

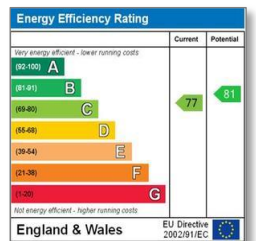


Wider Bristol HMA Strategic Housing Market Assessment

VOLUME ONE

Defining the Housing Market Area and
establishing Objectively Assessed Need

July 2015





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1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was jointly commissioned by the West of England local authorities (Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire) to identify the functional Housing Market Areas (HMAs) covered by the four local authorities, in particular to establish the extent of the Wider Bristol HMA. Subsequently, ORS prepared a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need for housing across the Wider Bristol HMA.
- 1.2 The study adheres to the requirements of the National Planning Policy Framework published in 2012 and Planning Practice Guidance (March 2014). The methodology also had regard to emerging good practice and outcomes from Examinations, as well as the Technical Advice Note about Objectively Assessed Need and Housing Targets that was published by the Planning Advisory Service (PAS) in June 2014.
- 1.3 The purpose of the study is to support the local authorities in objectively assessing and evidencing the need for housing (both market and affordable) across the Wider Bristol HMA for the 20-year period 2016-36, and provide other evidence to inform local policies, plans and decision making.

Government Policy

- 1.4 The National Planning Policy Framework (NPPF) contains a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. Given that Regional Spatial Strategies are now revoked, the responsibility for establishing the level of future housing provision required rests with the local planning authority.

*At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*

Local planning authorities should positively seek opportunities to meet the development needs of their area.

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

National Planning Policy Framework (NPPF), paragraph 14

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.

National Planning Policy Framework (NPPF), paragraph 47

- 1.5 Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the full Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

Local planning authorities should have a clear understanding of housing needs in their area.

They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should 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 need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- » *caters for housing demand and the scale of housing supply necessary to meet this demand;*

National Planning Policy Framework (NPPF), paragraph 159

- 1.6 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.
- 1.7 Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014 and has been updated in March 2015. Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of PPG. In addition, it reflects emerging good practice and the PAS OAN technical advice note.

Overview of the SHMA

- 1.8 The first key objective of this SHMA was to identify and define the functional housing market area(s) across the West of England.
- 1.9 Previous HMA analysis had identified separate housing market areas for Bristol and Bath. Given this context, the Core Strategy for Bath and North East Somerset (adopted in July 2014) was based on the assessed needs for Bath HMA. Nevertheless, it was accepted that the appropriate boundaries for the Wider Bristol HMA would be determined by this SHMA based on all of the available evidence, including data from the 2011 Census that was not published when the Bath and North East Somerset Core Strategy was prepared.
- 1.10 The second key objective of this SHMA was to establish the OAN for housing (both market and affordable) in the Wider Bristol HMA, ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice. The OAN for housing will help inform the Joint Spatial Plan (JSP) for Wider Bristol for the period 2016-36 which the West of England authorities are currently preparing.

- 1.11 The SHMA methodology was based on secondary data, and for the Wider Bristol HMA the SHMA sought to:
- » Provide evidence of the need and demand for housing based on demographic projections;
 - » Consider market signals about the balance between demand for and supply of dwellings;
 - » Establish the Objectively Assessed Need for housing over the period 2016-36;
 - » Identify the appropriate balance between market and affordable housing; and
 - » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.
- 1.12 This report considers the key outputs from the SHMA – namely establishing the Housing Market Areas and establishing the Full Objectively Assessed Need for housing in the Wider Bristol HMA (including the overall balance between market and affordable housing) over the 20-year period 2016-36. Further information about the needs for different types of housing, including the appropriate mix of market and affordable housing and the needs for all types of housing, will be considered in Volume II of the study report.
- 1.13 It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Duty to Co-operate

- 1.14 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.15 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

*Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

National Planning Policy Framework (NPPF), paragraphs 178-179

- 1.16 This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be “*a continuous process of engagement*” from “*thinking through to implementation*”.

Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

National Planning Policy Framework (NPPF), paragraph 181

- ^{1.17} As previously noted, the SHMA was jointly commissioned by the four West of England local authorities to provide a consistent evidence base for housing across the Wider Bristol HMA. The emerging SHMA outputs have also been discussed with officers and members of neighbouring local authorities under the Duty to Co-operate as well as a Housing Market Reference Group, that were involved in the development of the original study brief and consulted at key points throughout the process.
- ^{1.18} The Housing Market Reference Group (HMRG) was set up to provide challenge and act as a critical friend considering issues, assumptions and methodology at key stages of the SHMA. The HMRG is chaired by West of England LEP and included representatives from a range of stakeholder organisations:
- » LEP Construction and Development Sector Group
 - » West of England Housing Delivery Panel, including selected Registered Providers
 - » Home Builders Federation
 - » Large house builders
 - » Small to medium size house builders, through surveyor firms
 - » Independent commercial property consultants
 - » National Housing Federation
 - » Homes and Communities Agency
- ^{1.19} All feedback received was considered by the SHMA Project Board which comprised senior housing and planning officers from the four West of England local authorities, chaired by the West of England LEP.

2. Defining the Housing Market Area

An evidence base to identify functional housing markets

- 2.1 The NPPF refers to Local Plans meeting the “*full objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47, emphasis added). The identification of the Housing Market Area (HMA) is therefore the first relevant building block in the evidence for identifying objectively assessed needs for the study.

Functional Housing Market Areas

- 2.2 The definition of a functional housing market area is well-established as being “*...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay*” (Maclennan et al, 1998)¹.

Planning Practice Guidance

- 2.3 Planning Practice Guidance (PPG)² on the Assessment of Housing and Economic Development Needs (March 2014) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

What is a housing market area?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case the housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

Planning Practice Guidance 2014, paragraph 10

- 2.4 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:
- » House prices and rates of change in house prices
 - » Household migration and search patterns
 - » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)
- 2.5 These sources are consistent with those identified in the CLG advice note ‘*Identifying sub-regional housing market areas*’ published in 2007³.

¹ Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

³ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

Geography of Housing Market Areas (NHPAU/CURDS)

2.6 CLG also published a report on the ‘*Geography of Housing Market Areas*’ in 2010⁴ which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

- » Tier 1: framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
- » Tier 2: local housing market areas defined by migration patterns that determine the limits of short-term spatial house price arbitrage;
- » Tier 3: sub-markets defined in terms of neighbourhoods or house type price premiums.

2.7 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.

2.8 Advice recently published in the PAS OAN technical advice note also suggests that the main indicators will be migration and commuting (paragraph 4.4).

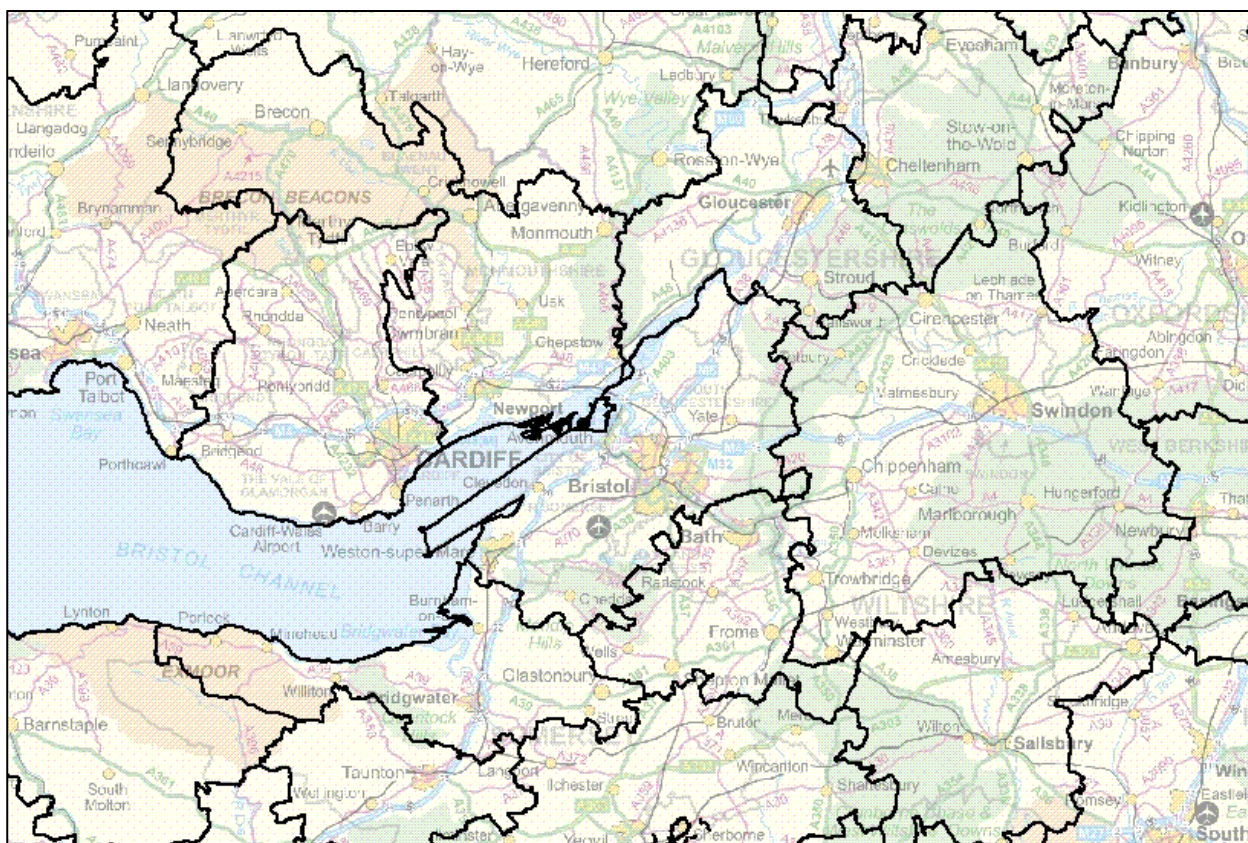
“The PG [Planning Practice Guidance] provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. With regard to migration, it explains that areas that form an HMA will be reasonably self-contained, so that a high proportion of house moves (typically 70%) occur within the areas. In practice, the main indicators used are migration and commuting.”

2.9 The PAS OAN technical advice note also suggests that analysis reported in the CLG report “*Geography of Housing Market Areas*” (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 1). It is apparent that this study identifies two housing markets within the West of England as a ‘starting point’: one focussed on the Bristol urban area, the other focussed on Bath.

2.10 Nevertheless, it is important to note that whilst the ‘starting point’ CLG study (2010) was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University, the analysis of migration and commuting was based on data from the 2001 Census. Given this context, the PAS OAN technical advice note recognises that “*more recent data should always ‘trump’ this geography*” (paragraph 4.9).

⁴ Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

Figure 1: NHPAU Study - PAS OAN technical advice note 'Starting Point



Identifying Travel to Work Areas

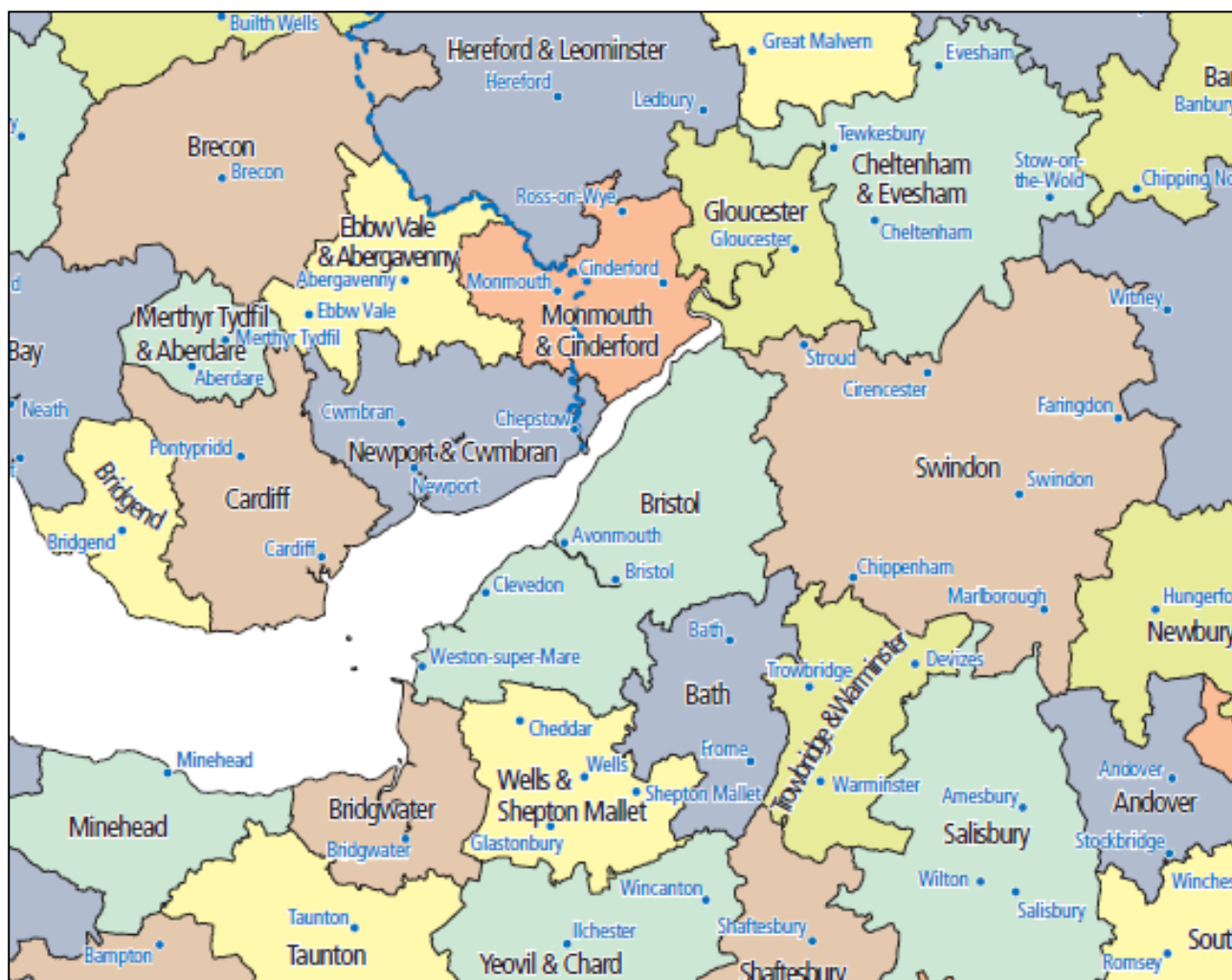
- 2.11 Housing market areas reflect “the key functional linkages between places where people live and work” and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns:

Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Planning Practice Guidance 2014, paragraph 11

- 2.12 One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 2 shows the latest ONS TTWAs. These were published in 2007 and they are also based on the origin-destination data from the 2001 Census.
- 2.13 Once again, it is apparent that two areas are identified within the West of England: one travel to work area focussed on Bristol, another travel to work area focussed on Bath.

Figure 2: ONS Travel To Work Areas (Source: ONS 2007)



Commuting Flow Analysis Based on 2011 Census Data

- 2.14 When defining housing market areas, it is important that functional housing markets are not constrained to local authority boundaries. Further, there is a need to use evidence to build up the housing market area from a lower level of geography; essentially, to use smaller geographic areas as the basic “building block”.
- 2.15 Commuting flow data from the 2011 Census has been published for smaller areas. This data enables us to understand the relationships that exist between where people live and work, which is a key element of the housing market area definition:

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.

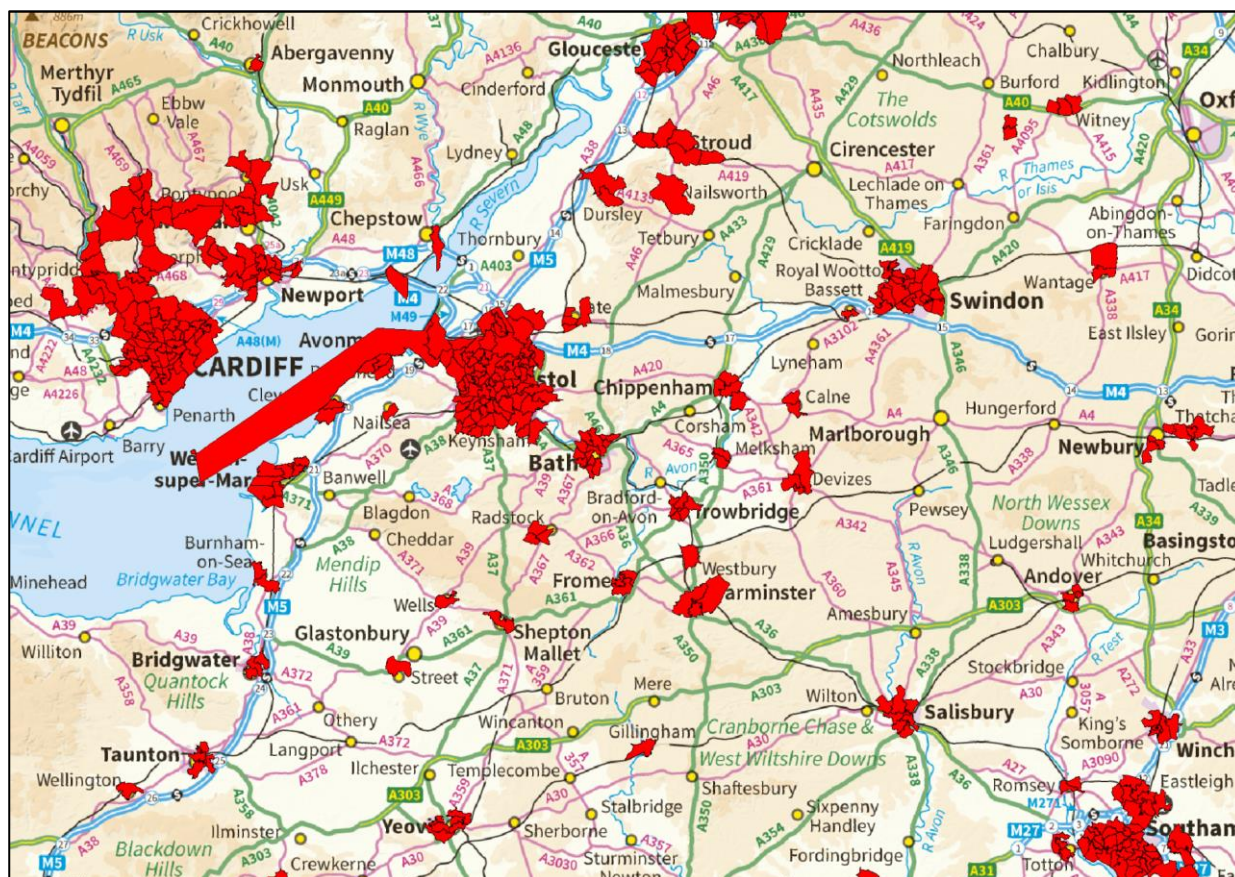
Planning Practice Guidance 2014, paragraph 10

- 2.16 Given that our initial analysis focuses on commuting flows, **the areas established will be travel to work areas rather than housing market areas.** Nevertheless, as previously outlined, commuting patterns form an important element of the overall analysis required to establish functional housing market areas.

2.17 The key stages in this initial analysis are:

- » **Step 1:** Each Middle Layer Super Output Area (MSOA) within the geographic area was identified where all of the constituent Census Output Areas have been classified as being “urban” under the 2011 Rural Urban Classification (DEFRA, September 2011). The 2011 Rural Urban Classification is used to distinguish between rural and urban areas, an area is classified as rural if it falls outside of a settlement with more than 10,000 residents⁵.
- » **Step 2:** We grouped together any contiguous urban MSOAs and each formed a single seed point (Figure 3).
- » **Step 3:** MSOAs within the geographic area were identified where the commuting ratio that was less than 1.0; i.e. those MSOAs where the workplace population is larger than the resident population (Figure 4).
- » **Step 4:** These MSOAs with concentrations of employment are associated with the existing seed point with which they have the strongest relationship. Where these MSOAs are not contiguous with an urban area and have only weak relationships with the existing seed points, employment MSOAs form a new independent seed point (Figure 5).

