such as allowing concealed households to 'emerge'.

8.37

BMDC has sought to add on its past under-delivery of housing to the 2,200 dpa 'Housing Requirement Study Based Housing Requirement 2013-30' (see Table HO1) but without responding to other market signals. Whilst it is essential that this huge past under delivery is recognised, this approach does not represent a measured and considered analysis of the housing market indicators and a staged approach to judging the full extent of the uplift necessary in accordance with the Practice Guidance.

Table 8.3 Comparison of Bradford City's Housing Market Signals

Rank	House Prices		Rents		Affordability Ratio		Overcrowding		Homelessness	
	Median (2013)	Change % (1996-2013)	Median Monthly Rent 2013	Change % (Q2 2011 – Q1 2013)	Ratio 2013	Change (1998-2013)	% of Housing Over-Occupied	Change 2001 –11 (% Points)	Incidence of homeless h'holds (2012/13)	Change (2004/05-2012/13)
1	Harrogate	Harrogate	Harrogate	Leeds	Harrogate	Hyndburn	Bradford	Harrogate	England	Wakefield
2	England	England	Leeds	Calderdale	Craven	Harrogate	Leeds	England	Kirklees	Craven
3	Craven	Bradford	England	England	England	England	England	Bradford	Leeds	England
4	Leeds	Craven	Craven	Harrogate	Kirklees	Kirklees	Kirklees	Leeds	Burnley	Bradford
5	Kirklees	Hyndburn	Calderdale	Burnley	Leeds	Calderdale	Calderdale	Kirklees	Bradford	Burnley
6	Bradford	Leeds	Wakefield	Craven	Calderdale	Craven	Burnley	Wakefield	Wakefield	Kirklees
7	Wakefield	Calderdale	Kirklees	Kirklees	Wakefield	Bradford	Wakefield	Craven	Harrogate	Leeds
8	Calderdale	Kirklees	Bradford	Bradford	Bradford	Wakefield	Hyndburn	Burnley	Calderdale	Calderdale
9	Hyndburn	Wakefield	Hyndburn	Hyndburn	Hyndburn	Leeds	Harrogate	Calderdale	Craven	Harrogate
10	Burnley	Burnley	Burnley	Wakefield	Burnley	Burnley	Craven	Hyndburn	Hyndburn	Hyndburn
Source:	CLG Live Table 586	CLG Live Table 586	VOA Private Market Rental Statistics	VOA Private Market Rental Statistics	CLG Live Table 576	CLG Live Table 576	Census 2011 Room Occupancy	Census 2001/2011	CLG Live Table 784 (P1e Returns)	CLG Live Table 784 (P1e Returns)

Source: NLP analysis of VOA, CLG and ONS Statistics

9.0 **Deriving a Housing Requirement Figure for Bradford**

- 9.1 Whilst certain aspects of the Council's approach to defining the FOAN are to be welcomed, there are clear shortcomings with the approach that has been taken and elements of the approach are unsound as a result.
- 9.2 The Council's primary evidence base considers an insufficiently varied number of scenarios, and in particular fails to use alternative economic evidence to the REM and particularly the economic growth target set out in Policy EC2 of the BLPCS.
- 9.3 Whilst BMDC appears to be confused as to what its FOAN is, it seems to suggest that the 2,186 dpa recommended in Edge Analytics'/GVA's August 2013 Housing Requirement Study Addendum Report, rounded to 2,200 dpa, should comprise the housing need for the period 2013-2030. This is then uplifted to 2,652 dpa to take into account the substantial residual unmet need between 2004-2013 of 7,687 dwellings. We are working on the basis that the Council considers this figure of 2,652 dpa to be its housing requirement.
- 9.4 Whilst the Council subsequently nets off 3,000 vacant dwellings which it assumes will be brought back into use over the course of the plan period, thus reducing its remaining requirement to 42,087 dwellings (or 2,476 dpa), this figure does not appear to be properly supported and is, in any event, supply (or policy) led and does not comprise part of its objectively assessed housing need. Importantly, no evidence has been provided by the Council to demonstrate how likely it is that this level of reduction in the number of vacant homes could be achieved over the Plan period, or whether the location or type of the houses that are currently vacant are capable of meeting local needs.
- 9.5 There is limited narrative and inadequate explanation behind the rationale for selecting the REM-based housing requirement over the higher Core Strategy jobs target and why no analysis of housing market signals has been undertaken. As such, the Council's justification is insufficiently transparent and inadequately reasoned and fails to accord with the requirements of the NPPF and the PPG. It has not been based on a proactive, objective and robust assessment, as required by the Framework in order to deliver growth. It is unsound.
- 9.6 NLP recognises that the definition of FOAN is 'not an exact science' and an element of judgement is necessary, provided such judgements are based upon reasonable and realistic assumptions. The scenarios also need to be balanced alongside what is realistic and is likely to happen in the future, and align with other elements of the Council's evidence base.
- 9.7 In defining the FOAN, it is considered that the following guiding principles should be applied, based on national guidance and Bradford's own aspirations and other background evidence:

1 Household projections published by CLG provide the initial 'starting point' estimate of overall housing need (Practice Guidance). This would equate to 1,676 dpa across the City. However, whilst important to inform the baseline, such a scenario in isolation makes no allowance for the Council's economic growth aspirations or national policy requirements to 'boost significantly' the supply of housing. Nor does it reflect the latest 2012-based SNPP.

- 2 **Justification for adjusting the demographic projections:** It is considered that there is some justification for adjusting the household projections for two key reasons:
- i to reflect higher rates of household formation than assumed within the 2011-based household projections; and,
 - ii to reflect updated migration and population change from the 2012-based SNPP.

In the first instance, it is recognised that the 2012-based SNPP indicates lower population growth than the previous iterations. However, this is more than compensated for by the second point which relates to headship rates. NLP's modelling suggests that by applying longer term headship rate formation trends post 2021, the baseline demographic requirement could justifiably be increased from the 2011-based household projections, to between 1,867 dpa and 2,213 dpa, depending upon how rapidly headship rates return to the long term trend as illustrated in the 2008-based household projections. However, these figures merely represent an appropriate 'starting point' upon which to apply other market considerations needed to 'boost significantly' the supply of housing in the FOA.

- 3 **Upwards adjustment in response to market signals:** As many of the market signals for the City of Bradford are worsening, this provides an indication of tightening demand and suggests that there needs to be some improvement in affordability to stabilise the increasing house prices, worsening overcrowding, levels of homelessness and increasing house prices. This would justify a significant uplift to the figures over and above the level suggested by the demographic projections. The PPG states (paragraph 2a-020) that this should be set at a level which could be reasonably expected to improve affordability.

The Practice Guidance states that a worsening trend in any of the key indicators will require upward adjustment to planned housing numbers. Most strikingly, the City has under-delivered 7,687 dwellings at an annual rate of 854 dpa since 2004. It is likely that this past under-delivery has resulted in fewer residents being able to have their own home in the City than would have been desirable. The Council has factored in an allowance for replacing the backlog in its entirety in deriving their housing requirements.

- 4 **Alignment with affordable housing needs:** Paragraph 47 of the NPPF states that Local Plans should identify and meet the FOAN for market and affordable housing needs. This implication of this is an expectation

that all affordable housing needs will be addressed for the duration of the Plan period. The 2013 SHMA identified the FOAN for affordable housing as being as high as 769 dwellings annually gross, or 1,302 dpa net (if the backlog is removed over five years instead of ten). On the basis of the Council's 20-25% affordable housing requirement, this level of need would require a total supply of at least 3,076 to 5,200 dwellings per annum. The BLPCS recognises that the growing demand for social housing is a significant issue to be addressed [§5.3.16]. The importance of affordable housing has been recognised by Inspectors at other EiPs, for example in Eastleigh where the Council's failure to address affordable housing needs through the FOAN was identified as a key reason for the suspension of the examination by the Inspector.