Figure 3: Urban Areas (DEFRA Classification)



⁵ Department for Environment, Food and Rural Affairs, Rural Urban Classification ; www.gov.uk, 2014; paragraph 3.3

Figure 4: Areas with Commuting Ratio less than 1.0 (Source: Census 2011)

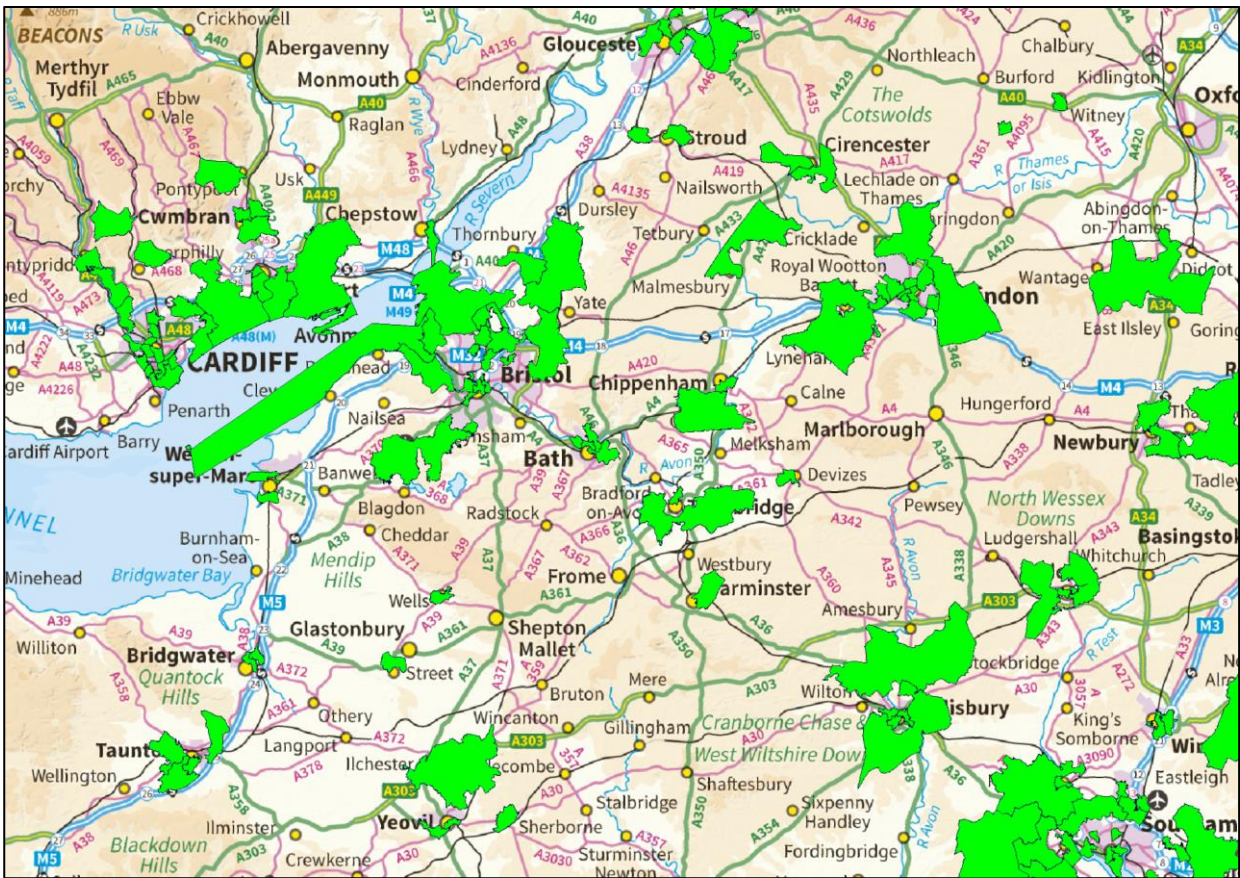
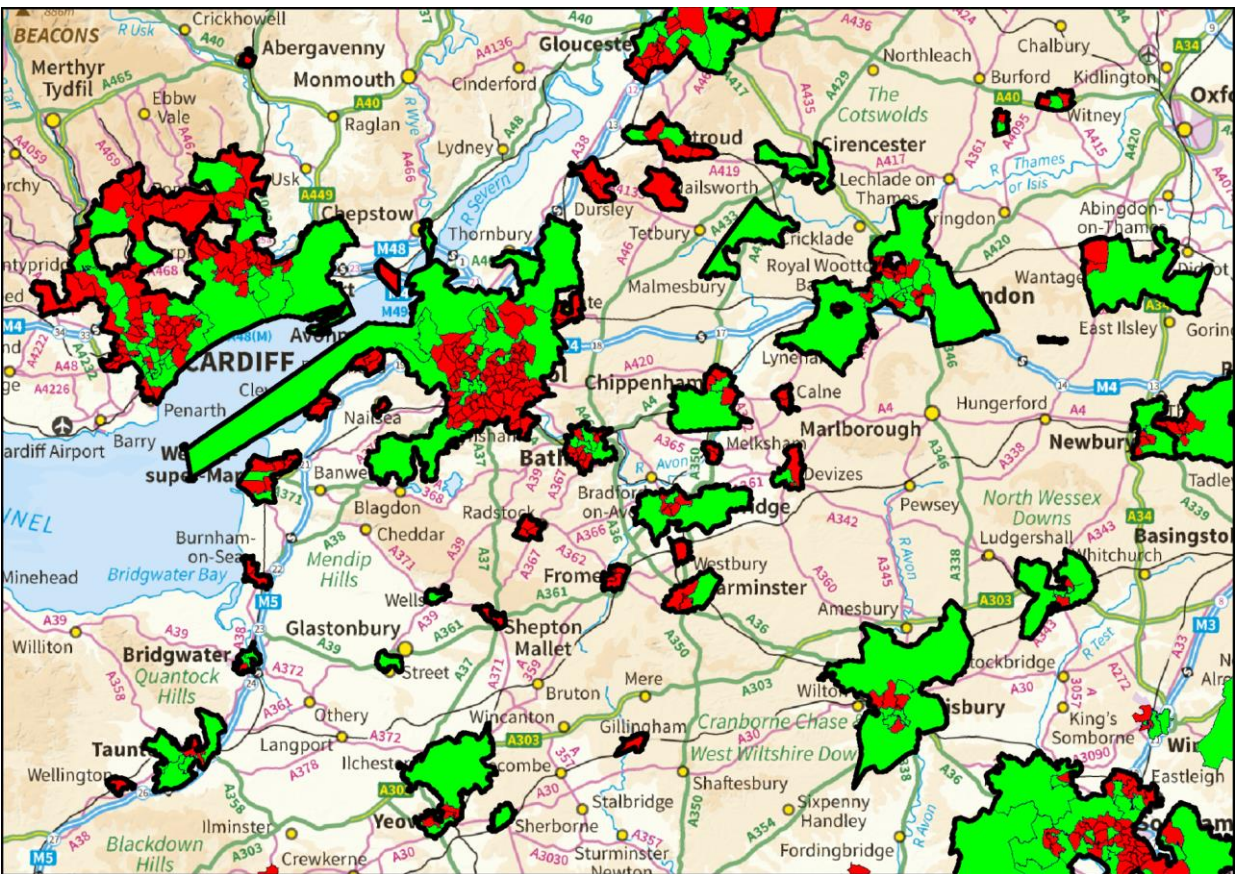


Figure 5: Urban Area and Employment Area 'Seeds' for Housing Market Areas



2.18 Figure 5 shows the final 'seeds' for the subsequent stages of the analysis process:

- » **Step 5:** For every MSOA in the geographic area, we associate it with the seed point (or seed point cluster) that has the largest number of workers resident in that MSOA.
- » **Step 6:** Based on the MSOAs associated with each seed point (or seed point cluster) at Step 5, we calculate the proportion of the resident population that work in the area and the proportion of the workplace population that live in the area to establish a self-containment ratio.
- » **Step 7:** If all seed points (or seed point clusters) had an acceptable self-containment ratio, the process stops; otherwise for the seed point with the lowest self-containment ratio, the seed point with which it has the strongest relationship (based on the commuting flows and distance between the two seed points) is identified and the two seed points are clustered together. Where the seed point with the lowest self-containment ratio is already formed of a cluster of seed points, the cluster is separated and the strongest relationship identified for each of the original seed points before new clusters are formed.

2.19 The process from Step 5 to Step 7 is then repeated to achieve increasing levels of self-containment across all seed points (or seed point clusters).

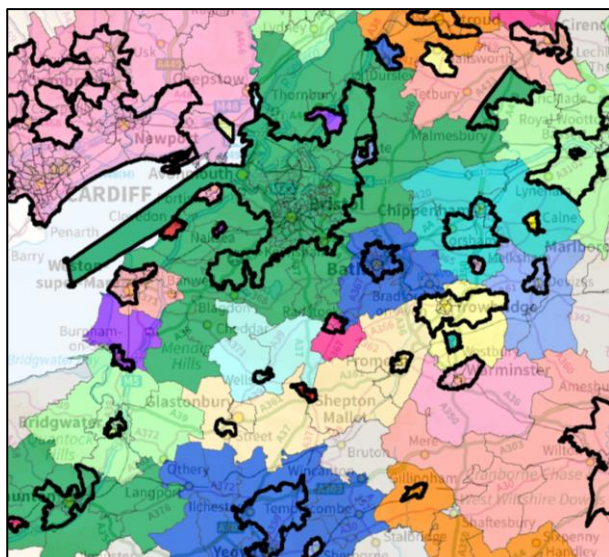
2.20 The final distribution of areas depends on the level at which the self-containment ratio is considered to be acceptable. The higher that the self-containment ratio is required to be, the larger (and more strategic) the identified areas will become – as smaller areas will tend to have lower levels of self-containment. The ONS have a **75% target for Travel to Work areas**, but it is worth noting that **their threshold is 66.7%** (for areas that have a working population in excess of 25,000 workers) and this provides a useful framework.

Analysis Outcomes based on 2011 Census Data

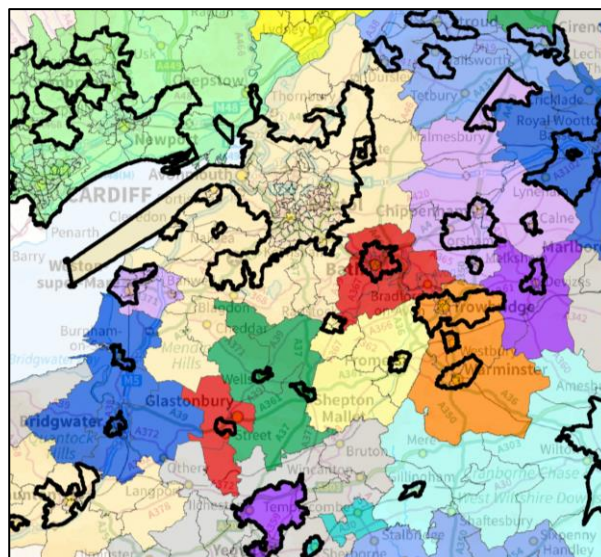
2.21 Figure 6 shows the development outcome of this process and begins to lift the levels of self-containment. The initial allocation shows a large number of distinct areas; but at a higher 60% self-containment the number of distinct areas is substantially reduced as the Wider Bristol functional housing market area starts to establish.

Figure 6: Model outputs based on initial distribution and at 60% containment threshold (Note: Coloured areas denote the different commuting zones that were identified at each iteration)

Initial distribution



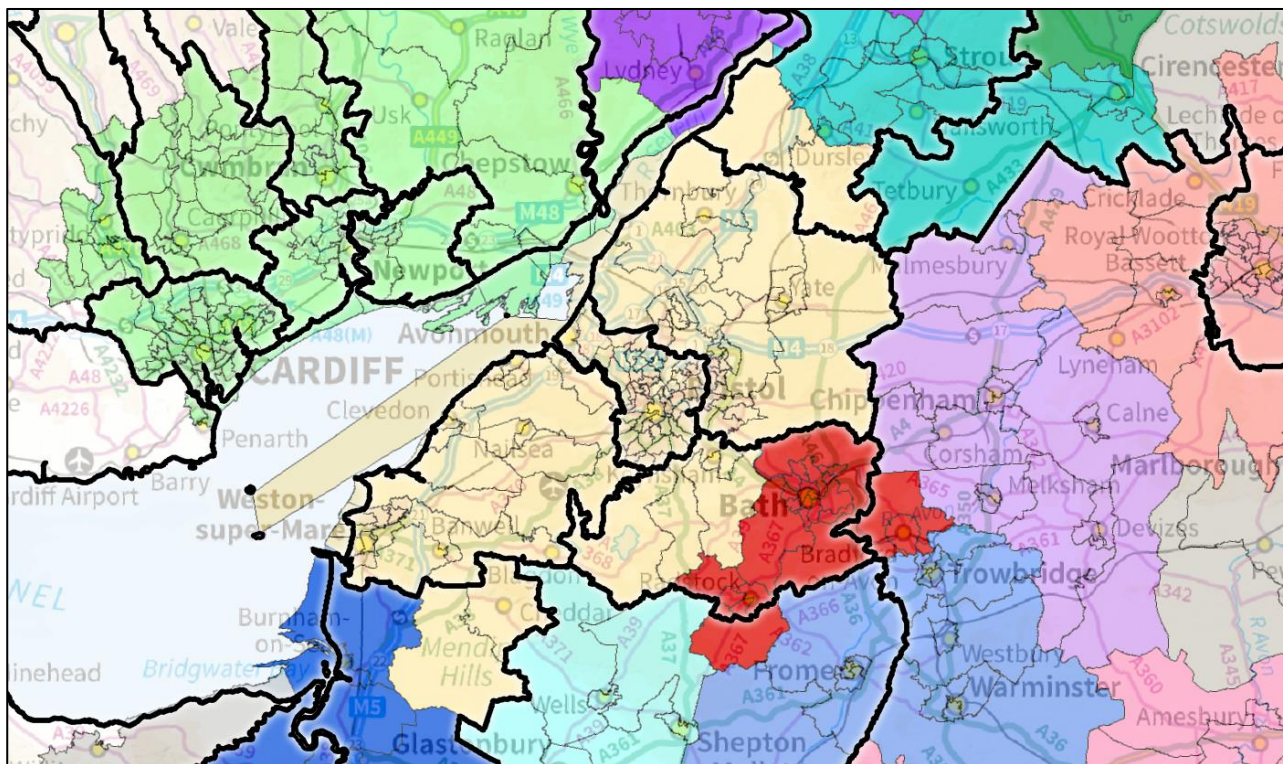
60% Containment



Proposed Commuting Zones

- 2.22 Figure 7 illustrates how the commuting zones further develop once the 67% threshold is achieved in all areas, and shows how these coordinate with the local authority boundaries.

Figure 7: Proposed Commuting Zones with Local Authority Boundaries



- 2.23 Figure 8 sets out the key statistics for the identified commuting zones, including the overall commuting flows.

Figure 8: Statistics for Proposed Commuting Zones (Source: 2011 Census; Note: Dark green cells exceed the ONS TTWA target of 75%; light green cells exceed the ONS TTWA threshold of 67%)

Commuting Zone	Living and Working in area	Workplace Population		Resident Population		Containment Score
		Total workers	% living in area	Total workers	% working in area	
Bristol	390,546	458,440	85.2%	438,634	89.0%	87.1%
Bridgewater	32,620	41,012	79.5%	47,083	69.3%	74.1%
Trowbridge	44,246	58,321	75.9%	65,759	67.3%	71.3%
Glastonbury	21,506	29,904	71.9%	30,425	70.7%	71.3%
Chippenham	54,778	74,706	73.3%	80,575	68.0%	70.6%
Bath	56,380	84,402	66.8%	77,823	72.4%	69.5%
Stroud	43,745	62,457	70.0%	64,376	68.0%	69.0%

- 2.24 It is evident that the Wider Bristol zone exceeds the ONS target of 75% in terms of both workplace and resident population, and this target is also exceeded in terms of the workplace population in both the Bridgewater and Trowbridge areas. All of the remaining flows exceed the ONS threshold of 66.7%. Whilst it would be possible to seek higher levels of containment, this isn't necessary as all of the identified areas satisfy the required criteria.

2.25 Given this context and based on the full range of analysis that we have considered, it is evident that there are two separate functional areas in the West of England – one focussed on Bristol, the other focussed on Bath.

» **The commuting flows for the area identified as Wider Bristol exceed the ONS target of 75%.**

The proportion of workers that live in the area who also work in the area is 89.0% and the proportion of jobs in the area fulfilled by workers that live in the area is 85.2%.

» **The commuting flows for the Bath area fall within the acceptable range adopted by ONS.**

The proportion of workers that live in the area who also work in the area is 72.4% and the proportion of jobs in the area fulfilled by workers that live in the area is 66.8%.

2.26 Figure 9 shows the distribution of the resident population across these two areas by local authority area.

Figure 9: Resident Population in 2011 by Local Authority Area and Proposed Commuting Zone (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Local Authority Area		Proposed Commuting Zone			
		Wider Bristol		Bath	
		N	%	N	%
West of England	Bath and North East Somerset	37,300	3.9%	138,700	86.1%
	Bristol	428,200	44.5%	-	-
	North Somerset	202,600	21.1%	-	-
	South Gloucestershire	262,800	27.3%	-	-
Elsewhere	Mendip	-	-	7,000	4.3%
	Sedgemoor	15,900	1.7%	-	-
	Stroud	14,700	1.5%	-	-
	Wiltshire	-	-	15,300	9.5%
TOTAL		961,400	100.0%	161,000	100.0%

2.27 It is evident that the Wider Bristol functional area covers the whole of Bristol, North Somerset and South Gloucestershire, together with parts of Bath and North East Somerset, Sedgemoor and Stroud; whilst the Bath functional area covers the rest of Bath and North East Somerset and parts of Mendip and Wiltshire.

Migration

2.28 In addition to data about commuting flows that reflects “the key functional linkages between places where people live and work”, PPG also suggests that migration patterns should be considered when defining functional housing market areas:

Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (eg those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Planning Practice Guidance 2014, paragraph 11

2.29 The commuting data identified that the substantial majority of residents in the Wider Bristol area (93%) live in Bristol, North Somerset and South Gloucestershire; whilst most of the Bath area residents (86%) live in Bath and North East Somerset.

2.30 Figure 10 shows the migration flows for these local authority areas based on the 2011 Census.

Figure 10: Migration by Local Authority Area (Source: 2011 Census)

Usual Residence	Address one year ago							
	WIDER BRISTOL				BATH	ELSEWHERE		TOTAL
	Bristol	North Somerset	South Glos	TOTAL	Bath & NE Somerset	LAs within 100km	LAs beyond 100km	
WIDER BRISTOL								
Bristol	45,456	1,368	4,752	51,576	1,077	5,589	12,939	71,181
North Somerset	1,978	12,902	469	15,349	258	1,561	2,659	19,827
South Glos	4,248	426	12,734	17,408	533	2,642	4,028	24,611
TOTAL	51,682	14,696	17,955	84,333	1,868	9,792	19,626	115,619
BATH								
Bath & NE Somerset	951	253	528	1,732	14,618	3,169	6,063	25,582
ELSEWHERE								
LAs within 100km	4,192	1,938	2,382	8,512	3,405	-	-	-
LAs beyond 100km	10,445	3,002	3,563	17,010	5,199	-	-	-
TOTAL	67,270	19,889	24,428	111,587	25,090	-	-	-

2.31 The migration data shows that 115,619 persons currently living in Wider Bristol had moved to their address during the last year, and 84,333 of these moves were within the three local authorities that include the substantial majority of housing market area's residents. Therefore, **72.9% of all movers in the HMA previously lived in the area**. When considering those living in the area one year ago, 111,578 persons had moved to another address in the UK which includes the 84,333 movers that moved within the three local authorities. Therefore, **75.6% of all movers originating from the HMA stayed in the area**.

2.32 Both of these proportions exceed the 70% that PPG suggests would be typical of a housing market area; however the PPG also notes that this should exclude "long-distance moves (eg those due to a change of lifestyle or retirement)". **Excluding those local authorities where moves are 100km or more increases the containment proportions for Wider Bristol to 87.6% of movers previously living in the area and 89.2% of movers staying in the area**.

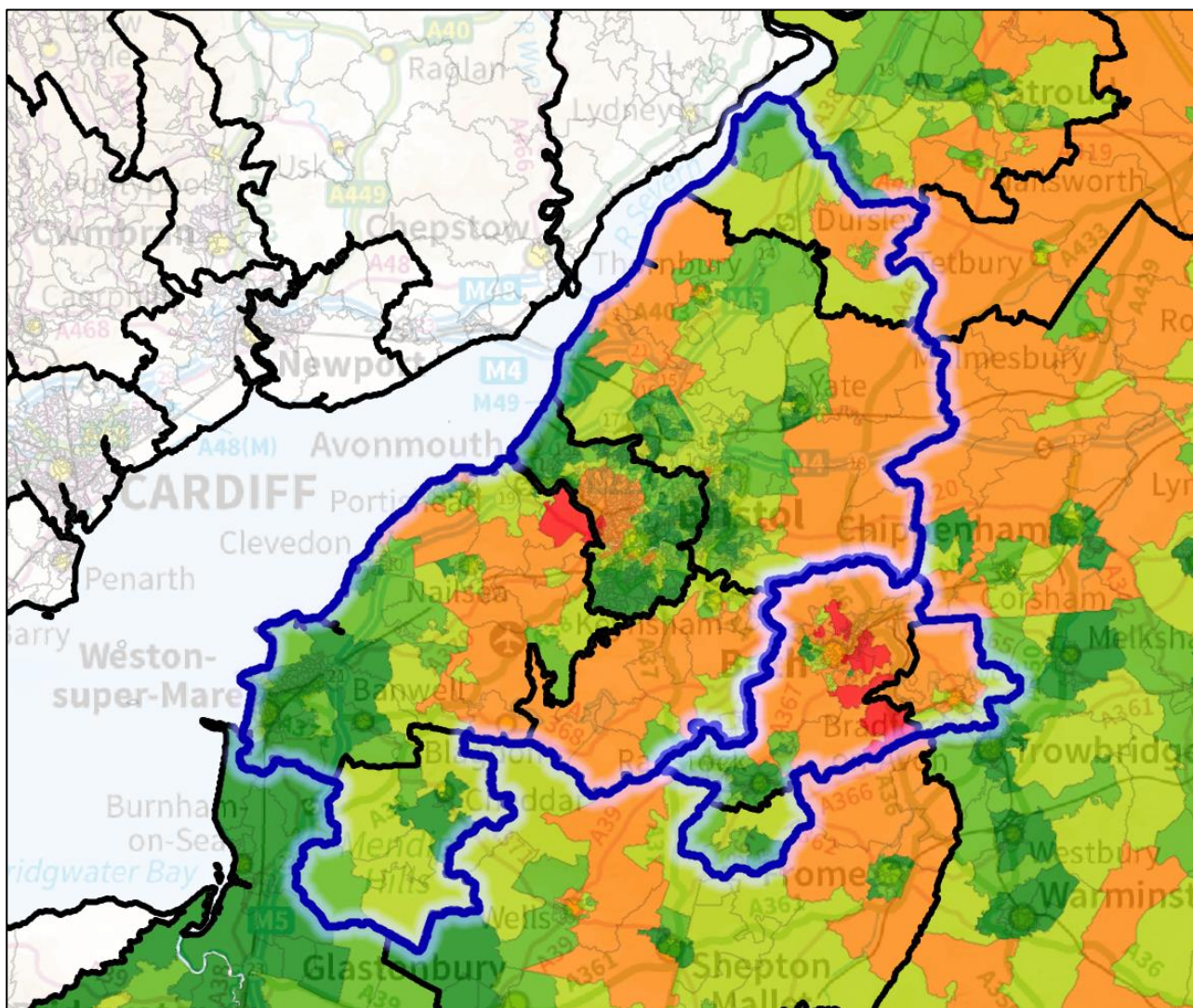
2.33 Considering moves to and from Bath, the data shows 25,582 persons had moves to their address in the last year, including 6,063 that had moved over 100km; so a total of 19,519 when long-distance moves are excluded. 14,618 of these moves were within Bath and North East Somerset, therefore **74.9% of movers previously lived in the area**. When considering those living in the area one year ago, 25,090 persons had moved to another address in the UK of which 5,199 moves were over 100km; so a total of 19,891 when long-distance moves are excluded. The 14,618 moves within Bath and North East Somerset therefore represents **73.5% of movers staying in the area**. These proportions also exceed the 70% suggested by PPG after taking account of long-distance moves.

2.34 On this basis, we can conclude that the two areas identified as commuting zones also have high proportions of migrants staying within the areas when choosing housing; which suggests that the commuting zones provide an appropriate basis for defining functional housing market areas.

House Prices

^{2.35} As previously noted, CLG research and the PAS OAN advice note have both suggested that house prices are less relevant when defining upper-tier housing market areas but can provide a useful context for identifying housing sub-markets. Figure 11 shows mix-adjusted average house prices relative to the West of England average. Figure 11 shows mix-adjusted average house prices relative to the West of England average.

Figure 11: Mix-adjusted average house prices relative to West of England average by MSOA (Source: HM Land Registry)



^{2.36} It would appear that the geographic spread of areas with higher and lower house prices does not provide a clear basis on which to define housing market areas; although it is evident that house prices in the commuting zone around Bath tend to be higher than prices across the Wider Bristol zone. Nevertheless, both areas include a full range of house prices. This provides housing options for all income groups within the area, which is necessary if all workers are to find a suitable place to live without commuting between different zones.

^{2.37} The house price distribution therefore supports that the functional housing market areas identified based on the commuting zones analysis provide for “all types of housing” and reflect the “linkages between places where people live and work”.

Administrative Boundaries and Housing Market Areas

2.38 The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note⁶ also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a “best fit” approximation to local authority areas for developing evidence and policy (paragraph 9):

“The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.”

2.39 This “best fit” approximation has also been commended by the PAS OAN technical advice note, which suggests (paragraph 4.11):

“It is best if HMA boundaries do not cut across local authority areas. Dealing with areas smaller than local authorities causes major difficulties in analysing evidence and drafting policy. For such small areas data availability is poor and analysis is complex.”

2.40 This means there is a need for balance in methodological approach:

- » On the one hand, it is important that the process of **analysis and identification of the functional housing market areas should not be constrained by local authority boundaries**. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).
- » On the other hand, and as suggested by the recent PAS OAN technical advice note (and the previous CLG advice note), **it is also necessary to identify a “best fit” for each functional housing market area that is based on local planning authority boundaries**. This “best fit” area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment (SHMA).

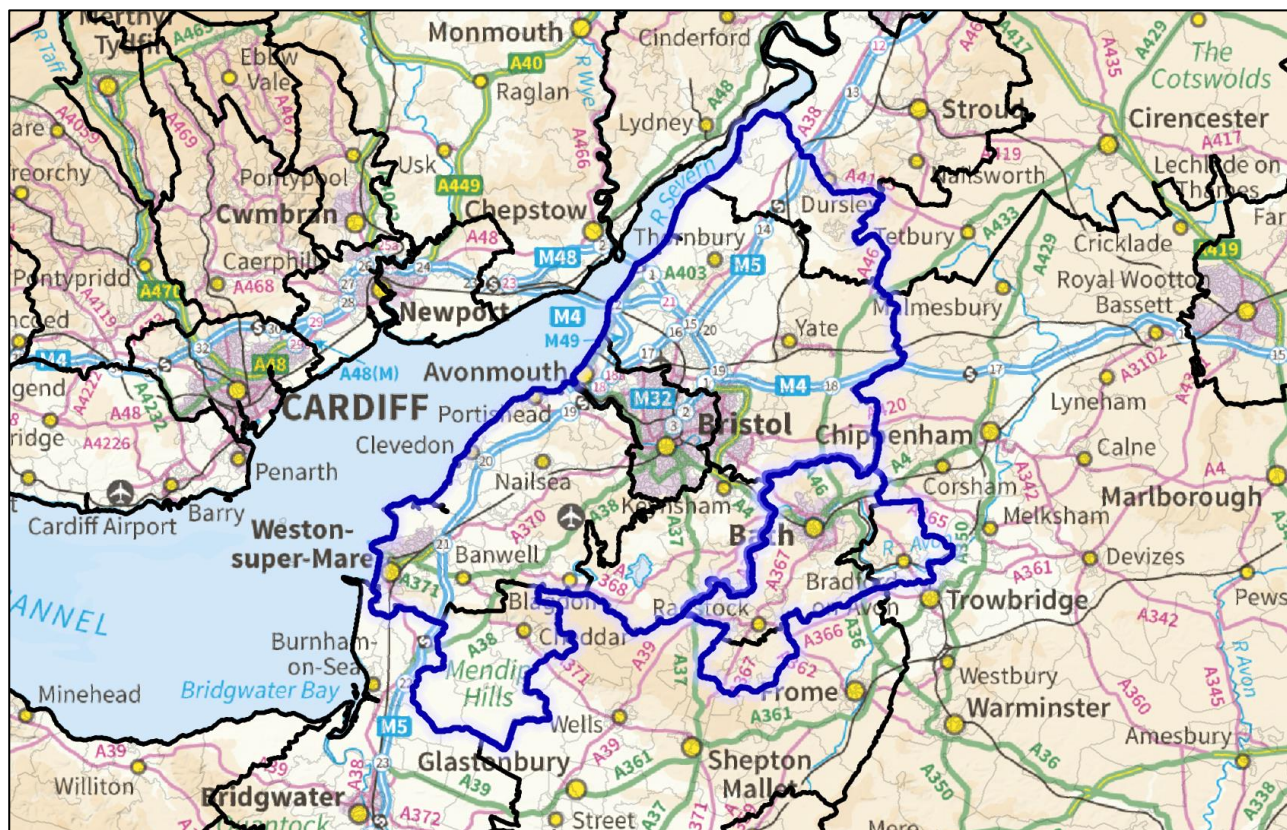
2.41 **In summary, therefore, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements.** Therefore, whilst we have established the most up-to-date functional housing markets for the West of England, it is now necessary to consider the most appropriate working arrangements for establishing the evidence base that the NPPF requires.

⁶ Identifying sub-regional housing market areas (CLG, March 2007)

Conclusions

- 2.42 It is clear that all of the evidence considered suggests that there are two separate functional housing markets in the West of England – one focussed on Bristol, the other focussed on Bath.
- 2.43 The analysis has clearly demonstrated that both areas satisfy the appropriate requirements in terms of travel to work and migration flows:
- » **Wider Bristol:** In terms of workers; 85.2% of the workplace population live in the area, 89.0% of the resident population work in the area: both exceed the ONS target of 75%. In terms of movers; 87.6% of movers previously lived in the area and 89.2% of movers stayed in the area: both exceed the 70% proportion that PPG considers to be typical.
 - » **Bath:** In terms of workers; 66.8% of the workplace population live in the area, 72.4% of the resident population work in the area: both exceed the ONS threshold of 66.7%. In terms of movers; 74.9% of movers previously lived in the area and 73.5% of movers stayed in the area: both exceed the 70% proportion that PPG considers to be typical.
- 2.44 Furthermore, the house price distribution supports that both areas are likely to provide for “all types of housing”. Therefore, our analysis concludes that the areas shown in Figure 12 provide the most appropriate and up-to-date housing market geographies for the West of England.

Figure 12: Functional housing market areas in the West of England (Source: Wider Bristol SHMA 2015)



- 2.45 The substantial majority of the Wider Bristol functional housing market area residents (93%) live in Bristol, North Somerset and South Gloucestershire. Although the Wider Bristol functional housing market area covers parts of Bath and North East Somerset, Sedgemoor and Stroud, the areas represent only a minority of these local authorities' respective populations; and collectively they represent only 7% of the functional

housing market area's population. On this basis, it is appropriate to conclude that Bristol, North Somerset and South Gloucestershire local authorities provide an appropriate "best fit" area for the Wider Bristol HMA.

- ^{2.46} Considering the Bath functional housing market area, a substantial majority of residents (86%) live in Bath and North East Somerset. Although the Bath functional housing market area covers parts of Mendip and Wiltshire, the areas represent only a minority of these local authorities' respective populations; and collectively they represent only 14% of the functional housing market area's population. On this basis, it is appropriate to consider the Bath and North East Somerset local authority independently as a "best fit" area for Bath HMA.
- ^{2.47} Based on a detailed analysis of the evidence, we would therefore recommend to the West of England councils that **Bristol, North Somerset and South Gloucestershire represent the most appropriate "best fit" for the Wider Bristol HMA** and that **Bath and North East Somerset should be considered separately as a "best fit" for the Bath HMA**.
- ^{2.48} These "best fit" groupings do not change the actual geography of the functional housing market areas that have been identified – they simply provide a pragmatic arrangement for the purposes of establishing the evidence required and developing local policies, as suggested by the CLG advice note and reaffirmed by the PAS technical advice note.
- ^{2.49} Whilst we believe that the proposed groupings for Wider Bristol and Bath HMAs provide the overall "best fit" for joint working arrangements on the basis of the available evidence, it will still be important for Bristol, North Somerset and South Gloucestershire to maintain dialogue with those local authorities that are covered partly by the functional housing market area for Wider Bristol – Bath and North East Somerset, Sedgemoor and Stroud. In particular, the Inspector examining the Bath and North East Somerset and Core Strategy noted in his report⁷ that:
- "Even if the new West of England SHMA does not cover B&NES, the Council would still have to respond positively to any request from adjoining authorities to accommodate housing needs that could not otherwise be met within the Bristol sub-region".*
- ^{2.50} Similarly, it will be important for Bath and North East Somerset to maintain dialogue with those local authorities that are covered partly by the functional housing market area for Bath – Mendip and Wiltshire. Furthermore, all four West of England authorities will need to maintain dialogue with each other and their other neighbouring authorities.

⁷ Para 37, Report on the Examination into Bath and North East Somerset Council's Core Strategy (June 2014)

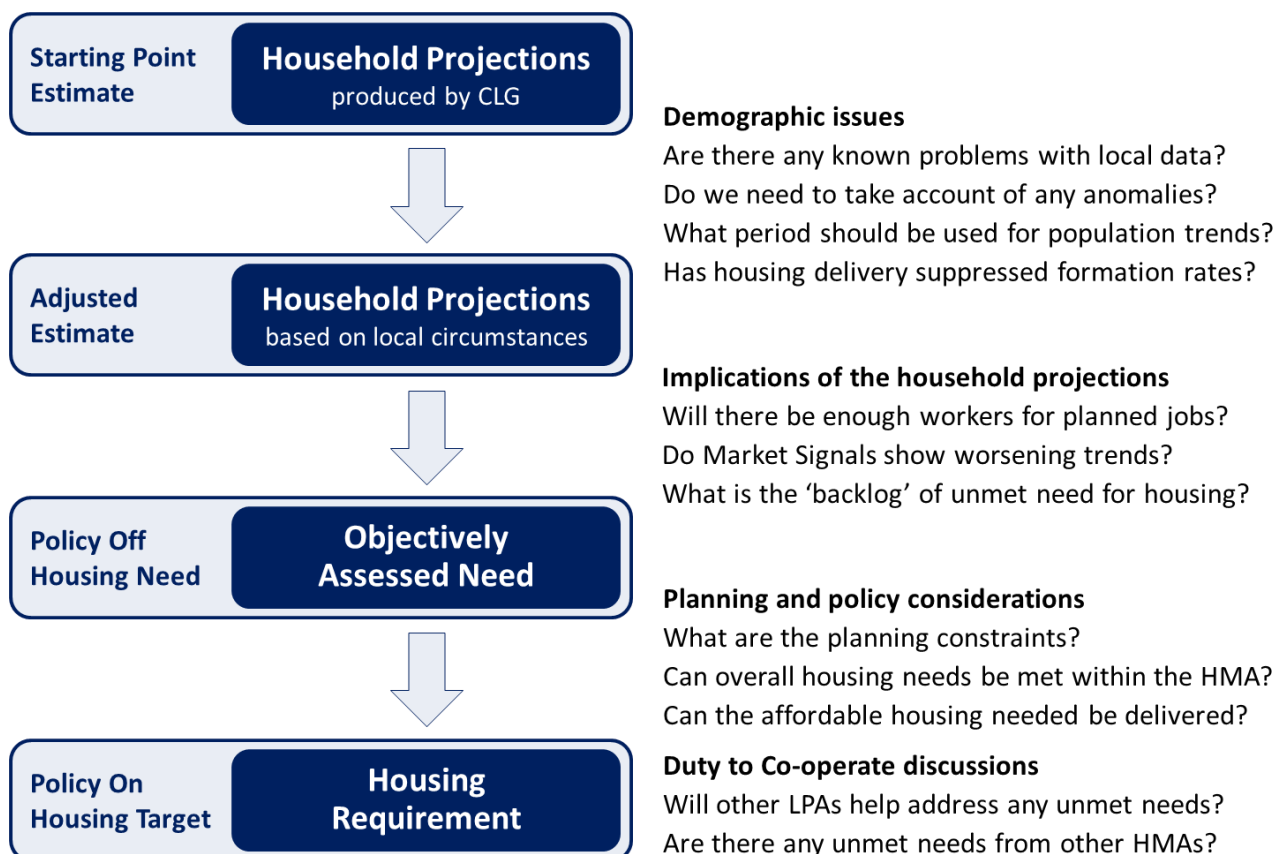
3. Demographic Projections

The starting point for Objectively Assessed Need

Process for Establishing Objectively Assessed Need

- 3.1 The Objective Assessment of Need identifies the quantity of housing needed (both market and affordable) in the Housing Market Area over future plan periods. This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).
- 3.2 Figure 13 sets out the process for establishing the housing number for the Housing Market Area. It starts with a demographic process to derive housing need from a consideration of population and household projections. This chapter therefore considers the most appropriate demographic projection on which to base future housing need.
- 3.3 To establish the Objectively Assessed Need (OAN), external market and macro-economic constraints are applied to the demographic projections ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings. Nevertheless, it is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors should subsequently be considered by the local planning authorities as part of the plan-making process in order to establish the appropriate Housing Requirement and planned housing number.

Figure 13: Process for establishing the housing number for the HMA (Source: ORS based on NPPF and PPG)



Official Household Projections

- 3.4 Planning Practice Guidance published in March 2014 places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections.

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.

Planning Practice Guidance 2014, paragraph 15

The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.

Planning Practice Guidance 2015, paragraph 16

- 3.5 Given this context, Figure 14 sets out the 2012-based **household** projections together with previous household projections that CLG has produced for the area. The projections have varied over time, with the most recent set of projections showing the lowest projected rates of growth. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 14: CLG Household Projections for Wider Bristol HMA: annual average growth (Source: CLG Household Projections)

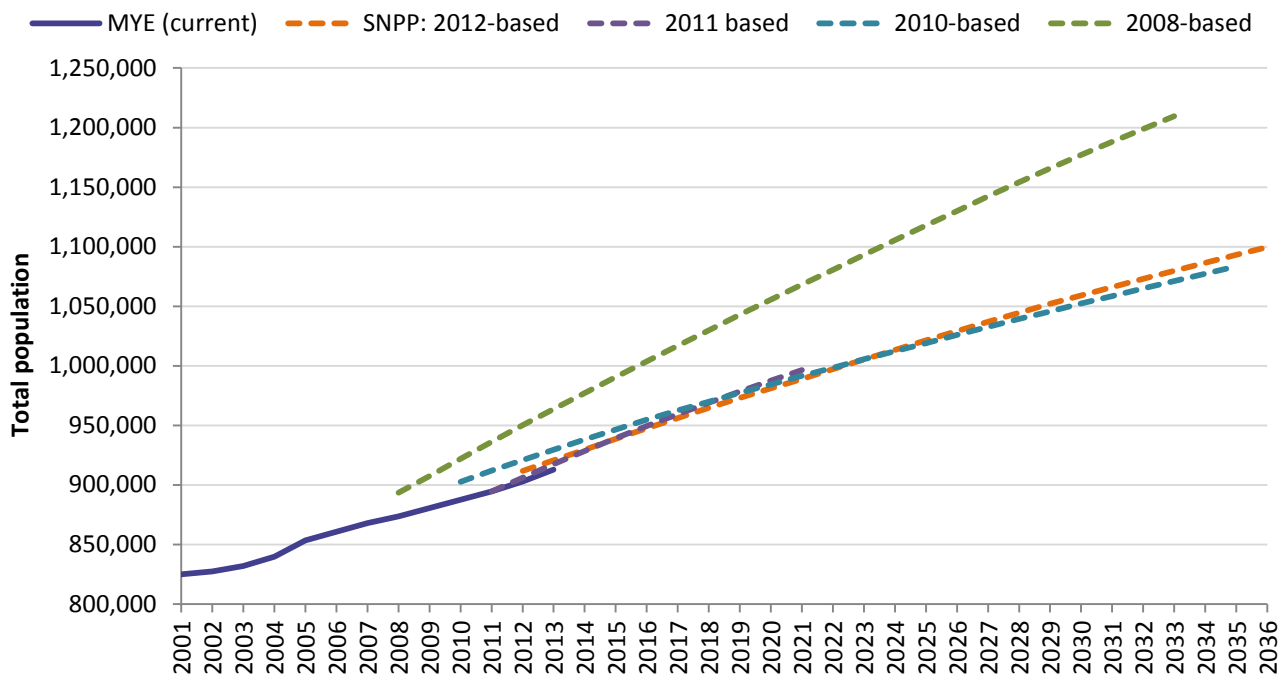
	2012-based		2011-based interim		2008-based	
	10 years 2012-22	25 years 2012-37	10 years 2011-21	25 years Not published	10 years 2008-18	25 years 2008-33
Bristol	1,970	1,890	2,050	-	3,800	3,440
North Somerset	1,090	1,030	1,450	-	1,800	1,800
South Gloucestershire	1,120	1,030	1,220	-	1,700	1,600
TOTAL	4,190	3,960	4,720	-	7,300	6,840

- 3.6 The CLG 2012-based household projections show an increase of 3,960 households each year over the 25-year period 2012-37, and a marginally higher rate (4,190 p.a.) in the initial 10-year period. These figures project forward over the normal 25-year period and supersede both the 2008-based household projections (which projected a household growth of 6,840 per year from 2008-33) and the interim 2011-based household projections (which projected growth of 4,720 per year from 2011-21). The differences are largely due to changes in the ONS population projections (Figure 15) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).
- 3.7 Given that the 2012-based household projections show an increase from 399,150 to 477,690 households in Wider Bristol over the 20-year period 2016-36, we can establish that the “starting point estimate of overall housing need” for the Plan period should be based on an overall growth of 78,540 households, equivalent to an average of around 3,930 households per year. However, it is also important to recognise the projected growth of 16,800 households over the period 2012-16 (between the base year for the projections and the base year for the Plan) which will also need to be considered when establishing OAN.

Official Population Projections

- 3.8 Figure 15 shows the outputs from the latest (2012-based) ONS Sub National **Population** Projections together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2012-based projections follow a similar trajectory to the 2010-based and 2011 based projections, but a notably lower rate of increase than projected by the 2008-based projection.

Figure 15: ONS Mid-Year Estimates and Sub-National Population Projections for Wider Bristol HMA (Source: ONS. Note: There were methodological changes to the migration assumptions between the 2008-based and subsequent SNPP. Household projections were not produced for the 2010-based SNPP)



- 3.9 Differences in the projected increase in population between the different projections are largely associated with the **assumed migration rates**, which are based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth. There were also methodological changes to the migration assumptions between the 2008-based and 2010-based figures. However, it is clear that the 2008-based household projections were based on a much faster population growth than is currently projected.

Population and Household Projections based on Local Circumstances

- 3.10 Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates ... Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance 2014, paragraph 17

- 3.11 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (paragraphs 5.12-5.13):

“To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. ... The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward.”

- 3.12 This issue was also considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in *Town and Country Planning* (April 2015)⁸.

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

- 3.13 On balance, we consider that:

- » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
- » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using 10-year migration trends as the basis for our analysis.**

- 3.14 This SHMA has, therefore, produced additional projections based on long-term migration trends as part of the analysis. Whilst no one scenario will provide a definitive assessment of the future population; considering demographic projections where migration is based on long-term trends provides a more appropriate basis on which to consider future housing need.

- 3.15 We have adopted this approach systematically across all SHMAs that we have undertaken since the publication of the NPPF, and the approach was supported by the Inspector examining the Core Strategy for Bath and North East Somerset. His report⁹ concluded (paragraphs 42-43):

“Given the uncertainties inherent in some of the data, particularly for flows of migrants internationally, a 10 year period is a reasonable approach ... The inter-censal period provides a readily understandable and robust check on the reasonableness of the average of about 550 per year for migration and other change used in the ORS model. Thus I consider that the ORS mid-trend population projection is a reasonable demographic projection.”

⁸ “Making sense of the new English household projections”, *Town and Country Planning* (April 2015)

⁹ Report on the Examination into Bath and North East Somerset Council’s Core Strategy (June 2014)

Population Trends and Projections for Bristol City

^{3.16} Figure 16 shows the current and historic mid-year **population** estimates and Census estimates for Bristol City over the period since 1981. The data shows that the local authority's population saw a period of decline during the 1980s but was relatively stable during the 1990s. The 2001 Census recorded the population at 380,600; however the ONS recognised that there were problems that led to under-enumeration and the estimate was subsequently revised. The ONS mid-2001 population estimate identified the population to be 390,000 in June 2001, and subsequent Mid-Year Estimates (MYE) suggested substantial growth year-on-year – however this data was revised downwards following the 2011 Census, which identified around 18,000 fewer people than previously estimated. The population in 2011 was estimated to be 428,000 and the Council believe that this figure is accurate.

Figure 16: Bristol official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

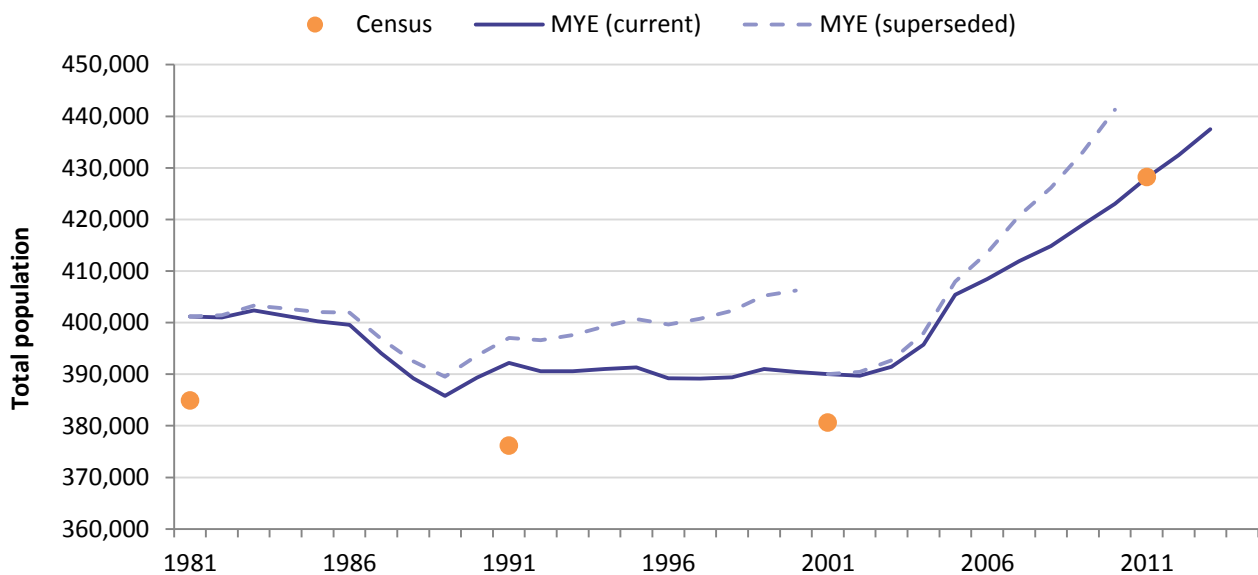
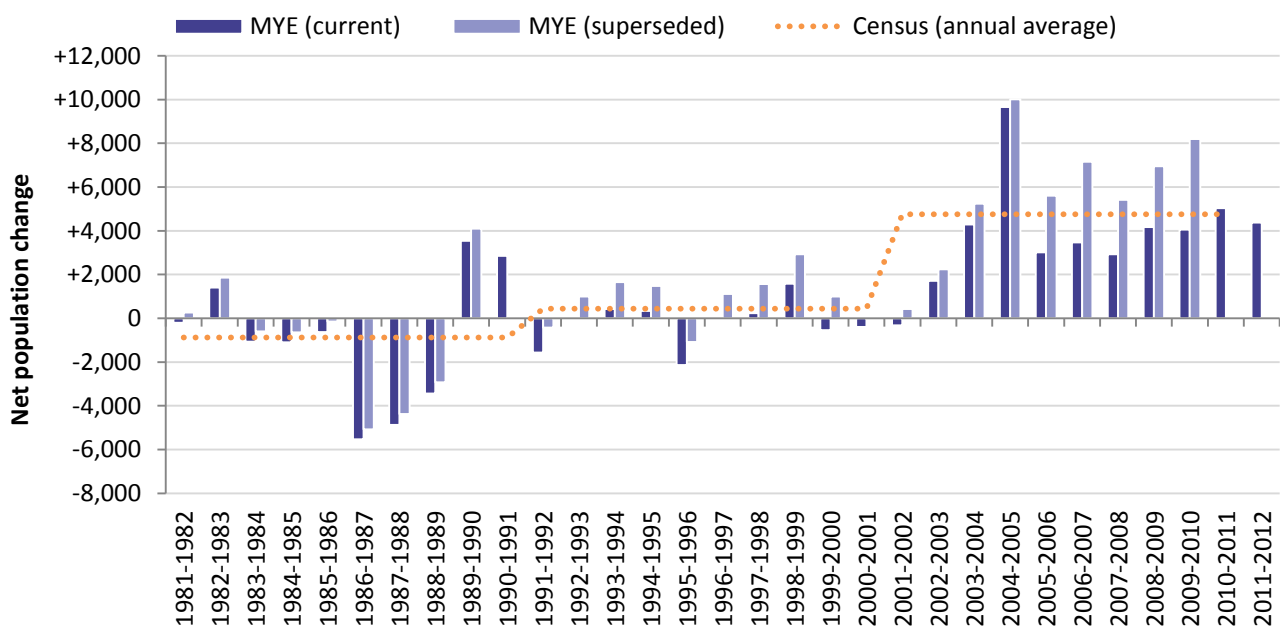


Figure 17: Bristol annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

3.17 Changes in the population can be broadly classified into two categories:

- » natural change in the population (in terms of births and deaths) and,
- » changes due to migration, both in terms of international migration and also moves within the UK.