- 5 **Extent of the Uplift Required:** As stated in the Practice Guidance plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability. Even in areas demonstrating signs of 'modest' market stress (see the recent Eastleigh and Uttlesford Local Plan Inspector's reports), uplifts of 10% have been applied. It is NLP's judgement that, balancing the various key market indicators and given the extremely high level of past under-delivery, an uplift in the region of around 20% would be appropriate on top of the demographic starting point figure of 1,867 dpa. This would equate to 2,240 dpa, or 38,087 dwellings in total over 17 years.

This 20% uplift, equal to an additional 6,348 dwellings across the City, is justified on the basis that it would begin to address the past under-delivery of homes and reverse the other worsening market signals identified in the assessment. It would also reflect the REM job growth and begin to reduce the very high level of affordable housing need identified in the Councils' 2013 SHMA.

- 6 **Alignment with Economic Growth Needs:** The Council has set out clear aspirations to target an annual job growth figure of 2,897 per annum. Modelling this aspiration in PopGroup suggests that around 3,300 dpa would be required to avoid a disconnection between the Council's economic and housing aspirations. This would fall to 2,621 dpa if unemployment reduced to 3% by 2030 (from a high of 11.3% currently).

The Experian projections, which comprise realistic, policy-off baseline job growth projections, suggest that a level of housing need in the order of 2,670 dpa would align with likely job growth forecasts, but without dealing with the Council's stated policy aspirations. This level of need sits almost midway between the 2014 REM (2,156 dpa) and the Bradford Core Strategy jobs target (3,298 dpa) and would align with the Core Strategy target only if unemployment were to be reduced. This therefore represents a minimum level of set given the Experian projections and the Council's strong economic growth aspirations (in contrast to the somewhat pessimistic REM outputs). The housing level should therefore

be set as a minimum of 2,670 and a figure above this would be more consistent with the Council's own policy for jobs in Policy EC2.

On this basis, we suggest that the housing FOAN for Bradford City would equate to around 2,670 dpa (Scenario G Experian job growth) over the period 2013-2030. This would equate to 45,390 dwellings over 17 years, before any deduction is made for empty properties being brought back into use.

This minimum figure is only just above the 2,652 dpa target set out in Table HO1 of the BLPCS (before vacant homes are netted off). But it should be a minimum because if the Council's CS is to reflect its won strategy to pursue the higher jobs target of 2,897 annually, then a higher figure anywhere up to 3,300 dpa is required.

10.0 **Conclusion**

10.1 The calculation of the housing requirement figure for Bradford by the Council is not justified or based on robust evidence. Whilst a considerable volume of housing evidence has been submitted, it does not adequately address the staged process required by the Practice Guidance or provide a logical narrative as to how the initial demographic starting point modelled by Edge Analytics/GVA has progressed to a housing requirement figure.

10.2 Of particular concern:

- 1 The evidence base for the BLPCS does not satisfy the Practice Guidance requirements to apply a staged process to the definition of housing FOAN, and confuses the 'FOAN' with the 'requirement';
- 2 BMDC has failed to discharge the requirement set out in the Framework and the Practice Guidance to adequately address market signals in arriving at its housing requirement figure. The severity of market pressures and the very significant level of past under-delivery of housing would mean that a significant upward adjustment would be necessary in the order of 20%. Based on NLP's modelling work, this would result in a demographic-led housing need figure of 2,240 dpa being required;
- 3 The scenarios modelled by the Council are very limited and overly influenced by REM economic data. The latest Experian projections and the Council's own economic aspirations project a level of job growth significantly higher than the REM projections; and,
- 4 The very high level of affordable housing need across the City will not be addressed by the current housing requirement set out in the BLPCS and there is very limited evidence that this has influenced the derivation of the housing FOAN.

10.3 Based on NLP's analysis, it is recommended that a suitable FOAN for Bradford City as a whole would be a minimum 2,670 dpa. This equates to the Experian projections only, but it does not cater for the Council's own economic growth aspirations. This would equate to 45,390 dwellings over 17 years, before any deduction is made for empty properties being brought back into use. This is slightly above the 2,652 dpa identified by the Council as its housing requirement before vacant homes are netted off. If the Council is to reflect its own economic strategy, the minimum figure of 2,670 dpa needs to be increased.