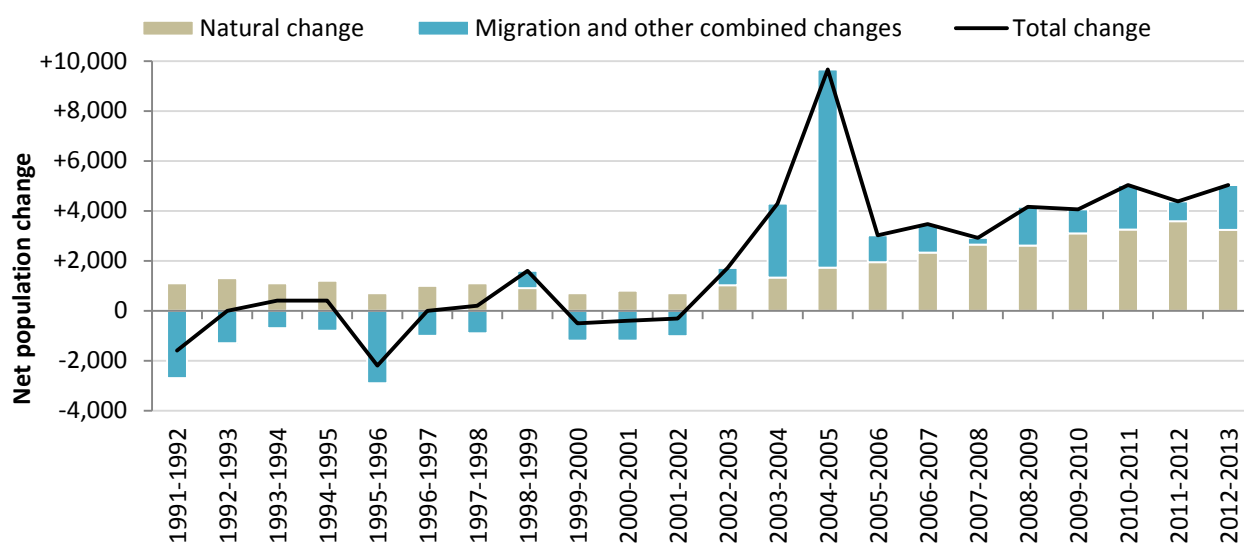
3.18 In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often “**Unattributable Population Change**” (UPC). This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.

3.19 Figure 18 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 18: Bristol components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: “Other Changes” includes adjustments for prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

P	Births	Deaths	Natural Change	UK Migration		International Migration		Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out			
1991-92	5,500	4,400	1,100	-	-	-	-	-	-2,700	-1,600
1992-93	5,400	4,200	1,300	-	-	-	-	-	-1,300	0
1993-94	5,400	4,300	1,100	-	-	-	-	-	-700	400
1994-95	5,200	4,100	1,200	-	-	-	-	-	-800	300
1995-96	4,900	4,200	700	-	-	-	-	-	-2,900	-2,100
1996-97	5,100	4,100	1,000	-	-	-	-	-	-1,000	0
1997-98	5,000	3,900	1,100	-	-	-	-	-	-900	200
1998-99	4,900	4,000	900	-	-	-	-	-	700	1,600
1999-00	4,700	4,000	700	-	-	-	-	-	-1,200	-500
2000-01	4,600	3,900	800	-	-	-	-	-	-1,200	-400
2001-02	4,648	3,947	701	21,835	23,776	5,550	3,614	-1,010	-1,015	-314
2002-03	4,899	3,880	1,019	22,904	24,966	7,742	4,032	-948	700	1,719
2003-04	5,154	3,828	1,326	23,426	25,196	9,118	3,522	-863	2,963	4,289
2004-05	5,405	3,679	1,726	24,330	24,470	11,858	2,900	-880	7,938	9,664
2005-06	5,418	3,473	1,945	25,262	25,715	6,428	4,076	-823	1,076	3,021
2006-07	5,802	3,479	2,323	24,774	27,154	6,623	2,396	-697	1,150	3,473
2007-08	6,199	3,546	2,653	24,741	25,749	6,652	4,609	-767	268	2,921
2008-09	6,109	3,494	2,615	25,700	24,587	5,331	4,253	-638	1,553	4,168
2009-10	6,439	3,339	3,100	25,411	25,490	5,274	3,651	-590	954	4,054
2010-11	6,551	3,295	3,256	25,190	24,938	5,982	3,997	-463	1,774	5,030
2011-12	6,867	3,276	3,591	27,281	27,077	5,129	4,595	48	786	4,377
2012-13	6,632	3,387	3,245	26,857	26,724	5,795	4,157	25	1,796	5,041

Figure 19: Bristol components of population change (Source: ONS Mid-Year Population Estimates, revised)



^{3.20} It is evident from Figure 19 that natural change remained relatively consistent throughout the 1990s, but there has been a stable and sustained growth year-on-year over the period since 2001. Migration and other changes vary much more – ranging from a net loss of 2,900 persons recorded for 1995-96 up to a net gain of more than 7,900 persons recorded for 2004-05 due to migration and other changes based on ONS Mid-Year Population Estimates. The exceptional level recorded for 2004-05 was at the time that eight Accession countries joined the European Union, and therefore does not represent a typical year. This data also pre-dates the period affected by ONS’ methodological improvements for estimating international migration – so the exceptionally high migration rates estimated for 2004-05 could have overstated true migration levels, and this could partly account for the need for a downward UPC adjustment which was applied by ONS to the population estimates following the 2011 Census.

Establishing Population Projections for Bristol City

^{3.21} Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration. In establishing future population projections, it is important to recognise the importance of migration and other changes.

^{3.22} Whilst migration estimates can vary from year-to-year, these differences may be partly due to changes in the underlying trends but can also be associated with uncertainties in measuring the flows. It is recognised that the impact of international migration is particularly difficult to measure; and although current estimates have been improved, data can still be unreliable at a local level.

^{3.23} For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. The SHMA has therefore developed population projections using migration trends based on the 10-year intercensal period (2001-2011) which normally relies on Census data instead of mid-year estimates. However, as previously noted, the ONS recognised that the 2001 Census under-enumerated the population at that time. We have therefore based the 10-year population change on the mid-2001 and mid-2011 population estimates. This period includes the migration spike in 2004-05 which could therefore overstate assumed future migration rates; however this 10-year intercensal period provides the most reliable data on which to base our assumptions.

3.24 Figure 20 compares the 2012-based sub national population projections (based on short-term migration trends) with the projections based on longer-term 10-year migration trends over the period 2012-36. The SNPP projections suggest that the population will increase to 524,900 by 2036, whilst the 10-year trend projects 537,100 persons (24-year increases of 92,400 persons and 104,600 persons respectively).

Figure 20: Bristol population projection based on migration trends

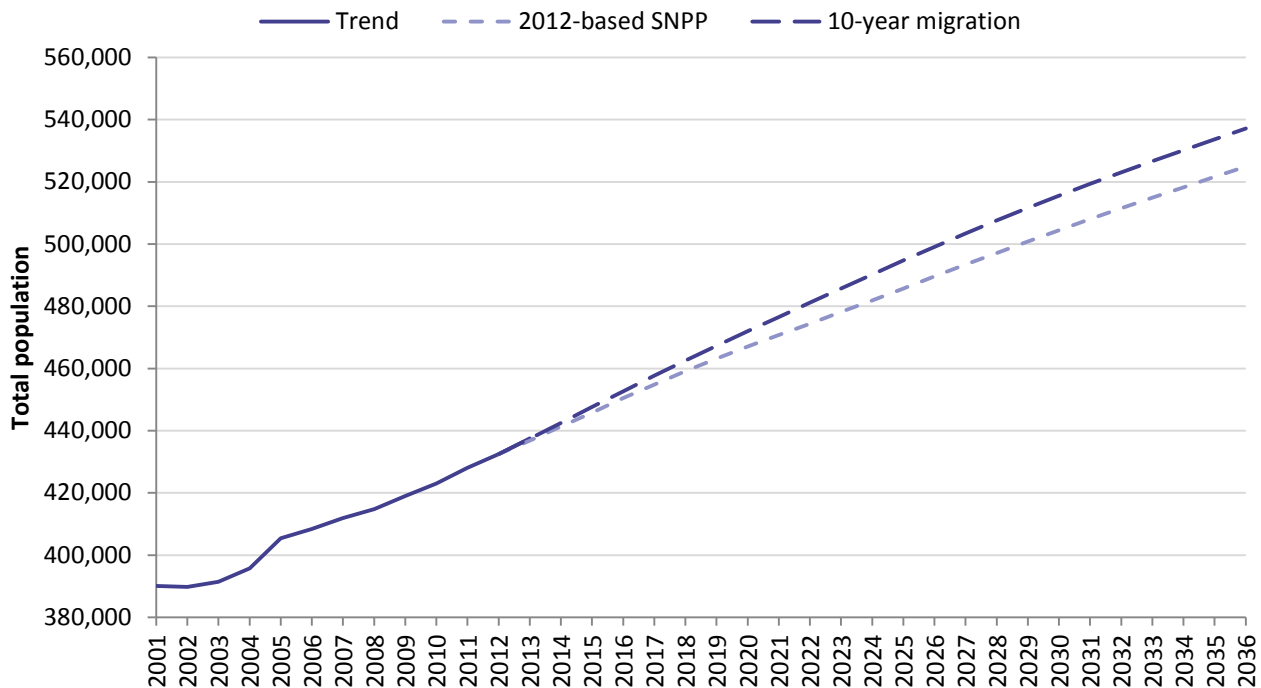


Figure 21: Bristol population projections 2012-36 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2012			2036					
	M	F	Total	2012-based SNPP			10-year migration trend		
				M	F	Total	M	F	Total
Aged 0-4	15,783	14,880	30,663	17,189	16,367	33,556	17,599	16,761	34,360
Aged 5-9	12,176	11,907	24,083	15,440	14,721	30,161	15,852	15,131	30,983
Aged 10-14	10,767	10,685	21,452	14,533	14,012	28,544	14,893	14,373	29,266
Aged 15-19	12,753	12,986	25,739	16,177	16,064	32,241	16,469	16,293	32,762
Aged 20-24	22,803	22,743	45,546	26,364	26,018	52,382	26,938	26,119	53,057
Aged 25-29	20,839	19,988	40,827	25,411	22,728	48,139	26,472	23,112	49,584
Aged 30-34	19,454	18,080	37,534	22,058	18,807	40,865	23,138	19,322	42,460
Aged 35-39	15,693	14,483	30,176	19,910	16,794	36,704	20,765	17,343	38,108
Aged 40-44	14,461	13,557	28,018	18,142	15,625	33,767	18,853	16,177	35,030
Aged 45-49	13,780	13,588	27,368	16,242	14,776	31,018	16,797	15,225	32,022
Aged 50-54	11,934	11,971	23,905	14,100	13,562	27,661	14,494	13,923	28,417
Aged 55-59	10,419	10,232	20,651	12,435	11,957	24,392	12,708	12,228	24,936
Aged 60-64	9,703	9,596	19,299	10,799	10,642	21,441	10,992	10,821	21,813
Aged 65-69	8,203	8,386	16,589	10,432	10,479	20,911	10,553	10,564	21,117
Aged 70-74	6,012	6,499	12,511	9,376	9,962	19,339	9,462	9,999	19,461
Aged 75-79	4,630	5,848	10,478	7,234	8,069	15,303	7,291	8,092	15,383
Aged 80-84	3,561	5,018	8,579	5,400	6,357	11,756	5,434	6,345	11,779
Aged 85+	2,833	6,200	9,033	6,822	9,881	16,702	6,782	9,774	16,556
Total	215,804	216,647	432,451	268,062	256,821	524,883	275,492	261,602	537,094

Population Trends and Projections for North Somerset

3.25 Figure 22 shows the current and historic mid-year **population** estimates and Census estimates for North Somerset over the period since 1981. The data suggests that the local authority’s population increased steadily over time since the 1990s. ONS Mid-Year Estimates for the period since 2001 originally assumed that this growth had continued at a higher rate, but the 2011 Census suggested that there were 9,300 fewer people living in the local authority than had previously been estimated. The ONS therefore revised downward the previous estimates to reflect the Census data, with lower levels of growth assumed for the period from 2007 onwards in particular.

Figure 22: North Somerset official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

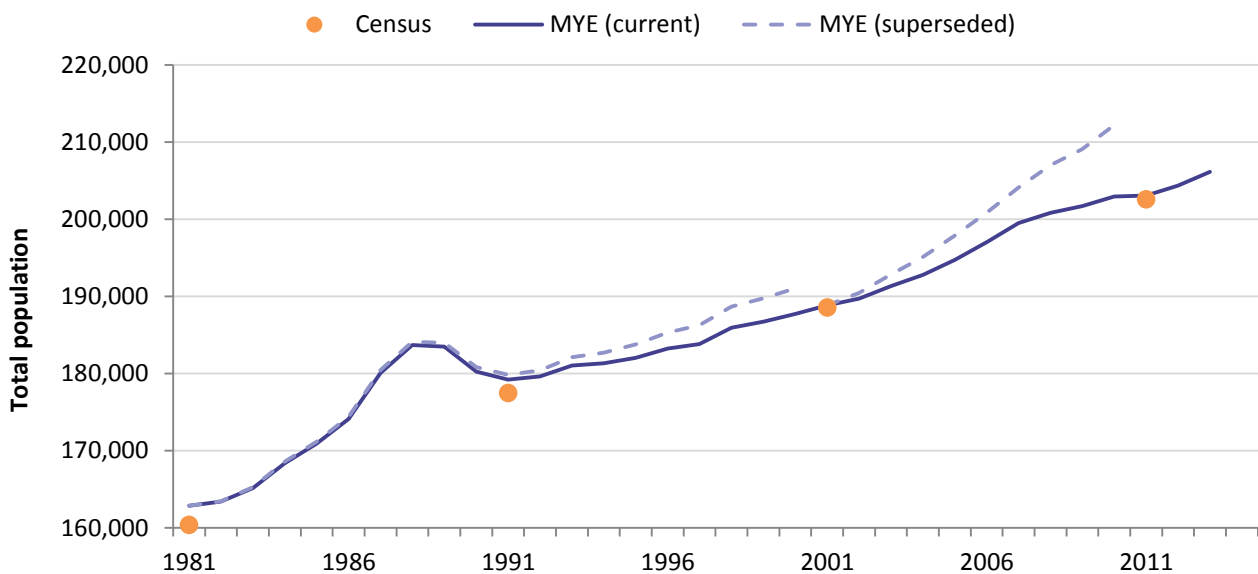
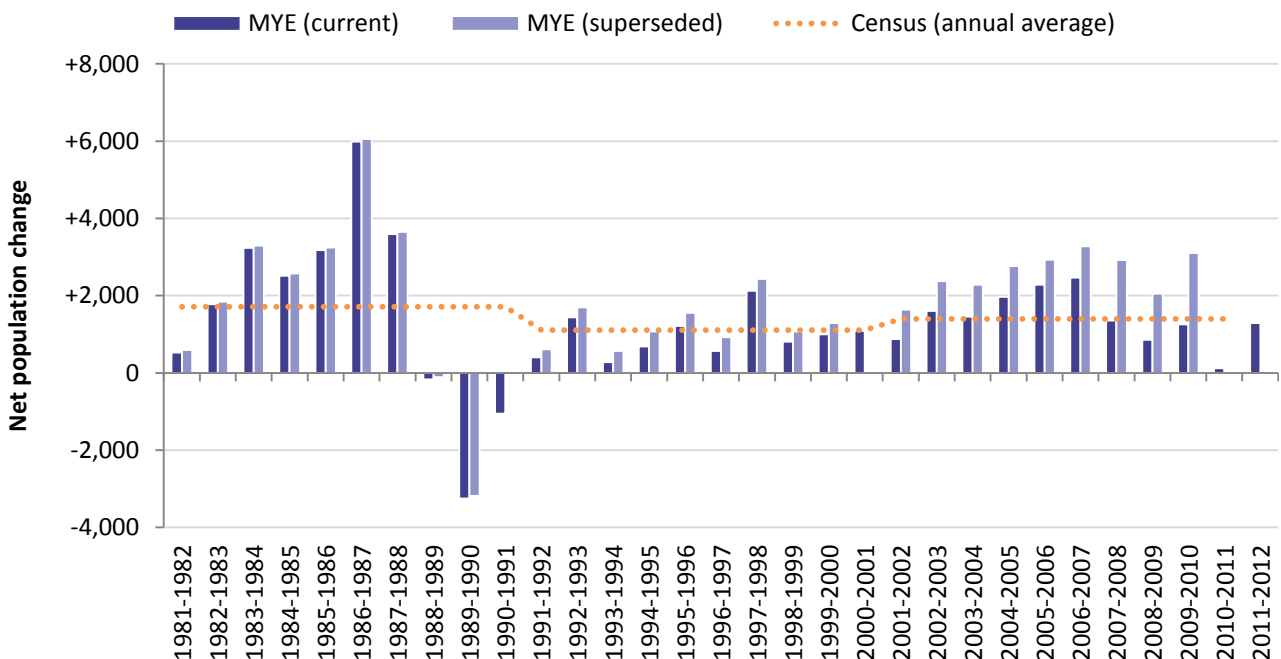


Figure 23: North Somerset annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

3.26 Changes in the population can be broadly classified into two categories:

- » natural change in the population (in terms of births and deaths) and,
- » changes due to migration, both in terms of international migration and also moves within the UK.

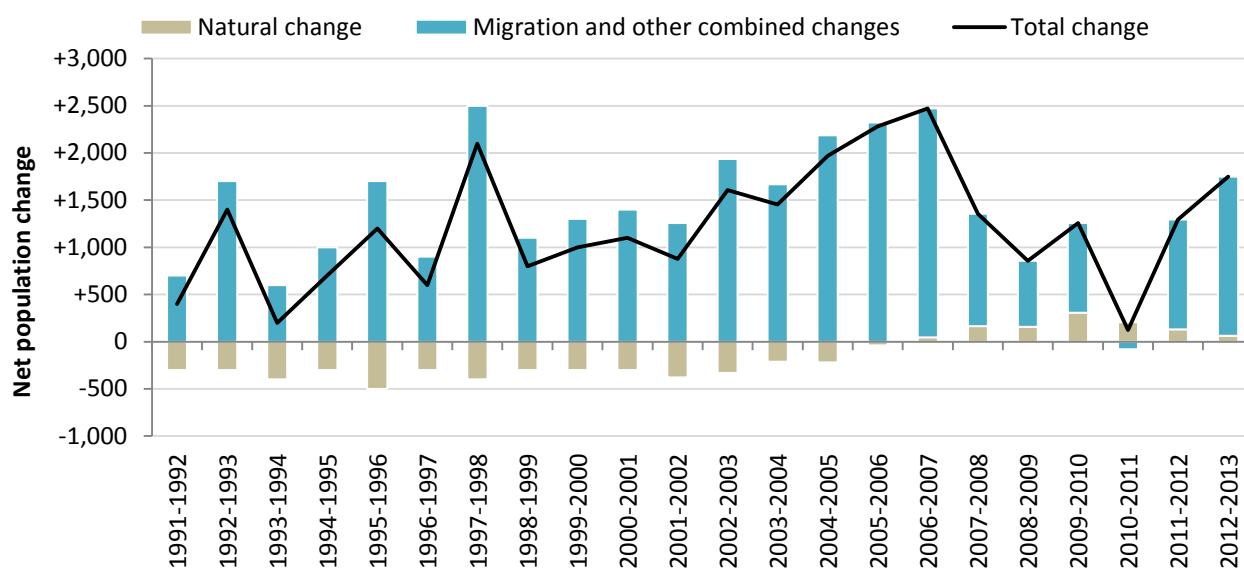
3.27 In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often **“Unattributable Population Change”**. This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.

3.28 Figure 24 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 24: North Somerset components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: “Other Changes” includes adjustments for prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

p	Births	Deaths	Natural Change	UK Migration		International Migration		Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out			
1991-92	2,000	2,300	-300	-	-	-	-	-	700	400
1992-93	2,000	2,300	-300	-	-	-	-	-	1,700	1,400
1993-94	1,900	2,300	-400	-	-	-	-	-	600	300
1994-95	1,900	2,200	-300	-	-	-	-	-	1,000	700
1995-96	1,900	2,400	-500	-	-	-	-	-	1,700	1,200
1996-97	2,000	2,300	-300	-	-	-	-	-	900	600
1997-98	1,900	2,300	-400	-	-	-	-	-	2,500	2,100
1998-99	1,900	2,200	-300	-	-	-	-	-	1,100	800
1999-00	1,900	2,200	-300	-	-	-	-	-	1,300	1,000
2000-01	1,900	2,200	-300	-	-	-	-	-	1,400	1,100
2001-02	1,862	2,241	-379	9,450	7,569	675	487	-812	1,257	878
2002-03	1,942	2,273	-331	9,935	7,522	821	492	-806	1,936	1,605
2003-04	1,992	2,205	-213	9,700	7,566	767	387	-848	1,666	1,453
2004-05	2,005	2,224	-219	9,613	7,151	934	360	-848	2,188	1,969
2005-06	2,099	2,139	-40	10,074	7,316	932	498	-869	2,323	2,283
2006-07	2,171	2,126	45	10,619	7,955	1,057	382	-914	2,425	2,470
2007-08	2,279	2,114	165	9,358	7,418	852	667	-935	1,190	1,355
2008-09	2,324	2,166	158	8,737	7,245	787	609	-970	700	858
2009-10	2,334	2,026	308	9,310	7,414	630	559	-1019	948	1,256
2010-11	2,386	2,181	205	8,263	7,431	695	544	-1064	-81	124
2011-12	2,369	2,238	131	8,951	7,904	628	537	25	1,163	1,294
2012-13	2,265	2,203	62	9,246	7,717	589	435	5	1,688	1,750

Figure 25: North Somerset components of population change (Source: ONS Mid-Year Population Estimates, revised)



- 3.29 It is evident from Figure 25 that natural change remained relatively consistent over the period 1991-2005, averaging an reduction of 320 persons each year. Nevertheless, it is worth noting that rates recently increased, with natural change contributing to population growth. Migration and other changes vary much more – ranging from a net loss of 100 persons recorded for 2010-11 up to a net gain of around 2,500 persons recorded for 1997-1998 and more recently in 2006-07 due to migration and other changes (based on ONS Mid-Year Population Estimates).

Establishing Population Projections for North Somerset

- 3.30 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration. In establishing future population projections, it is important to recognise the importance of migration and other changes.
- 3.31 Whilst migration estimates can vary from year-to-year, these differences may be partly due to changes in the underlying trends but can also be associated with uncertainties in measuring the flows. It is recognised that the impact of international migration is particularly difficult to measure; and although current estimates have been improved, data can still be unreliable at a local level.
- 3.32 For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. The SHMA has therefore developed population projections using migration trends based on the 10-year intercensal period (2001-2011) which normally relies on Census data instead of mid-year estimates. However, to maintain consistency with the projections for Bristol, we have based the 10-year population change on the mid-2001 and mid-2011 population estimates.
- 3.33 Figure 26 compares the 2012-based sub national population projections (based on short-term migration trends) with the projections based on longer-term migration trends over the period 2012-36. The SNPP projections suggest that the population will increase to 251,500 by 2036, whilst the 10-year trend projects 241,200 persons (24-year increases of 47,100 persons and 36,800 persons respectively).