10.4 Prior to the EIP, we reserve the right to review any new housing evidence produced by the Council and also any relevant new statistics, such as the updated CLG 2012-based household projections (if available). Depending upon this evidence, we will review the FOAN position set out in this paper accordingly.

Appendix 1 Data Assumptions

Component	Scenario B-D: Demographic-led (2012-based SNPP) and headship rate sensitivities	Scenarios E: Bradford Core Strategy Job Growth and F: Bradford Core Strategy Job Growth 3% Unemployment	Scenario G: Experian Job Growth	Scenario H: June 2014 REM Job Growth
Population				
Baseline Population	A 2013 baseline population is taken from the 2012 Mid-year population estimates for the City of Bradford, split by age cohort and gender and aged on a year. For Scenario A and the sensitivities, the populations for 2012-35 are constrained to the 2012-based SNPP for the districts, by age and sex.			
Births	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2012-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.			
Deaths	Future change assumed in the SMR uses the death projections from the ONS 2012-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.			
Internal Migration	Gross domestic in and out migration flows are adopted based on forecast migration in Bradford from the ONS 2012-based SNPP for 2012 to 2035.	Internal in-migration and outmigration is flexed to achieve the necessary number of economically active people to underpin the economy in Bradford for this employment scenario. This was based on taking forward forecast job growth based on 2,897 jobs for Bradford in Policy EC2.	As Scenario E, but with potential unconstrained employment growth based on Experian projections (+2,168 jobs annually for Bradford).	As Scenario E, but with potential unconstrained employment growth based on REM projections (+1,604 jobs annually for Bradford).
International Migration	As above but for international flows	As above but for international flows	As above but for international flows	As above but for international flows
Propensity to Migrate (Age Specific Migration Rates)	Age Specific Migration Rates (ASMigR) for both in and out domestic migration are based upon the age profile of migrants to and from Bradford in the 2012-based SNPP. These identify a migration rate for each age cohort within the districts (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of the district (but not the total numbers of migrants).			
Housing				

Component	Scenario B-D: Demographic-led (2012-based SNPP) and headship rate sensitivities	Scenarios E: Bradford Core Strategy Job Growth and F: Bradford Core Strategy Job Growth 3% Unemployment	Scenario G: Experian Job Growth	Scenario H: June 2014 REM Job Growth
Headship Rates	<p>Headship rates that are specific to the City of Bradford and forecast over the period to 2033 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections.</p> <p>For the Baseline sensitivity tests (Ba, Bb, Bc and Bd), a variety of headship rates has been modelled using higher / lower household representation rates post 2021:</p> <ul style="list-style-type: none"> • Partial Catch Up = Change post 2021 is targeted to partially achieve CLG 2008-based Household Projections end rates by 2033; • Catch Up = Change post 2021 is targeted to achieve CLG 2008-based Household Projections end rates by 2033 (generally the High Rate). <p>Post 2033, the rate is held constant.</p>			
Population Not in Households	<p>The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed in the rate of this from the CLG identified rate.</p>			
Vacancy / 2 nd Home Rate	<p>A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market and mean that more dwellings than households are required to meet needs. The vacancy rate and second homes in Bradford using data from the Council Tax Base for Formula Grant Purposes totals 5.14%. This is held constant over the forecast period.</p>			
Economic				
Economic Activity Rate	<p>2011 Census Economic Activity Rates used for each age cohort to equate to the 2010 and 2011 economic activity profile for the City of Bradford. From 2012 onwards, an adjustment has been made to reflect the changes to the State Pension Age; the propensity for people to live longer and retire later; and the growth of part time opportunities amongst other challenges. The NLP approach mirrors that put forward by Kent County Council in their Technical Paper: “<i>Activity Rate projections to 2036, Research and Evaluation, Business Strategy and Support</i>” (October 2011). The increase in rates, which is most pronounced for women over the age of 60 and males between the ages of 65-69, are gradually increased from 2012 onwards up to 2020, whereby they are held constant across the remainder of the forecasting period.</p>			
Commuting Rate	<p>A standard net commuting rate is inferred through the modelling using a Labour Force ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs). This has not been flexed over the forecasting period. This equates to 1.105 for Bradford.</p>			
Unemployment	<p>The unemployment rate uses an ILO base definition using data from the ONS Annual Population Survey estimate of economically active people not in employment. To calculate the unemployment rate, NLP took the October-September 2012 NOMIS unemployment figures for the City of Bradford to equate to the 2012 rate; the equivalent September 2013 figure to equate to 2013 and the September 2014 figure to equate to 2014. NLP kept the former figure constant for 2015 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the long term average (8.23%) over a five year time frame. This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate.</p> <p>For Scenario F, the 2013 unemployment rate of 11.3% is gradually reduced to 3% by 2030.</p>			

Appendix 2 PopGroup Output Sheets

Population Estimates and Forecasts

Bradford Core Strategy Jobs

Components of Population Change

Table showing population estimates and forecasts components from 2012-13 to 2036. Categories include Births, Deaths, In-migration, Out-migration, and Migration - Net Flows.

Summary of population change

Summary of population change table including birth rates, death rates, migration, and dependency ratios (0-15, 65+, median age, sex ratio).

Population impact of constraint

Population impact of constraint table showing impact on population, labour force, and households from 2012 to 2036.

Households

Households table showing the number of households, changes in households over time, and number of supply units from 2001 to 2036.

Population Estimates and Forecasts

Bradford Core Strategy Jobs - Reduction to 3% Unemployment

Components of Population Change

Table with columns for year (2012-13 to 2036-37) and rows for Births, Deaths, In-migration, Out-migration, Migration - Net Flows, and Summary of population change.

Summary of Population estimates/forecasts

Table with columns for year (2012 to 2037) and rows for Population at mid-year, Dependency ratios, Population impact of constraint, Labour Force, and Households.

Population Estimates and Forecasts

Bradford June 2014 REM Job Growth

Components of Population Change

Table with columns for years (2012-13 to 2036-37) and rows for Births (Male, Female), AI Births, TFR, Deaths (Male, Female, SMR: males, SMR: females, SMR: persons, Expectation of life: males, Expectation of life: females, Deaths input).

Table with columns for years (2012-13 to 2036-37) and rows for In-migration from the UK (Male, Female, AI, SMGr: males, SMGr: females, Migrants input).

Table with columns for years (2012-13 to 2036-37) and rows for Out-migration to the UK (Male, Female, AI, SMGr: males, SMGr: females, Migrants input).

Table with columns for years (2012-13 to 2036-37) and rows for In-migration from Overseas (Male, Female, AI, SMGr: males, SMGr: females, Migrants input).

Table with columns for years (2012-13 to 2036-37) and rows for Out-migration to Overseas (Male, Female, AI, SMGr: males, SMGr: females, Migrants input).

Table with columns for years (2012-13 to 2036-37) and rows for Migration - Net Flows (UK, Overseas).

Table with columns for years (2012-13 to 2036-37) and rows for Summary of population change (Natural change, Net migration, Net change, Crude Birth Rate /000, Crude Death Rate /000, Crude Net Migration Rate /000).

Table with columns for years (2012 to 2037) and rows for Summary of Population estimates/forecasts (0-4, 5-14, 15-64, 65+, Total).

Table with columns for years (2015 to 2037) and rows for Dependency ratios, mean age and sex ratio (0-15 / 16-65, 65+ / 16-65, 0-15 and 65+ / 16-65, Median age males, Median age females, Sex ratio males /100 females).

Table with columns for years (2012 to 2037) and rows for Population impact of constraint (Number of persons).















Table with columns for years (2012 to 2037) and rows for Labour Force (Number of Labour Force, Change in Labour Force over 0-4, Number of supply units, Change in over previous year).

Table with columns for years (2000-21 to 2037) and rows for Households (Number of Households, Change in Households over 0-4, Number of supply units, Change in over previous year).



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