Figure 26: North Somerset population projection based on migration trends

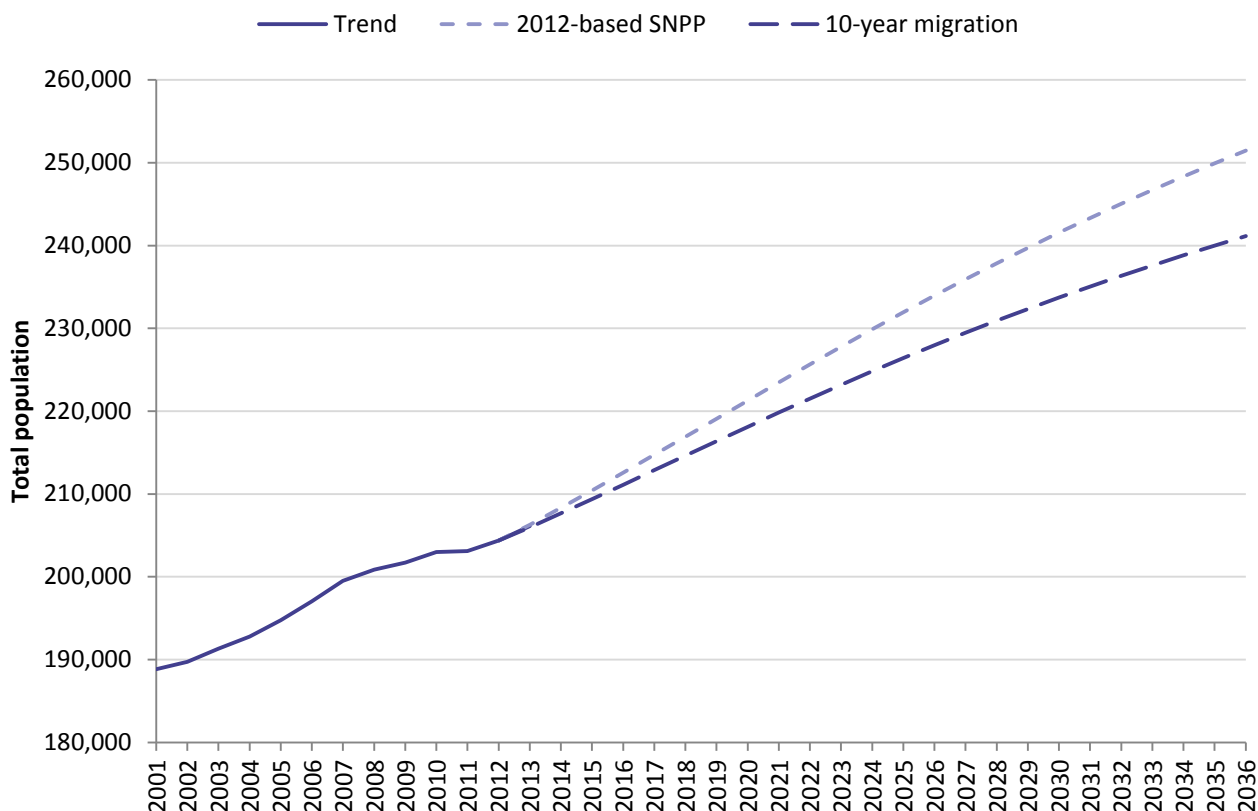


Figure 27: North Somerset population projections 2012-36 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2012			2036					
	M	F	Total	2012-based SNPP			10-year migration trend		
				M	F	Total	M	F	Total
Aged 0-4	6,246	5,732	11,978	6,703	6,352	13,055	6,324	5,995	12,319
Aged 5-9	5,769	5,491	11,260	7,052	6,662	13,714	6,670	6,298	12,968
Aged 10-14	5,737	5,623	11,360	7,245	6,916	14,161	6,887	6,567	13,454
Aged 15-19	5,888	5,543	11,431	6,852	6,543	13,395	6,559	6,245	12,804
Aged 20-24	4,675	4,723	9,398	5,391	5,172	10,563	5,179	4,870	10,049
Aged 25-29	5,011	5,156	10,167	5,995	5,769	11,764	5,774	5,427	11,201
Aged 30-34	5,350	5,632	10,982	5,808	5,794	11,601	5,577	5,468	11,045
Aged 35-39	5,869	6,126	11,995	6,700	6,645	13,345	6,393	6,277	12,670
Aged 40-44	7,288	7,419	14,707	7,589	7,387	14,976	7,231	7,004	14,235
Aged 45-49	7,898	7,931	15,829	7,720	7,735	15,454	7,355	7,366	14,721
Aged 50-54	6,734	7,161	13,895	7,338	7,523	14,862	7,016	7,228	14,244
Aged 55-59	6,252	6,540	12,792	6,989	7,305	14,293	6,705	7,051	13,756
Aged 60-64	6,602	7,195	13,797	7,141	7,545	14,686	6,888	7,311	14,199
Aged 65-69	6,850	7,088	13,938	8,012	8,638	16,650	7,745	8,385	16,130
Aged 70-74	4,697	5,119	9,816	7,940	8,513	16,453	7,707	8,279	15,986
Aged 75-79	3,722	4,439	8,161	6,295	7,202	13,498	6,129	7,018	13,147
Aged 80-84	2,648	3,632	6,280	5,020	6,033	11,053	4,901	5,882	10,783
Aged 85+	2,145	4,454	6,599	7,552	10,406	17,959	7,355	10,091	17,446
Total	99,381	105,004	204,385	123,342	128,139	251,481	118,394	122,761	241,155

Population Trends and Projections for South Gloucestershire

3.34 Figure 28 shows the current and historic mid-year **population** estimates and Census estimates for South Gloucestershire over the period since 1981. The data suggests that the local authority's population increased steadily over time. ONS Mid-Year Estimates for the period since 2001 over-estimated the rate of growth for the period to 2011, but to a lesser extent than in North Somerset. The 2011 Census suggested that there were fewer people living in the local authority than had previously been estimated. The ONS therefore revised the estimate downward by around 3,400 persons to reflect the Census data.

Figure 28: South Gloucestershire official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

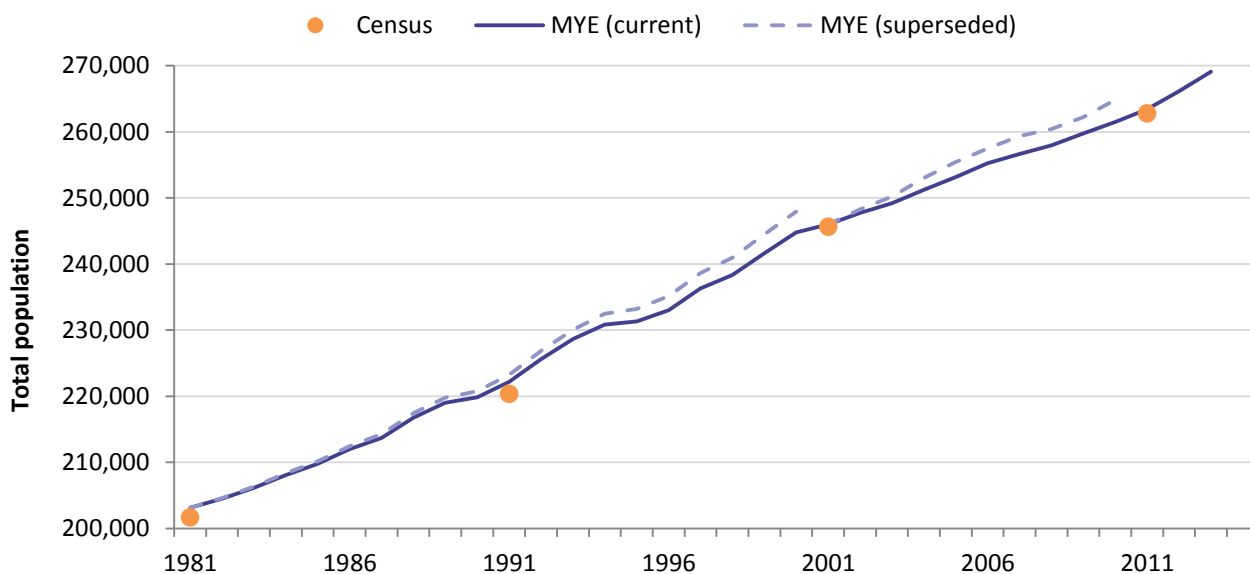
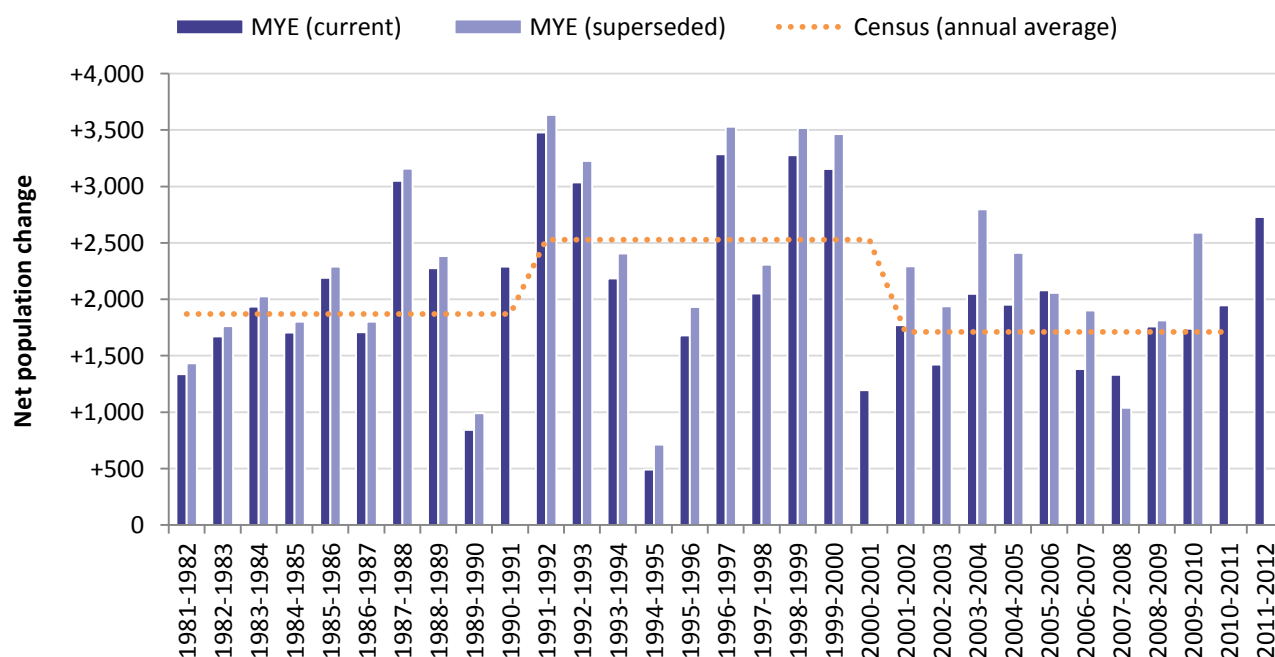


Figure 29: South Gloucestershire annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

3.35 Changes in the population can be broadly classified into two categories:

- » natural change in the population (in terms of births and deaths) and,
- » changes due to migration, both in terms of international migration and also moves within the UK.

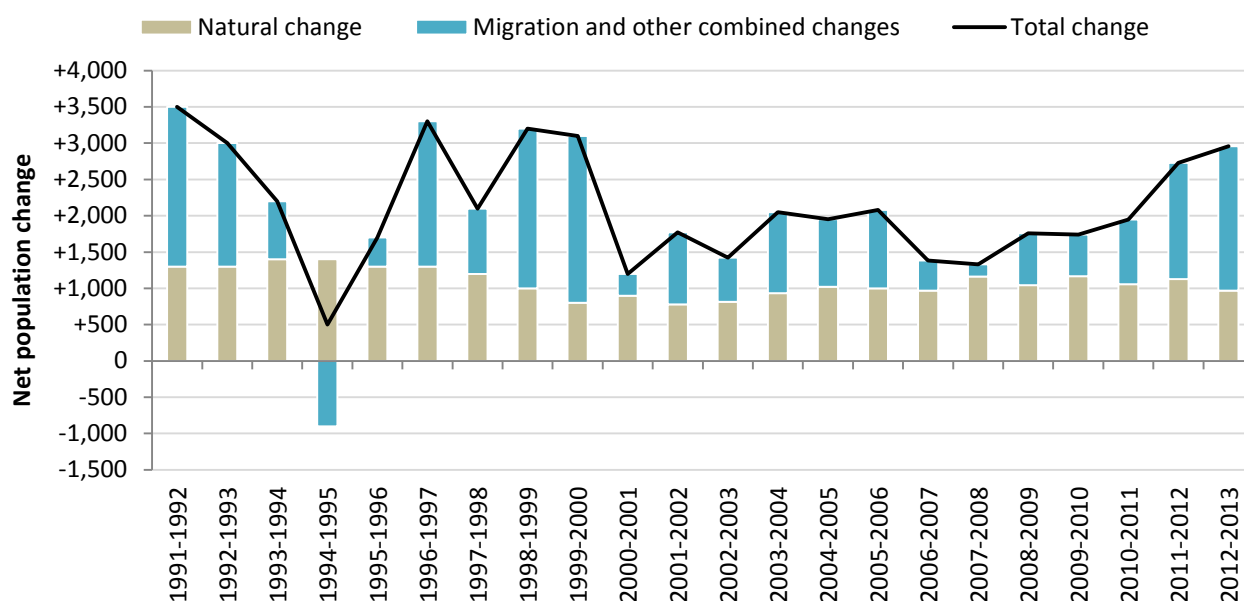
3.36 In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often “**Unattributable Population Change**”. This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.

3.37 Figure 30 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 30: South Gloucestershire components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: “Other Changes” includes adjustments for prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

p	Births	Deaths	Natural Change	UK Migration		International Migration		Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out			
1991-92	3,200	1,900	1,300	-	-	-	-	-	2,200	3,500
1992-93	3,100	1,800	1,300	-	-	-	-	-	1,700	3,000
1993-94	3,200	1,900	1,400	-	-	-	-	-	800	2,200
1994-95	3,300	1,800	1,400	-	-	-	-	-	-900	500
1995-96	3,200	1,900	1,300	-	-	-	-	-	400	1,700
1996-97	3,300	2,000	1,300	-	-	-	-	-	2,000	3,300
1997-98	3,000	1,900	1,200	-	-	-	-	-	900	2,100
1998-99	3,000	2,000	1,000	-	-	-	-	-	2,200	3,300
1999-00	2,900	2,100	800	-	-	-	-	-	2,300	3,200
2000-01	2,800	1,900	900	-	-	-	-	-	300	1,200
2001-02	2,688	1,907	781	12,054	10,881	856	549	-491	989	1,770
2002-03	2,813	2,000	813	11,915	11,331	1,066	516	-526	608	1,421
2003-04	2,920	1,986	934	12,611	11,431	955	452	-567	1,116	2,050
2004-05	2,940	1,917	1,023	11,944	11,416	1,339	345	-593	929	1,952
2005-06	2,899	1,899	1,000	12,554	11,827	1,511	527	-631	1,080	2,080
2006-07	2,904	1,934	970	12,746	12,926	1,587	373	-622	412	1,382
2007-08	3,153	1,992	1,161	12,244	12,388	1,405	679	-413	169	1,330
2008-09	3,006	1,962	1,044	12,473	11,976	1,354	694	-441	716	1,760
2009-10	3,105	1,938	1,167	12,557	12,224	1,273	538	-494	574	1,741
2010-11	3,084	2,026	1,058	12,698	12,012	1,400	578	-620	888	1,946
2011-12	3,137	2,009	1,128	14,164	12,986	1,102	678	0	1,602	2,730
2012-13	3,122	2,154	968	14,327	13,058	1,518	624	-171	1,992	2,960

Figure 31: South Gloucestershire components of population change (Source: ONS Mid-Year Population Estimates, revised)



3.38 It is evident from Figure 31 that natural change has remained relatively consistent, averaging around an additional 1,100 persons each year. Migration and other changes vary much more – ranging from a net loss of 900 persons recorded for 1994-95 up to a net gain of more than 2,000 persons due to migration and other changes recorded in a number of years during the 1990s (based on ONS Mid-Year Population Estimates).

Establishing Population Projections for South Gloucestershire

3.39 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration. In establishing future population projections, it is important to recognise the importance of migration and other changes.

3.40 Whilst migration estimates can vary from year-to-year, these differences may be partly due to changes in the underlying trends but can also be associated with uncertainties in measuring the flows. It is recognised that the impact of international migration is particularly difficult to measure; and although current estimates have been improved, data can still be unreliable at a local level.

3.41 For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. The SHMA has therefore developed population projections using migration trends based on the 10-year intercensal period (2001-2011) which normally relies on Census data instead of mid-year estimates. However, to maintain consistency with the projections for Bristol, we have based the 10-year population change on the mid-2001 and mid-2011 population estimates.

3.42 Figure 32 compares the 2012-based sub national population projections (based on short-term migration trends) with the projections based on longer-term migration trends over the period 2012-36. The SNPP projections suggest that the population will increase to 316,700 by 2036, whilst the 10-year trend projects 304,800 persons (24-year increases of 50,500 persons and 38,700 persons respectively).

Figure 32: South Gloucestershire population projection based on migration trends

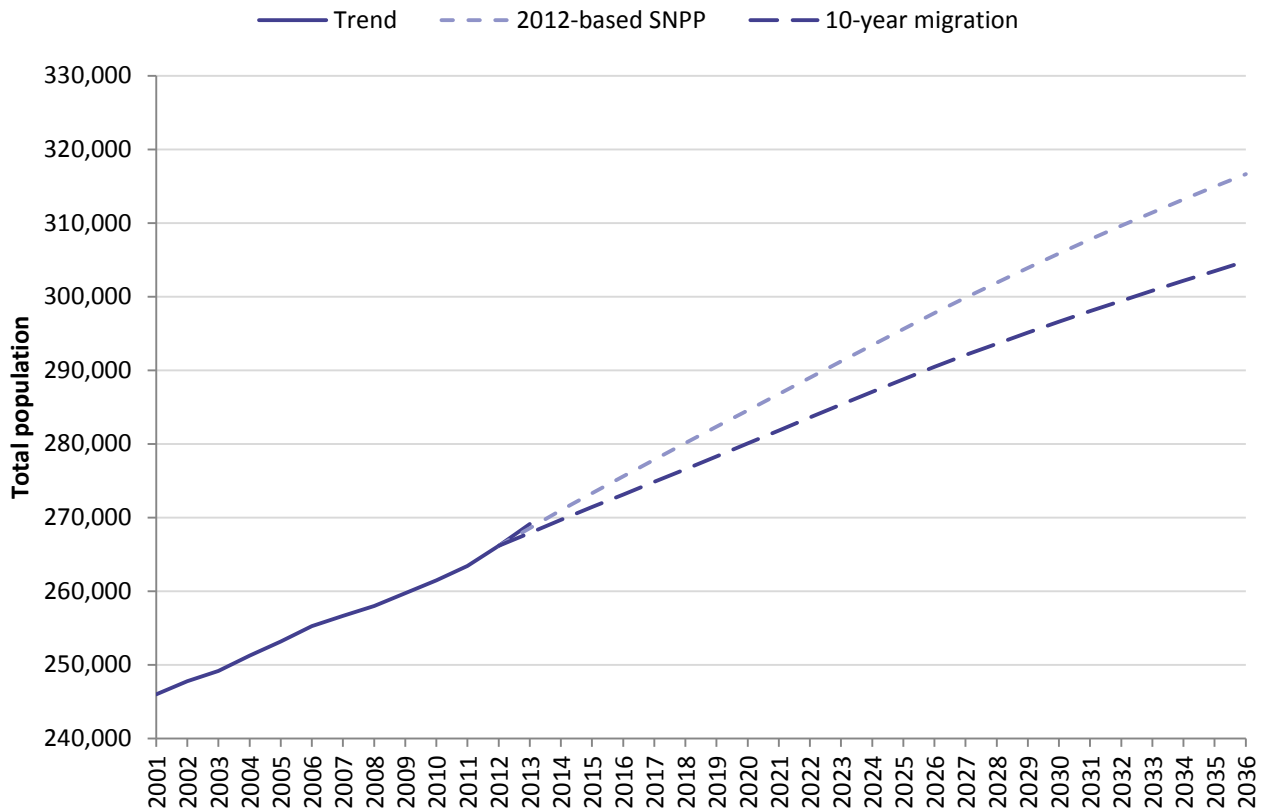


Figure 33: South Gloucestershire population projections 2012-36 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2012			2036					
	M	F	Total	2012-based SNPP			10-year migration trend		
				M	F	Total	M	F	Total
Aged 0-4	8,242	7,954	16,196	8,707	8,212	16,919	8,244	7,781	16,025
Aged 5-9	7,774	7,388	15,162	9,081	8,598	17,679	8,591	8,140	16,731
Aged 10-14	7,792	7,385	15,177	9,314	8,769	18,083	8,841	8,329	17,170
Aged 15-19	9,269	8,398	17,667	9,838	9,124	18,962	9,380	8,698	18,078
Aged 20-24	8,129	7,423	15,552	10,869	8,485	19,354	10,312	8,059	18,371
Aged 25-29	8,042	7,953	15,995	9,744	8,495	18,240	9,321	8,062	17,383
Aged 30-34	8,001	8,242	16,243	9,074	8,351	17,425	8,711	7,932	16,643
Aged 35-39	8,467	8,496	16,963	9,684	9,042	18,726	9,264	8,577	17,841
Aged 40-44	9,900	10,283	20,183	10,292	9,804	20,097	9,846	9,315	19,161
Aged 45-49	10,741	11,066	21,807	9,938	10,123	20,061	9,517	9,643	19,160
Aged 50-54	9,300	9,065	18,365	9,268	9,710	18,978	8,937	9,342	18,279
Aged 55-59	7,562	7,756	15,318	8,460	9,088	17,548	8,197	8,818	17,015
Aged 60-64	7,342	7,575	14,917	8,086	8,822	16,908	7,902	8,617	16,519
Aged 65-69	7,237	7,469	14,706	8,870	9,778	18,648	8,702	9,596	18,298
Aged 70-74	5,131	5,639	10,770	8,555	9,630	18,185	8,434	9,475	17,909
Aged 75-79	4,136	4,857	8,993	6,657	7,509	14,167	6,577	7,399	13,976
Aged 80-84	2,790	3,664	6,454	4,914	5,912	10,826	4,861	5,822	10,683
Aged 85+	1,966	3,713	5,680	6,831	9,048	15,878	6,736	8,851	15,587
Total	131,821	134,326	266,147	158,183	158,500	316,683	152,372	152,455	304,827

Establishing Population Projections for Wider Bristol

- 3.43 Considering the projections for the three local authorities collectively suggests that the 2012-based SNPP (based on short-term migration trends) is marginally higher than the projection based on longer-term 10-year migration trends: the SNPP projections suggest that the population will increase from 938,600 to 1,093,000 over the 20-year period 2016-36, whilst the 10-year migration trend scenario projects that the population will increase from a marginally lower 936,900 to 1,083,100 over the same period (20-year increases of 154,400 persons and 146,100 persons respectively).
- 3.44 As previously noted when deriving the projections for each area, longer-term projections typically benefit from longer-term trends – so the 10-year migration trend provides the principal projection for the further SHMA analysis. It is also important to consider the projected increase for the period 2012-16 (between the base year for the projections and the base year for the Plan): a projected growth of 34,000 persons. Figure 34 shows the projected change in population by 5-year age band for this initial period 2012-16 and also for the 20-year Plan period 2016-36.

Figure 34: Wider Bristol population projections 2012-16 and 2016-36 by 5-year age cohort based on 10-year migration trend scenario (Note: All figures presented unrounded for transparency)

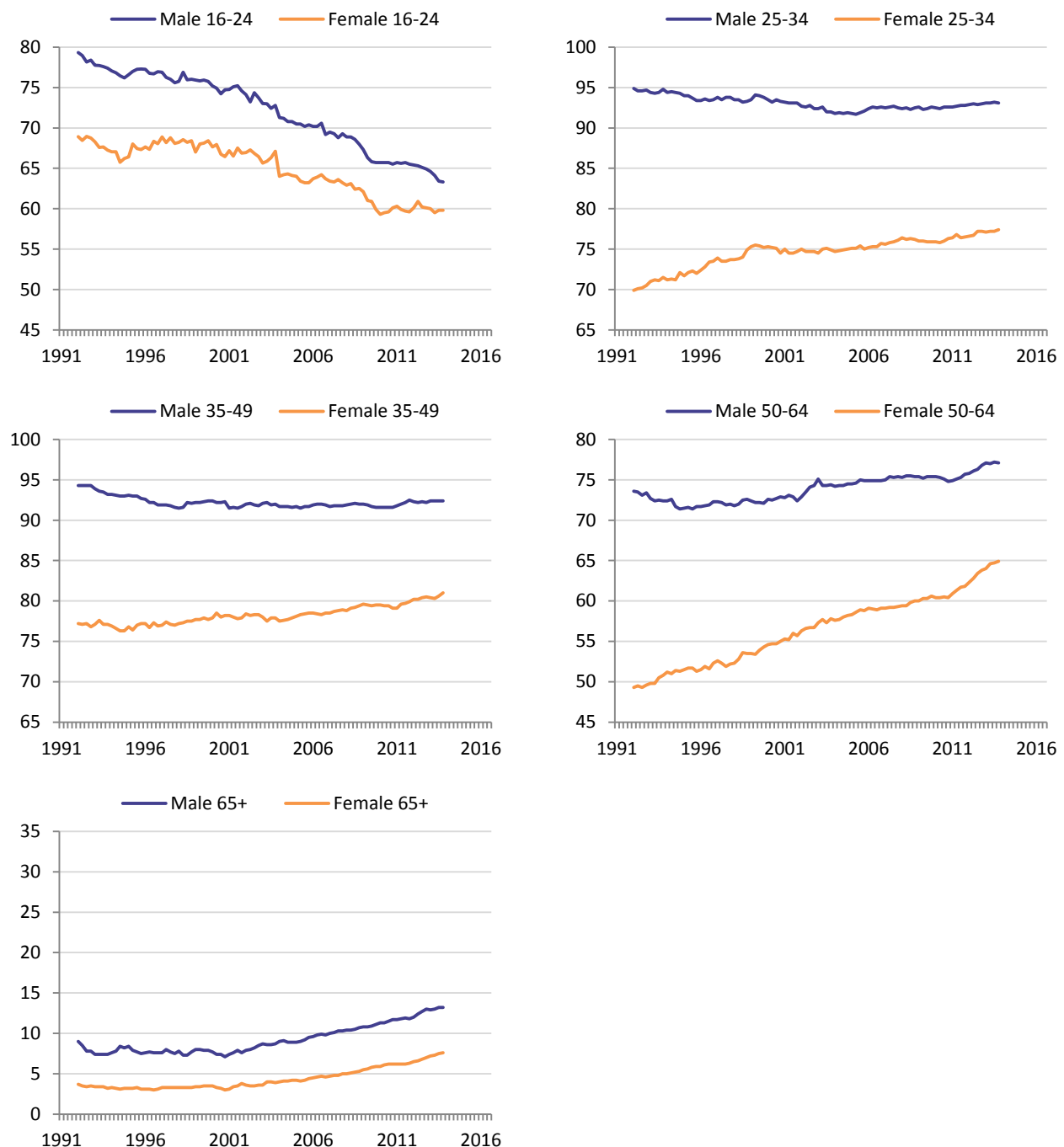
Age	Projected Change prior to Plan period			Projected Change during Plan period		
	2012	2016	Net change 2012-16	2016	2036	Net change 2016-36
Aged 0-4	58,837	60,022	+1,185	60,022	62,705	+2,683
Aged 5-9	50,505	56,440	+5,935	56,440	60,682	+4,242
Aged 10-14	47,989	48,614	+625	48,614	59,890	+11,276
Aged 15-19	54,837	53,290	-1,547	53,290	63,645	+10,355
Aged 20-24	70,496	73,076	+2,580	73,076	81,476	+8,400
Aged 25-29	66,989	71,553	+4,564	71,553	78,169	+6,616
Aged 30-34	64,759	67,504	+2,745	67,504	70,148	+2,645
Aged 35-39	59,134	61,981	+2,847	61,981	68,618	+6,637
Aged 40-44	62,908	58,314	-4,594	58,314	68,425	+10,111
Aged 45-49	65,004	62,897	-2,107	62,897	65,902	+3,005
Aged 50-54	56,165	62,757	+6,592	62,757	60,940	-1,817
Aged 55-59	48,761	52,787	+4,026	52,787	55,707	+2,919
Aged 60-64	48,013	46,155	-1,858	46,155	52,530	+6,374
Aged 65-69	45,233	47,903	+2,670	47,903	55,545	+7,643
Aged 70-74	33,097	38,887	+5,790	38,887	53,355	+14,468
Aged 75-79	27,632	28,992	+1,360	28,992	42,506	+13,514
Aged 80-84	21,313	22,468	+1,155	22,468	33,246	+10,778
Aged 85+	21,311	23,300	+1,989	23,300	49,588	+26,288
Total	902,983	936,939	+33,956	936,939	1,083,077	+146,138

- 3.45 It is evident that the population in older age groups is projected to increase substantially during the Plan period, with half of the overall population growth (72,700 persons) projected to be aged 65 or over and 35% projected to be 75 or over (50,600 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people, which is considered in Volume II of the SHMA. It is also relevant when considering the likely number of future workers, which is considered further in the next section.

Economic Activity

- 3.46 Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.
- 3.47 The **Labour Force Survey (LFS)** is a continuous survey of the employment circumstances of the nation's population: it provides the official measures of employment and unemployment. Figure 35 shows economic activity rates (EAR) by age and gender for the UK since 1991, based on LFS data. It is evident that EAR rates are unlikely to remain constant in future as illustrated by past trends.

Figure 35: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



3.48 There are a number of notable trends evident:

- » Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;
- » Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and
- » Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

3.49 These changes in participation identified by the Labour Force Survey have been confirmed by Census data, which also shows that national trends are typically reflected at a local level.

3.50 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020¹⁰; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends¹¹.

Labour Market Participation Projections

3.51 The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

“We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period.”

3.52 Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;
- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and
- » **Young people;** economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

¹⁰ Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

¹¹ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

3.53 Recent increases in State Pension Age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London¹² concluded that:

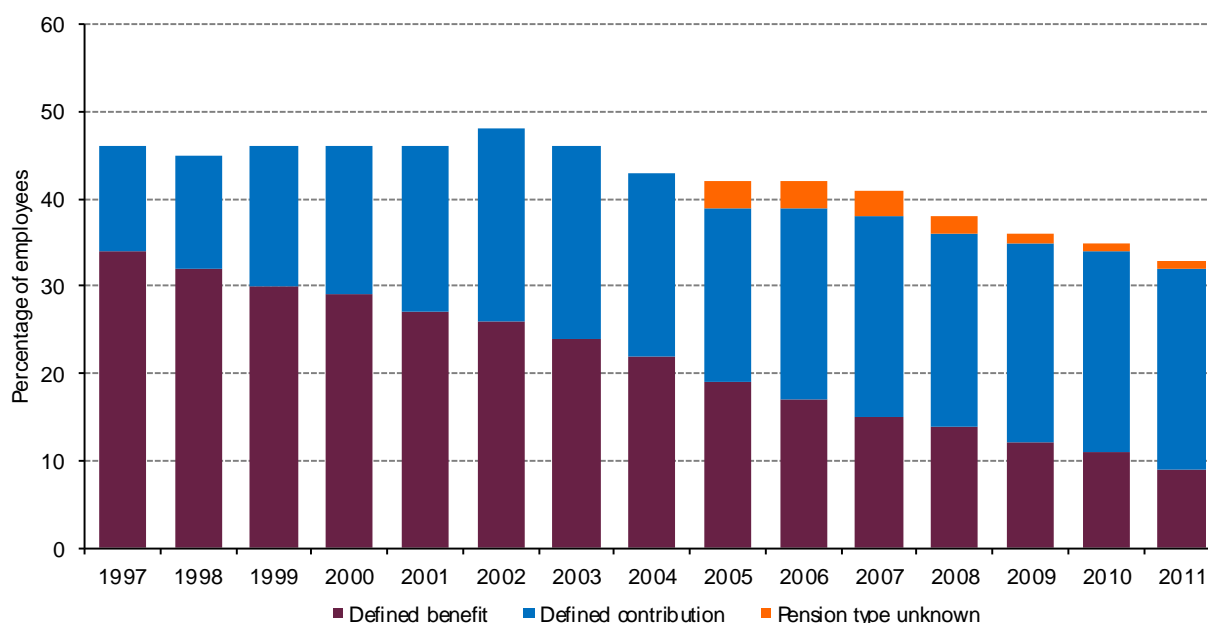
“Future increases in the state pension age will lead to a substantial increase in employment”.

3.54 However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health:** longer, healthier lives mean people spend longer in employment;
- » **Education:** higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;
- » **Family circumstances:** evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;
- » **Financial considerations:** expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and
- » **Compulsory retirement age:** the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don’t set a compulsory retirement age for their employees¹³.

3.55 Nevertheless, financial drivers are particularly important in the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes (Figure 36) will inevitably lead to higher economic activity rates amongst the older population.

Figure 36: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)

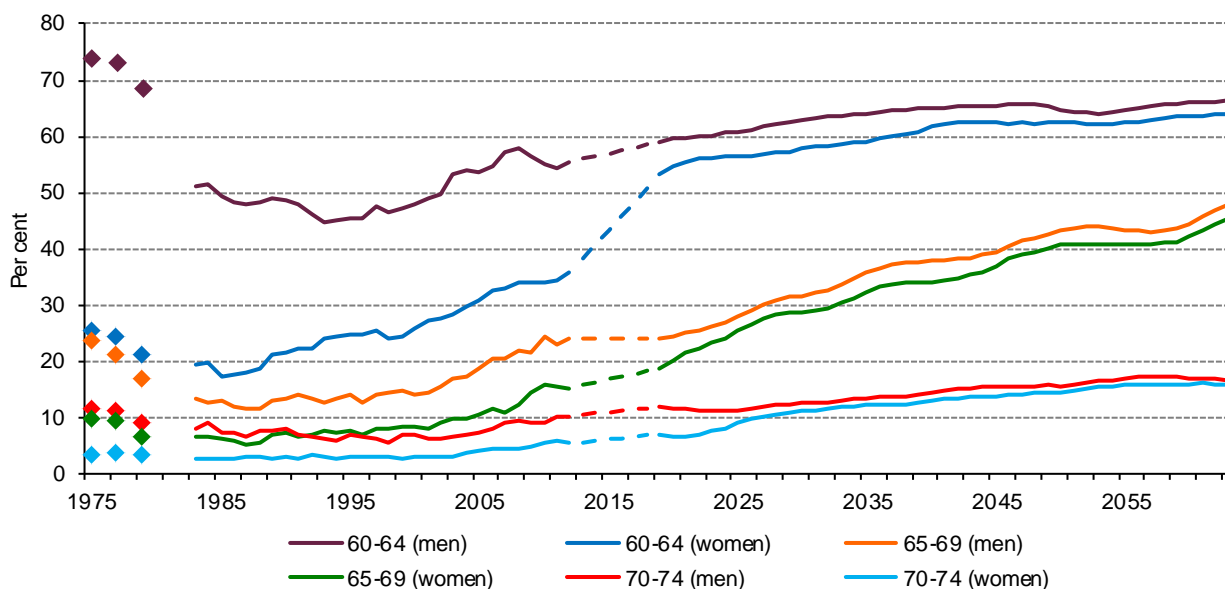


¹² http://www.ifs.org.uk/pr/spa_pr_0313.pdf

¹³ <https://www.gov.uk/retirement-age>

3.56 Figure 37 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 37: Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)



3.57 In summary, for those:

- » **Aged 60-64:** employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;
- » **Aged 65-69:** the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and
- » **Aged 70-74:** the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

3.58 Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:

- » **Childbirth:** decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);
- » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;
- » **Support services for women in work:** an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

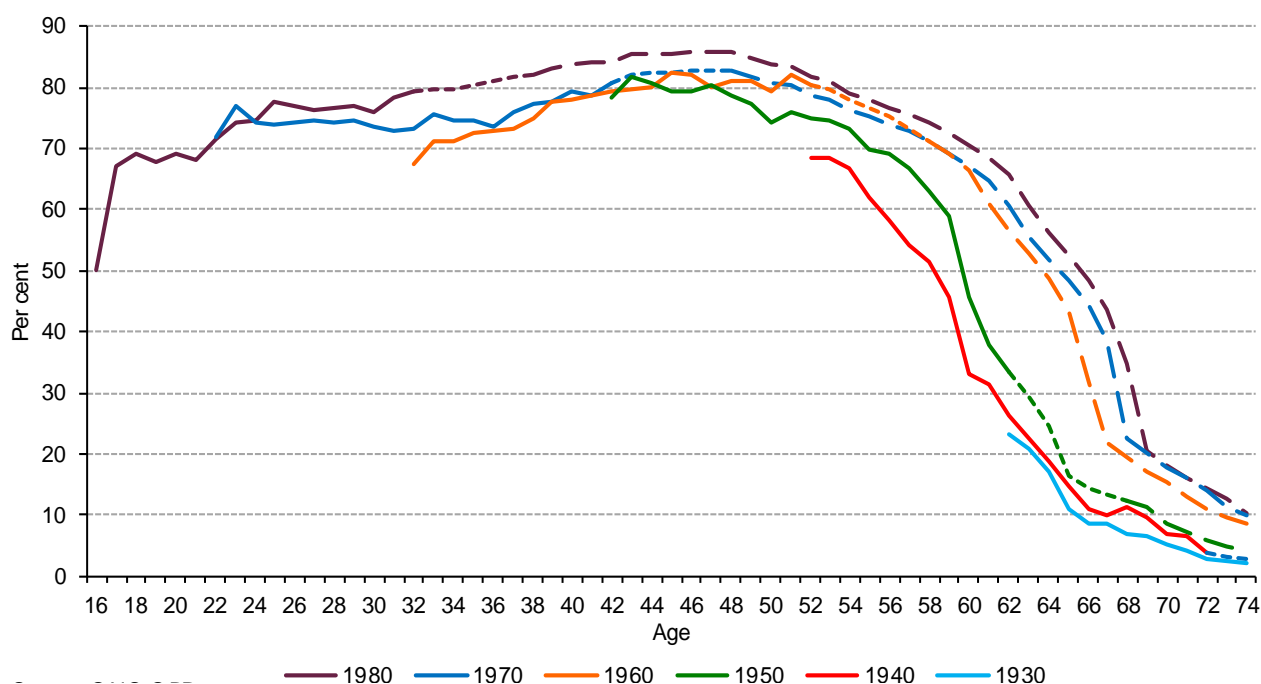
- » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

3.59 National policy still aspires to encourage more women into work. The Government is seeking to “*incentivise as many women as possible to remain in the labour market*”¹⁴ and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.

3.60 Historic data clearly shows that women born in the 1950s (who are now approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.

3.61 Figure 38 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Figure 38: Female participation rates by Cohort (Source: ONS, OBR)



¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

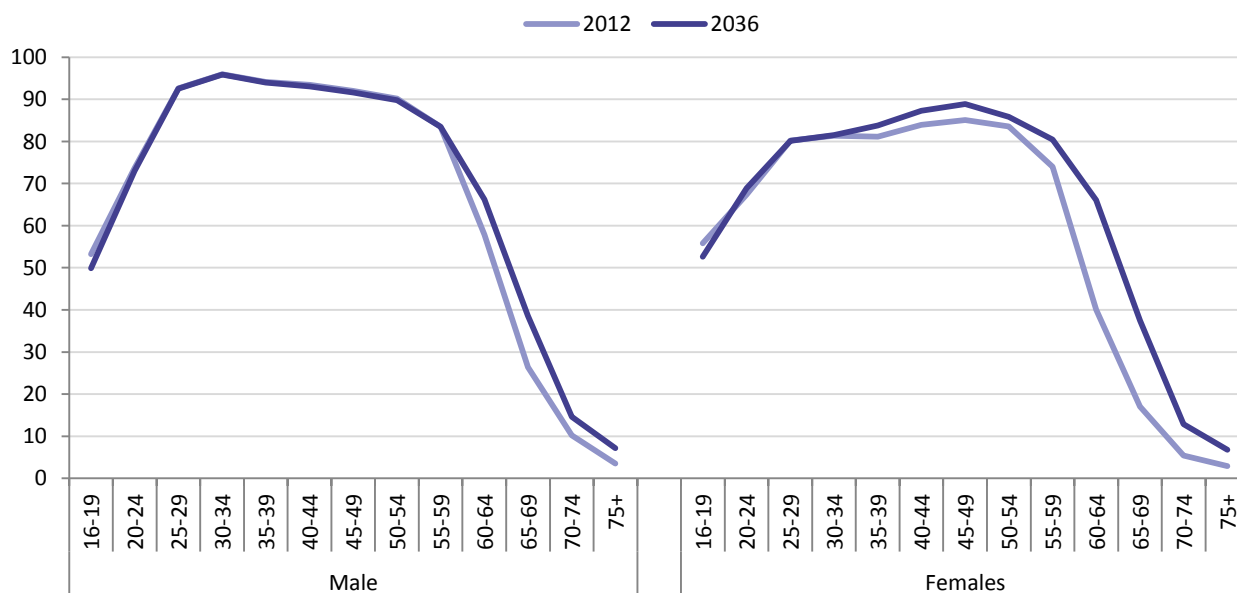
Young People

- 3.62 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education¹⁵. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 3.63 National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education¹⁶.
- 3.64 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

Projecting Future Economic Activity for Wider Bristol

- 3.65 Figure 39 shows the estimated economic activity rates for 2012 and the projected rates for 2036 based on Census data for Bristol, North Somerset and South Gloucestershire, and the OBR labour market participation projections.

Figure 39: Economic activity rates in 2012 and 2036 by age and gender based on OBR Labour Market Participation Projections



- 3.66 Participation rates for men under 60 are not projected to change, except for a very small decline in activity for those aged 16-19. There is increased in participation projected for men aged 60 and over, but these changes are only relatively marginal.
- 3.67 Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 35 are relatively stable (as there is no increased participation assumed for women born after the 1980s), but there are increased participation rates projected for all older age groups.

¹⁵ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

¹⁶ <http://www.bbc.co.uk/news/education-25236341>

3.68 Figure 40 shows the estimated economically active population for the Wider Bristol HMA in 2012 and the projected economically active population in 2036 based on the population projections previously produced based on 10-year migration trends.

Figure 40: Wider Bristol projected economically active population 2012-16 and 2016-36 based on 10-year migration trend scenario by gender and 5-year age cohort (Note: All figures presented unrounded for transparency)

Age	Projected Change prior to Plan period			Projected Change during Plan period		
	2012	2016	Net change 2012-16	2016	2036	Net change 2016-36
Male						
Aged 16-19	12,092	11,345	-747	11,345	13,123	+1,778
Aged 20-24	26,238	27,805	+1,567	27,805	30,984	+3,179
Aged 25-29	31,383	34,150	+2,767	34,150	38,457	+4,307
Aged 30-34	31,480	33,052	+1,573	33,052	35,881	+2,828
Aged 35-39	28,279	29,603	+1,324	29,603	34,226	+4,623
Aged 40-44	29,572	27,378	-2,194	27,378	33,440	+6,061
Aged 45-49	29,839	28,916	-923	28,916	30,849	+1,933
Aged 50-54	25,226	28,173	+2,947	28,173	27,344	-829
Aged 55-59	20,232	21,852	+1,620	21,852	23,042	+1,190
Aged 60-64	13,678	13,307	-371	13,307	17,077	+3,770
Aged 65-69	5,885	5,920	+35	5,920	10,415	+4,495
Aged 70-74	1,618	2,094	+476	2,094	3,739	+1,644
Aged 75+	435	524	+89	524	1,435	+910
Female						
Aged 16-19	12,248	11,474	-775	11,474	13,355	+1,881
Aged 20-24	23,508	24,389	+881	24,389	26,908	+2,520
Aged 25-29	26,554	27,757	+1,203	27,757	29,335	+1,577
Aged 30-34	25,988	26,977	+989	26,977	26,677	-301
Aged 35-39	23,605	25,406	+1,801	25,406	26,969	+1,563
Aged 40-44	26,230	24,704	-1,526	24,704	28,372	+3,667
Aged 45-49	27,718	26,965	-754	26,965	28,645	+1,681
Aged 50-54	23,573	26,394	+2,821	26,394	26,178	-216
Aged 55-59	18,150	20,564	+2,415	20,564	22,599	+2,035
Aged 60-64	9,771	12,093	+2,323	12,093	17,674	+5,581
Aged 65-69	3,905	4,738	+834	4,738	10,708	+5,970
Aged 70-74	927	1,285	+358	1,285	3,572	+2,287
Aged 75+	442	437	-6	437	1,526	+1,090
Total	478,576	497,304	+18,728	497,304	562,530	+65,226

3.69 The economically active population is projected to increase by around 65,200 people over the 20-year Plan period 2016-36, equivalent to an average increase of 3,260 additional workers each year. In addition, a growth of 18,700 additional workers is projected for the period 2012-16; yielding an overall projected increase of around 84,000 economically active people across Wider Bristol by 2036. This reflects the projected growth of working aged people, however it also includes a substantial increase of 36,700 people aged 55 or over (44% of the total) which reflects the trends in increased participation from older age groups.

Establishing Household Projections for Wider Bristol

Household Population and Communal Establishment Population

- ^{3.70} Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments (institutional population). The methodology used by the SHMA is consistent with the CLG approach¹⁷:

“For the household projections, the assumption is made that the institutional population stays constant at 2011 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s. The rationale here is that ageing population will lead to greater level of population aged over 75 in residential care homes that would not be picked up if levels were held fixed but holding the ratio fixed will.” (page 12)

- ^{3.71} The 2011 Census identified 17,321 persons living in Communal Establishments in the Wider Bristol HMA (9,420 in Bristol, 3,341 in North Somerset and 4,560 in South Gloucestershire). This is broadly consistent with the 17,343 persons estimate for 2011 in the CLG 2012-based household projections. Figure 41 shows the breakdown between the household population and the population living in Communal Establishments.

Figure 41: Household population and communal establishment projections 2012-16 and 2016-36 based on 10-year migration trend scenario by 10-year age cohort

Age	Projected Change prior to Plan period			Projected Change during Plan period		
	2012	2016	Net change 2012-16	2016	2036	Net change 2016-36
Household Population						
Aged 0-14	157,146	164,891	+7,745	164,891	183,092	+18,201
Aged 15-24	117,562	118,595	+1,033	118,595	137,351	+18,756
Aged 25-34	130,616	137,924	+7,308	137,924	147,184	+9,260
Aged 35-44	121,218	119,471	-1,747	119,471	136,219	+16,748
Aged 45-54	120,310	124,795	+4,485	124,795	125,982	+1,187
Aged 55-64	96,087	98,256	+2,169	98,256	107,550	+9,294
Aged 65-74	77,589	86,048	+8,459	86,048	108,159	+22,111
Aged 75-84	47,220	49,696	+2,476	49,696	73,051	+23,356
Aged 85+	17,868	19,634	+1,766	19,634	42,375	+22,740
Total	885,616	919,309	+33,693	919,309	1,060,963	+141,654
Communal Establishments						
Aged 0-14	185	185	0	185	185	0
Aged 15-24	7,771	7,771	0	7,771	7,771	0
Aged 25-34	1,132	1,132	0	1,132	1,132	0
Aged 35-44	824	824	0	824	824	0
Aged 45-54	859	859	0	859	859	0
Aged 55-64	687	687	0	687	687	0
Aged 65-74	741	741	0	741	741	0
Aged 75-84	1,725	1,764	+39	1,764	2,700	+936
Aged 85+	3,443	3,666	+223	3,666	7,213	+3,547
Total	17,367	17,629	+262	17,629	22,112	+4,484
Total Population	902,983	936,937	+33,954	936,937	1,083,075	+146,138

¹⁷ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- 3.72 It will be important to recognise the projected growth of population aged 75 or over living in communal establishments when establishing the overall housing requirement.
- 3.73 Given that the population projections have already established the total population aged 75 or over, a consequence of the assumed increase in institutional population for these age groups is fewer older people being counted in the household population. This affects the projected household growth for the area. It is therefore necessary to plan for the increase in institutional population, as this will be additional to the projected household growth; although the councils will need to consider the most appropriate types of housing in the context of future plans for delivering care and support for older people.
- 3.74 As previously noted, the population in older age groups is projected to increase substantially during the Plan period, and Volume II of the SHMA provides further analysis of the range of different types of housing required specifically for older people.

Household Representative Rates

- 3.75 Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as “household representatives” or “heads of household”. The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.
- 3.76 The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

“Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census ... this can only be truly assessed once the 2011 Census results are available.”

- 3.77 The CLG 2012 based household projections technical document confirmed the findings (page 24):

“At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census.”

- 3.78 Prior to the publication of CLG 2012 based household projections, the PAS OAN technical advice note commended the approach set out by the South Worcestershire Local Plan Inspector which states (paragraph 5.25 onwards):

“Up to 2021 ... plan-makers should use the interim 2011-based assumptions. Thereafter they should assume that rates of change in HRRs (‘headship rates’) should return to the earlier trends, as projected in CLG 2008.”

- 3.79 Further to this a senior inspector, Keith Holland, also suggested:

“It would be sensible to work on the basis that the household formation rate will gradually return to higher levels as the economy recovers. I therefore consider that a “blended” rate that assumes the 2011 rate until 2020 and the higher 2008 rate thereafter is appropriate.”

3.80 Whilst Inspectors have been keen to avoid perpetuating any possible “recessionary impact” associated with the lower formation rates suggested by the interim 2011-based data, the CLG household projections are based on much longer-term trends. Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) recently considered the CLG households projections in an article published in *Town and Country Planning* (December 2014):

“Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011.”

3.81 Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 incorporate far more data from the 2011 Census and provide data for the 25-year period 2012-37 based on long-term demographic trends. The household representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

3.82 It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the 2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

3.83 The 2012-based projections supersede both the 2008-based household projections and the interim 2011-based household projections. The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

- 3.84 Using the CLG 2012-based household representative rates, we can establish the projected number of additional households. The projected increase in households across the Wider Bristol HMA is summarised in Figure 42.
- 3.85 Figure 42 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes based on the proportion of dwellings without a usually resident household identified by the 2011 Census. This identified a rate of 3.8% for Bristol, 4.1% for North Somerset and 2.3% for South Gloucestershire. The rate was 3.4% across the Wider Bristol HMA as a whole.

Figure 42: Projected households and dwellings over the 20-year period 2016-36 10-year migration trend scenario (Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in 2011 Census)

	Projected Change prior to Plan period			Projected Change during Plan period		
	2012	2016	Net change 2012-16	2016	2036	Net change 2016-36
Households	382,352	398,696	+16,344 <i>+4,086 pa</i>	398,696	474,500	+75,804 <i>+3,790 pa</i>
Dwellings	395,838	412,759	+16,921 <i>+4,230 pa</i>	412,759	491,237	+78,478 <i>+3,924 pa</i>

Conclusions

- 3.86 PPG identifies that the “starting point estimate of overall housing need” is the CLG 2012-based household projections. For the 20-year Plan period 2016-36, these projections show an increase from 399,150 to 477,690 households across the Wider Bristol HMA – an overall growth of 78,540 households, equivalent to an average of around 3,930 households each year.
- 3.87 The data above shows that the principal population projection (based on 10-year migration trends) identifies a similar increase of 75,804 households (78,478 dwellings) over the 20-year Plan period 2016-36, equivalent to an average of 3,790 households per year across the Wider Bristol HMA. The long-term migration trends based on the intercensal period provide the most robust and reliable basis for projecting the future population, and therefore **the projected household growth of 3,790 households each year (3,924 dwellings) provides the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing for the 20-year Plan period 2016-36.**
- 3.88 It will also be important to consider the housing delivery over the period 2012-16 in the context of the projected increase of 16,344 households (and the need for 16,921 dwellings) over this period when establishing the OAN for the Wider Bristol HMA.

4. Affordable Housing Need

Identifying households who cannot afford market housing

- 4.1 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.
- 4.2 PPG notes that affordable housing need is based on households “*who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*” (paragraph 22) and identifies a number of different types of household which may be included:

What types of households are considered in housing need?

The types of households to be considered in housing need are:

- » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
- » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
- » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
- » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)
Paragraph 023**

- 4.3 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
 - » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.
- 4.4 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- 4.5 In Wider Bristol, there was a downward trend in the number of households accepted as being homeless and in priority need over the last decade (Figure 43). There were 544 such households in the first quarter of 2001 which reduced to 93 households by the first quarter of 2011, a net reduction of 451 households; however numbers have recently increased, with 202 households accepted as being homeless and in priority need during the first quarter of 2014 (and higher numbers in later quarters).
- 4.6 There has also been a downward trend in households living in temporary accommodation. There were 1,234 such households in 2001, including 247 in bed and breakfast accommodation and a further 114 in hostels; this had reduced to 296 in 2011, a net reduction of 938 households. However, there has recently been a significant increase in the number of households in temporary housing: 398 households at the end of the first quarter of 2014 and 577 households by the end of the year. There were also 102 households that had been accepted homeless but without temporary accommodation provided (Figure 44).

Figure 43: Households accepted as homeless and in priority need and households in temporary accommodation 2001-14
(Source: CLG P1E returns)

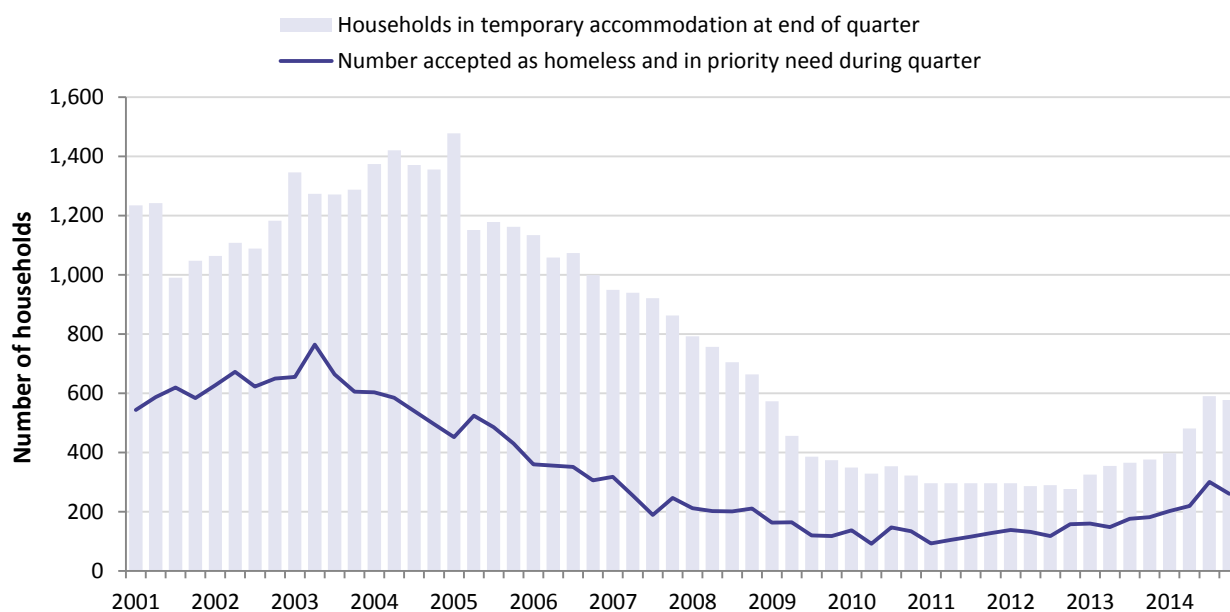


Figure 44: Households in temporary accommodation (Source: CLG P1E returns for March 2001, March 2011 and March 2014)

		Wider Bristol			England 2014
		2001	2011	2014	
Households in temporary accommodation	Bed and breakfast	247	13	82	-
	Hostels	114	100	153	-
	Local Authority or RSL stock	295	116	107	-
	Private sector leased (by LA or RSL)	174	19	15	-
	Other (including private landlord)	404	48	41	-
	TOTAL	1,234	296	398	-
	<i>Rate per 1,000 households</i>	<i>3.5</i>	<i>0.8</i>	<i>1.0</i>	<i>2.5</i>
Households accepted as homeless but without temporary accommodation provided		296	32	102	-

- 4.7 It is evident that statutory homelessness has not become significantly worse in Wider Bristol over the period since 2001, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however many households facing homelessness are now offered private rented housing.
- 4.8 Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

- 4.9 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their “host” household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

- 4.10 The number of **concealed families** living with households in Wider Bristol HMA increased from 2,070 to 3,309 over the 10-year period 2001-11 (Figure 45), an increase of 1,239 families (60%).

Figure 45: Concealed families in Wider Bristol HMA by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	335	813	+478
Aged 25 to 34	687	1,062	+375
Aged 35 to 44	268	319	+51
Aged 45 to 54	110	291	+181
Sub-total aged under 55	1,400	2,485	+1,084
Aged 55 to 64	160	255	+96
Aged 65 to 74	310	320	+10
Aged 75 or over	200	249	+49
Sub-total aged 55 or over	670	824	+155
All Concealed Families	2,070	3,309	+1,239

- 4.11 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 1,239 families over the period 2001-11, almost 9-in-10 (87%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Sharing Households

- 4.12 The number of **sharing households** increased from 1,150 to 2,107 over the 10-year period 2001-11 (Figure 46), an increase of 957 households (83%). Most of these sharing households are in Bristol (1,764) and this is also where most of the growth has occurred (+820). Growth in North Somerset was 120 households, with an increase of only 17 sharing households in South Gloucestershire.

Figure 46: Shared Dwellings and Sharing Households in Wider Bristol HMA (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	429	565	+136
Number of household spaces in shared dwellings	1,357	2,312	+955
All Sharing Households	1,150	2,107	+957
Household spaces in shared dwellings with no usual residents	207	205	-2

- 4.13 Figure 47 shows that the number of **multi-adult households** living in the area increased from 18,025 to 24,390 households over the same period, an increase of 6,365 (35%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group** and **individuals with lodgers**.

Figure 47: Multi-adult Households in Wider Bristol HMA (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	9,130	9,462	+332
Private rented	7,635	13,097	+5,462
Social rented	1,260	1,831	+571
All Households	18,025	24,390	+6,365

- 4.14 The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 5,462 households (an increase from 7,635 to 13,097 households over the period) and this represents over four-fifths (86%) of the total increase in multi-adult households living in the area.
- 4.15 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 4.16 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

4.17 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms 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."

4.18 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

- » A one person household is assumed to require three rooms (two common rooms and a bedroom); and
- » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).

4.19 For Wider Bristol, overcrowding increased from 19,390 to 33,076 households (an increase of 13,686) over the 10-year period 2001-11 (Figure 48). This represents a growth of 54%, which is higher than comparator areas such as Leeds (17%), Sheffield (40%) and Southampton (27%), and it is also higher than the national increase for England (23%). When considered by tenure, overcrowding has increased by 513 households in the owner occupied sector, increased by 3,559 households in the social rented sector with the largest growth in the private rented sector where the number of overcrowded households has increased from 7,451 to 17,065, a growth of 9,614 households over the 10-year period. Nevertheless, the percentage of overcrowded households in the social rented sector has had the biggest increase from 12.1% to 17.5% (a growth of 45%).

4.20 Considering the individual authorities in the study area:

- » **Bristol** has seen the most significant increase (+67%), particularly in social rent (+53%) although with substantial increase in other tenures (owned +31%; private rent +36%);
- » **North Somerset** has seen a more modest increase (+10%) including a reduction in both owned (-31%) and private rent (-3%), with only a relatively modest increase in social rent (+5%); and
- » **South Gloucestershire** has also seen an increase of 39% with a relatively small reduction in owned (-7%) but with increases in private rent (+38%) and social rent (+44%).

Figure 48: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
Bristol								
Owned	2,971	2.9%	3,827	3.8%	+856	+31%	1,950	2.0%
Private rented	5,408	20.9%	12,941	28.4%	+7,533	+36%	3,853	8.5%
Social rented	4,317	12.6%	7,173	19.3%	+2,856	+53%	3,638	9.8%
All Households	12,696	7.8%	23,941	13.1%	+11,245	+67%	9,441	5.2%
North Somerset								
Owned	1,159	1.8%	938	1.5%	-221	-21%	531	0.8%
Private rented	1,311	14.5%	2,132	14.0%	+821	-3%	584	3.8%
Social rented	875	11.7%	995	12.3%	+120	+5%	419	5.2%
All Households	3,345	4.2%	4,065	4.6%	+720	+10%	1,534	1.7%
South Gloucestershire								
Owned	1,595	2.0%	1,473	1.8%	-122	-7%	949	1.2%
Private rented	732	9.1%	1,992	12.6%	+1,260	+38%	677	4.3%
Social rented	1,022	10.5%	1,605	15.1%	+583	+44%	944	8.9%
All Households	3,349	3.4%	5,070	4.7%	+1,721	+39%	2,570	2.4%
WIDER BRISTOL								
Owned	5,725	2.3%	6,238	2.5%	+513	+9%	3,430	1.4%
Private rented	7,451	17.4%	17,065	22.3%	+9,614	+28%	5,114	6.7%
Social rented	6,214	12.1%	9,773	17.5%	+3,559	+45%	5,001	9.0%
All Households	19,390	5.7%	33,076	8.7%	+13,686	+54%	13,545	3.6%
All Households								
ENGLAND	-	7.1%	-	8.7%	-	+23%	-	4.6%
Leeds	-	7.8%	-	9.1%	-	+17%	-	3.7%
Sheffield (with NE Derbyshire & Rotherham)	-	5.2%	-	7.3%	-	+40%	-	3.9%
Southampton (with Eastleigh & New Forest)	-	6.7%	-	8.5%	-	+27%	-	3.8%

English Housing Survey Data

Overcrowding

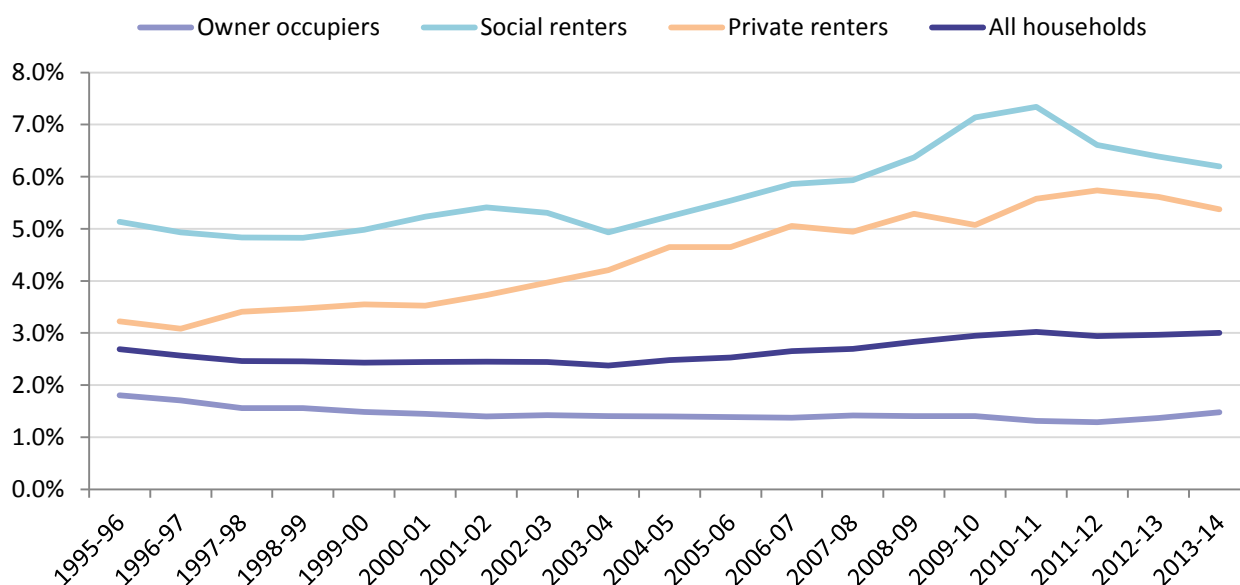
- 4.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.
- 4.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach¹⁸ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 4.23 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 49: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

- 4.24 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance¹⁹ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).
- 4.25 This Guidance, “Allocation of accommodation: Guidance for local housing authorities in England”, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple
- adult aged 21 years or more
- pair of adolescents aged 10-20 years of the same sex
- pair of children aged under 10 years regardless of sex

- 4.26 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Bristol, North Somerset and South Gloucestershire, we can estimate overcrowding using the bedroom standard. Figure 50 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **2,161 owner occupied, 2,551 private rented and 3,244 social rented households were overcrowded** in Wider Bristol HMA in 2014. Student households have been excluded from this calculation given that their needs are assumed to be transient.

Figure 50: Estimate of the number of overcrowded households in Wider Bristol HMA by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

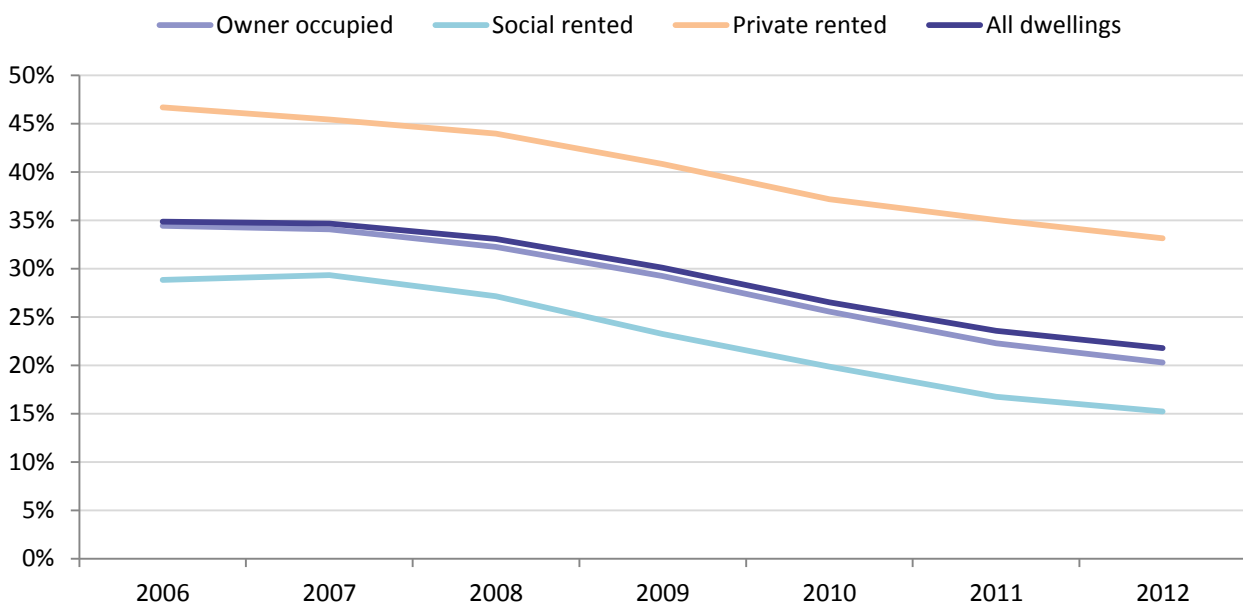
	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011						
Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
WIDER BRISTOL HMA						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	3,430	6,238	5,114	17,065	5,001	9,773
Full-time student households [E]	595	743	2,347	4,299	508	622
Overcrowded households (excluding students) [F = D - E]	2,835	5,495	2,767	12,766	4,493	9,151
Estimate of overcrowded households based on the bedroom standard [G = C × F]	1,613	2,217	1,763	3,531	3,711	3,977
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	1,915		2,647		3,844	
EHS bedroom standard						
Change in overcrowding from 2011 to 2014	+13%		-4%		-16%	
Estimate of overcrowded households in 2014 based on the bedroom standard	2,161		2,551		3,244	

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Housing Condition and Disrepair

- 4.27 The EHS also provides useful information about **housing disrepair**. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.
- 4.28 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:
- » Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
 - » Be in a reasonable state of repair; and
 - » Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
 - » Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).
- 4.29 If a dwelling fails any one of these criteria, it is considered to be “non-decent”. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation” June 2006.
- 4.30 Figure 51 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a third of the private rented sector (33.1%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 51: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)



Housing Register Data

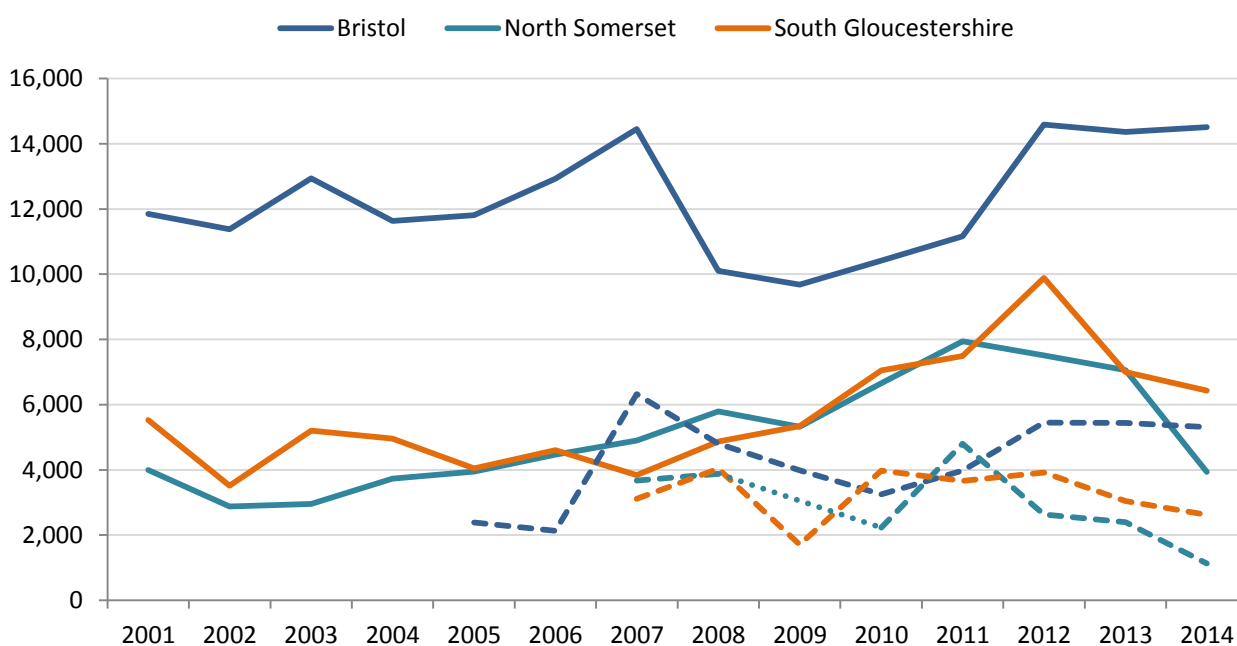
4.31 The local authority **housing register** and **transfer lists** are managed through individual HomeChoice local Choice Based Lettings schemes managed by each of the three local authorities in Wider Bristol. Households apply for a move via the scheme and ‘bid’ for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

4.32 Figure 52 shows the trend in households on the housing register over the period since 2001. Whilst the overall number of households on the housing register increased gradually for Bristol from 2001 to 2014 those for North Somerset and South Gloucestershire are both at relatively similar levels over the same period, albeit with ebb and flow between these dates:

- » **Bristol:** households on the housing register rose from 12,000 to 14,500 over the period 2001-14;
- » **North Somerset:** household numbers are at a comparable level (4,000 in 2001, 3,900 in 2014); and
- » **South Gloucestershire:** households numbers are also at a level in 2014 (6,400) as in 2001.

4.33 Overall, the trends show that the number of households registering for affordable housing has increased by around 17% in Bristol over the last decade, but numbers have been relatively stable in both North Somerset and South Gloucestershire. Nevertheless, the criteria for joining the housing registers in all three areas have recently changed as a result of policy changes following the Localism Act. Only people with a local connection now qualify for the housing register, and people with adequate financial resources (including owner occupiers) are no longer included – so the trends discussed above have to be understood in this context.

Figure 52: Number of households on the local authority housing register 2001-14 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)



4.34 Figure 52 also show the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires “reasonable preference” for housing to be given to people who are:

- » Legally homeless;
- » Living in unsatisfactory housing (as defined by the Housing Act 2004);
- » Need to move on medical/welfare grounds; or
- » Need to move to a particular area to avoid hardship.

^{4.35} Figure 53 provides further detailed information for the last 2 years. The number of households in **reasonable preference categories** has also been subject to variation from year-to-year, although these have not always followed the trends in the overall number of households on the register. For example:

- » Wider Bristol: the number of the households in 2014 on the combined Housing registers (24,886) has grown since 2001, the numbers in reasonable preference categories is substantially lower (9,055 in 2014) and has reduced since 2013.
- » Bristol: the number of the households in 2014 on the Housing register (14,513) has grown since 2001, the numbers in reasonable preference categories is substantially lower (5,309 in 2014) and has reduced since 2013.
- » North Somerset: While the number of households on the register is relatively similar 2001-2014 (c.3,937), the numbers in reasonable preference categories is lower (1,125 in 2014) and has reduced since 2013.
- » South Gloucestershire: again, while the number of households on the register is relatively similar 2001-2014 (c.6,436), the numbers in reasonable preference categories is lower (2,621 in 2014) and has reduced since 2013.

Figure 53: Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG. Note: “*” denotes that the data was unavailable)

	Bristol		North Somerset		South Gloucestershire		Wider Bristol HMA	
	2013	2014	2013	2014	2013	2014	2013	2014
Total households on the housing waiting list	14,360	14,513	7,059	3,937	7,003	6,436	28,422	24,886
Total households in a reasonable preference category	5,444	5,309	2,399	1,125	3,047	2,621	10,890	9,055
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	9	9	*	84	71	62	*	155
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	232	347	*	127	316	365	*	839
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	2,170	1,973	*	596	2,268	2,106	*	4,675
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,654	1,147	*	377	370	462	*	1,986
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	1,379	1,833	*	0	25	30	*	1,863

- 4.36 The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with the local authority data about homelessness.
- 4.37 Nevertheless, we previously estimated that there were around 10,005 overcrowded households in the Wider Bristol HMA, based on the bedroom standard (Figure 50) – but only 4,675 people were recorded by the housing registers in 2014 as currently “*occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions*”. Therefore, there are likely to be many households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.
- 4.38 When considering the types of household to be considered in housing need, the PPG also identified “*households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*” and “*households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*”. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category. Nevertheless, there were 1,986 people registered “*who need to move on medical or welfare grounds, including grounds relating to a disability*” and a further 1,863 “*who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)*”.

Households Unable to Afford their Housing Costs

- 4.39 The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

Plan makers ... will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (paragraph 022, emphasis added)

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (paragraph 024, emphasis added)

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (paragraph 025, emphasis added)

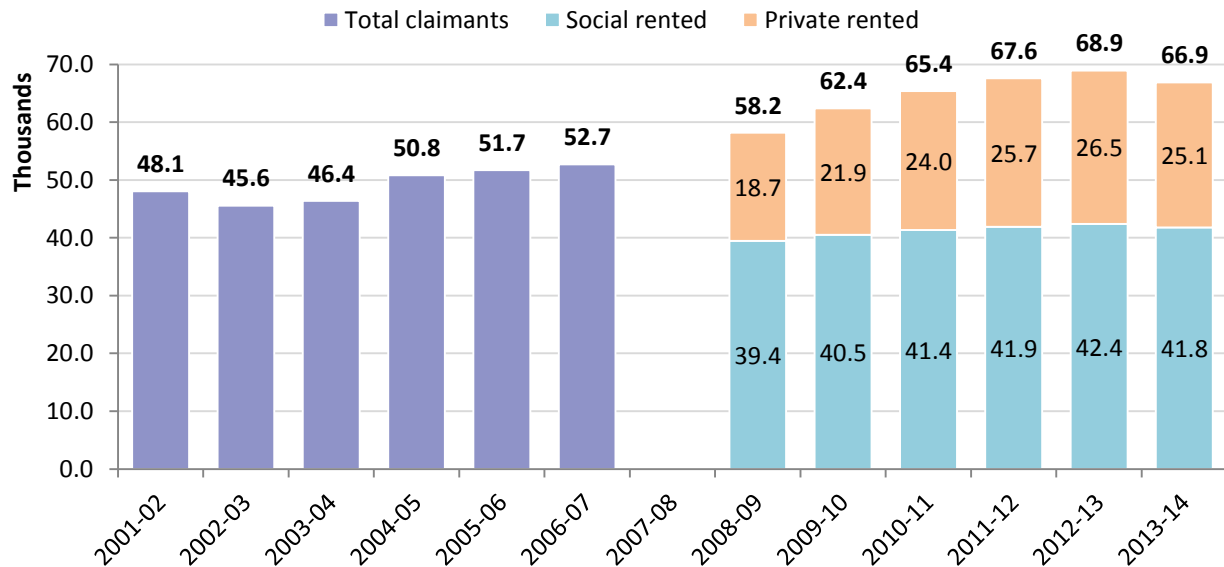
Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

- 4.40 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in Wider Bristol HMA

4.41 Figure 54 shows the trend in the number of housing benefit claimants in Wider Bristol HMA.

Figure 54: Number of claimants in receipt of housing benefit in Wider Bristol by tenure (Source: DWP)



4.42 The number of housing benefit claimants in Wider Bristol HMA increased from 48,056 to 52,700 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 900 families. The number of claimants reached 68,949 in 2012-13, therefore a much faster growth of around 16,200 families each year on average over the period from 2006-07. The largest growths were experienced between 2003-04 and 2004-05 when the number of claimants increased by 4,400 families and between 2008-09 and 2009-10 when the number of claimants increased by about 4,200 families.

4.43 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 39,400 to 42,400 over the period 2008-09 to 2012-13 – an increase of 3,000 families (8%); however over the same period the number of claimants in private rented housing increased from 18,700 to 26,500 families – an increase of 7,800 families (42%).

4.44 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in Wider Bristol HMA (although this is principally associated with the Bristol housing register). Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so not all will necessarily need affordable housing, though many may prefer this type of housing if it were available.

4.45 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

- 4.46 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- 4.47 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)
Paragraph 022**

Current Unmet Need for Affordable Housing

- 4.48 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)
Paragraph 024**

- 4.49 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (based on a reference point of March 2014). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

- 4.50 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 4.51 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2014.
- 4.52 Only around a half of households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.
- 4.53 **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Wider Bristol.
- 4.54 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.
- 4.55 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).
- 4.56 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 4.57 The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

4.58 Figure 55 sets out the assessment of current affordable housing need for the Wider Bristol HMA.

Figure 55: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 44)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	235	-	235
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	56	-	-
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	107	107	-
Households accepted as homeless but without temporary accommodation provided	102	-	102
Concealed households (see Figure 45)			
Growth in concealed families with family representatives aged under 55	1,084	-	1,084
Overcrowding based on the bedroom standard (see Figure 50)			
Households living in overcrowded private rented housing	2,551	-	-
Households living in overcrowded social rented housing	3,244	3,244	-
Other households living in unsuitable housing that cannot afford their own home (see Figure 53)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,986	137	-
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	1,863	127	-
TOTAL	11,228	3,615	1,421

4.59 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are **11,228 households currently in affordable housing need in the Wider Bristol HMA who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

4.60 Of these households, 3,615 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 7,613 households (11,228 less 3,615 = 7,613) who currently need affordable housing and do not currently occupy affordable housing in the Wider Bristol HMA** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

4.61 This number includes 1,421 households that would not be counted by the household projections. **There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households**. As for the household projections, we have **also added an additional allowance for vacancies and second homes** (once again based on the proportion of dwellings with no usually resident household); **this increases the need for overall housing provision by 1,471 dwellings**.

4.62 Providing the net additional affordable housing needed will **release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 6,192 households (7,613 less 1,421) that are currently in affordable housing need who are unable to afford their own housing**.

Projected Future Affordable Housing Need

- 4.63 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

**Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)
Paragraph 025**

- 4.64 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.65 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 4.66 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 4.67 PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (paragraph 25); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.68 The affordability percentages in Figure 56 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
 - » Households occupying owner occupied housing and those renting privately who aren’t eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 56: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
BRISTOL:						
Percentage unable to afford market housing						
Single person household	29%	14%	37%	45%	39%	33%
Couple family with no dependent children	11%	4%	9%	13%	13%	15%
Couple family with 1 or more dependent children	72%	33%	18%	14%	16%	35%
Lone parent family with 1 or more dependent children	99%	84%	61%	50%	45%	73%
Other household type	13%	20%	34%	34%	27%	16%
NORTH SOMERSET:						
Percentage unable to afford market housing						
Single person household	20%	8%	30%	31%	27%	21%
Couple family with no dependent children	15%	4%	5%	6%	5%	7%
Couple family with 1 or more dependent children	73%	21%	9%	6%	8%	16%
Lone parent family with 1 or more dependent children	83%	82%	54%	37%	46%	46%
Other household type	36%	53%	37%	20%	17%	8%
SOUTH GLOUCESTERSHIRE:						
Percentage unable to afford market housing						
Single person household	15%	7%	14%	18%	21%	21%
Couple family with no dependent children	8%	3%	5%	5%	5%	8%
Couple family with 1 or more dependent children	54%	19%	8%	5%	8%	11%
Lone parent family with 1 or more dependent children	87%	78%	48%	32%	41%	71%
Other household type	21%	19%	21%	15%	13%	9%

Components of Projected Household Growth

- 4.69 PPG identifies that the CLG household projections “*should provide the starting point estimate for overall housing need*” (paragraph 15) and that “*the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth*” (paragraph 16). **However, when considering the number of newly arising households likely to be in affordable housing need**, the PPG recommends a “*gross annual estimate*” (paragraph 25) suggesting that “*the total need for affordable housing should be converted into annual flows*” (paragraph 29).
- 4.70 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.
- 4.71 Figure 57 shows the individual components of annual household growth.

Figure 57: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

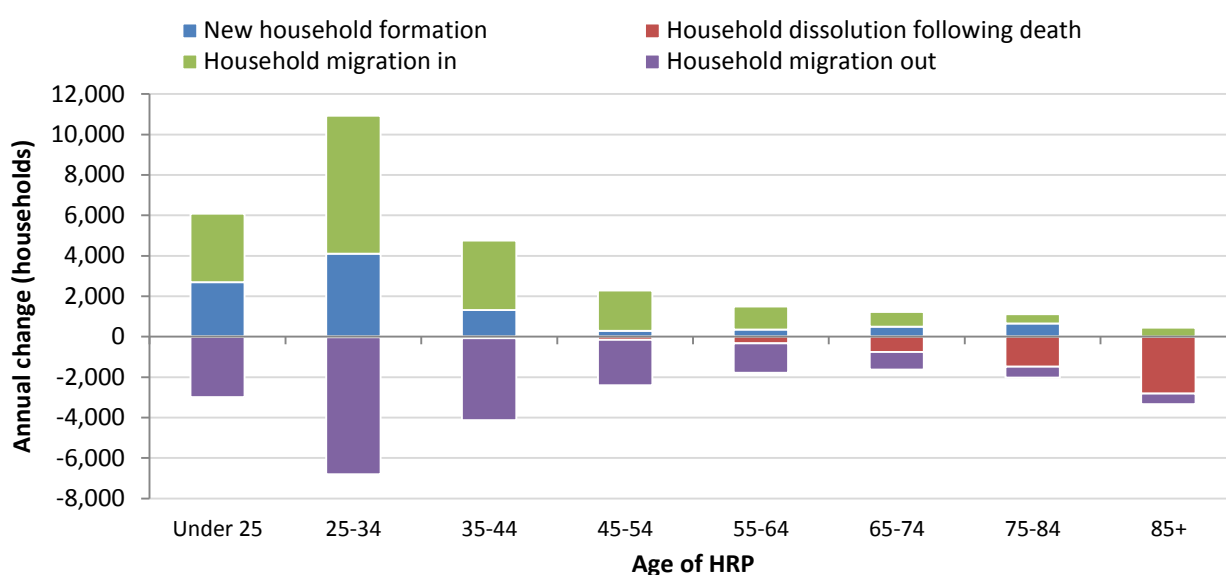
	Annual average 2012-16	Annual average for 5-year periods during Plan				Annual average 2016-36
		2016-21	2021-26	2026-31	2031-36	
New household formation	9,839	10,028	10,109	10,512	10,877	10,382
Household dissolution following death	5,659	5,532	5,662	5,998	6,474	5,917
Net household growth within Wider Bristol HMA	+4,181	+4,496	+4,447	+4,513	+4,403	+4,465
Household migration in	18,372	18,798	19,065	19,297	19,716	19,219
Household migration out	18,466	19,122	19,623	20,133	20,697	19,894
Net household migration	-95	-324	-558	-836	-981	-675
Total household growth	+4,086	+4,172	+3,889	+3,677	+3,423	+3,790

- 4.72 Over the initial 4-year period (2012-16) the model shows that:
- » There are projected to be 9,839 new household formations each year; but this is offset against 5,659 household dissolutions following death – so there is an **average net household growth of 4,181 households** locally in Wider Bristol HMA;
 - » There are also projected to be 18,372 households migrating to Wider Bristol HMA offset against 18,466 households migrating away from the area – which yields an **reduction of 95 households attributable to net migration**;
 - » The total household growth is therefore **projected to be 4,086** (4,181 less 95 = 4,086) **households each year** over the initial 4-year period of the projection.
- 4.73 During the course of the full 24-year projection period, net household growth within Wider Bristol HMA is projected to be higher in the early part of the projection period than in the later years. This is despite net household growth within the Bristol HMA being projected to increase, due to a larger number of households projected to leave the area over the projection period.
- 4.74 Over the 20-year Plan period 2016-36, total **household growth averages 3,790 households** each year with an average annual net growth of 4,465 households within Wider Bristol HMA offset against a net loss of 675 households based on migration.

Change in Household Numbers by Age Cohort

- 4.75 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 9,839 new households projected to form in Wider Bristol each year over the period 2012-16 (Figure 57) alongside the detailed information about household affordability (Figure 56).
- 4.76 Figure 58 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 58: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)



- 4.77 Together with information on household type, this provides a framework for the Model to establish the **proportion of households who are unable to afford their housing costs**.
- 4.78 The Model identifies that 25% of all newly forming households are unable to afford their housing costs, which represents 2,422 households each year (Figure 59). The Model shows that a lower proportion of households migrating to the area are unable to afford (23%), but this still represents 4,225 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 6,647 new households each year who are unable to afford their housing costs.**

Figure 59: Affordability of new households over the initial 5-year period 2012-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	9,839	7,417	2,422	25%
Households migrating in to the area	18,372	14,147	4,225	23%
All new households	28,211	21,564	6,647	24%

- 4.79 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (paragraph 29), **but this over-simplifies what is a very complex system.**

4.80 It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
- » Similarly, not all households that are unable to afford housing are allocated affordable housing;
- » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

4.81 **In these cases, and others, the gross need will need adjusting.**

4.82 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

4.83 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **5,659 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 21% are unable to afford market housing: most living in affordable housing.

4.84 When considering **households moving away** from the Wider Bristol HMA, the Model identifies that an average of 18,466 households will leave the area each year including 4,351 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, their needs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). **Given that they are now leaving the Wider Bristol HMA, they will no longer need affordable housing in the area and it is therefore important to discount their needs.**

4.85 Figure 60 summarises the total household growth. This includes the 6,647 new households on average each year who are unable to afford their housing costs, but offsets this against the 5,521 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in the Wider Bristol HMA (as they have moved to live elsewhere).

Figure 60: Components of average annual household growth 2012-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	9,839	7,417	2,422	25%
Households migrating in to the area	18,372	14,147	4,225	23%
All new households	28,211	21,564	6,647	24%
Household dissolutions following death	5,659	4,488	1,170	21%
Households migrating out of the area	18,466	14,116	4,351	24%
All households no longer present	24,125	18,604	5,521	23%
Average annual household growth 2012-16	+4,086	+2,960	+1,126	28%

4.86 **Overall, the Model projects that household growth will yield a net increase of 1,126 households on average each year (over the period 2012-16) who are unable to afford their housing, which represents 28% of the 4,086 total household growth for this period.**

Projecting Future Needs of Existing Households

- 4.87 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (paragraph 25). Whilst established households that continue to live in the Wider Bristol HMA will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 1,363 established households fall into need each year** in the Wider Bristol HMA. This represents a rate of 3.6 per 1,000 household falling into need each year.
- 4.88 Finally, whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households’ circumstances can improve**. For example:
- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 56 showed that 29% of single person households aged under 25 in Bristol could not afford housing, compared to 11% of couples of the same age; and for those aged 25 to 34, the proportions were 14% and 4% respectively.
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 56 showed that 19% of couple families with dependent children aged 25 to 34 in South Gloucestershire could not afford housing, compared to 8% of such households aged 35 to 44.
- 4.89 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **1,498 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 3.9 per 1,000 household climbing out of need each year.
- 4.90 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 135 households** (1,498 less 1,363 = 135) **needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

^{4.91} Figure 61 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 61: Components of average annual household growth 2012-16 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	9,839	7,417	2,422	25%
Households migrating in to the area	18,372	14,147	4,225	23%
All new households	28,211	21,564	6,647	24%
Household dissolutions following death	5,659	4,488	1,170	21%
Households migrating out of the area	18,466	14,116	4,351	24%
All households no longer present	24,125	18,604	5,521	23%
Average annual household growth 2012-16	+4,086	+2,960	+1,126	28%
Existing households falling into need	-	-1,363	+1,363	100%
Existing households climbing out of need	-	+1,498	-1,498	0%
Change in existing households	-	+135	-135	-
Average annual future need for market and affordable housing 2012-16	+4,086	+3,095	+991	24%

^{4.92} Overall, there is a projected need from **6,647 new households who are unable to afford their housing costs** (2,422 newly forming households and 4,225 households migrating to the area) each year; however, **5,521 households will either vacate existing affordable housing or will no longer need affordable housing** in the Wider Bristol HMA (as they have moved to live elsewhere) **thereby reducing the new need to a net total of 1,126 households.**

^{4.93} Considering the needs of existing households, there are 1,363 households expected to fall into need each year (a rate of 3.6 per 1000 households) but this is offset against 1,498 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 135 existing households that need affordable housing each year.**

^{4.94} Based on the needs of new households and existing households, there is a **projected increase of 991 households each year on average for the initial period 2012-16 who will need affordable housing** (1,126 less 135 = 991).

^{4.95} Using the approach outlined above for the initial 4-year period of the projection, the Model also considers the need for affordable housing over the 20-year Plan period 2016-36. The Model identifies that **the number of households in need of affordable housing will increase by 20,329 households over the period 2016-36**, equivalent to an annual average of 1,016 households per year. This represents 26.8% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

^{4.96} Figure 62 brings together the information on assessing the unmet need for affordable housing in 2014, the net increase in need for affordable housing projected for the period 2014-16 (offset against the affordable housing completions currently forecast), and the future affordable housing need arising over the 20-year Plan period 2016-36.

Figure 62: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2014 (see Figure 55)			
Total unmet need for affordable housing	-	11,228	11,228
Supply of housing vacated	6,192	3,615	9,807
Overall impact of current affordable housing need	-6,192	+7,613	+1,421
Net increase in need for affordable housing 2014-16 (see Figure 61)	-	+1,982	+1,982
Forecast affordable housing completions 2014-16	-	-1,292	-1,292
Projected impact of affordable housing need in 2016	-6,192	+8,303	+2,111
Projected future housing need 2016-36			
Newly forming households	156,014	51,615	207,629
Household dissolutions following death	94,379	23,951	118,331
Net household growth within Wider Bristol HMA	+61,635	+27,664	+89,299
Impact of existing households falling into need	-34,969	+34,969	-
Impact of existing households climbing out of need	+36,004	-36,004	-
Impact of households migrating to/from the area	-7,195	-6,300	-13,495
Future need for market and affordable housing 2016-36	+55,475	+20,329	+75,804
Total need for market and affordable housing			
Projected impact of affordable housing need in 2016	-6,192	+8,303	+2,111
Future need for market and affordable housing 2016-36	+55,475	+20,329	+75,804
Total need for market and affordable housing	+49,283	+28,632	+77,915
Average annual need for housing	+2,464	+1,432	+3,896
Proportion of need for market and affordable housing	63.2%	36.8%	100.0%

^{4.97} Figure 55 estimated there to be **11,228 households in need of affordable housing in 2014**. However, as 3,615 of these already occupied an affordable home, our previous conclusion was therefore a net need from 7,613 households (11,228 less 3,615 = 7,613) who need affordable housing and do not currently occupy affordable housing in the Wider Bristol HMA.

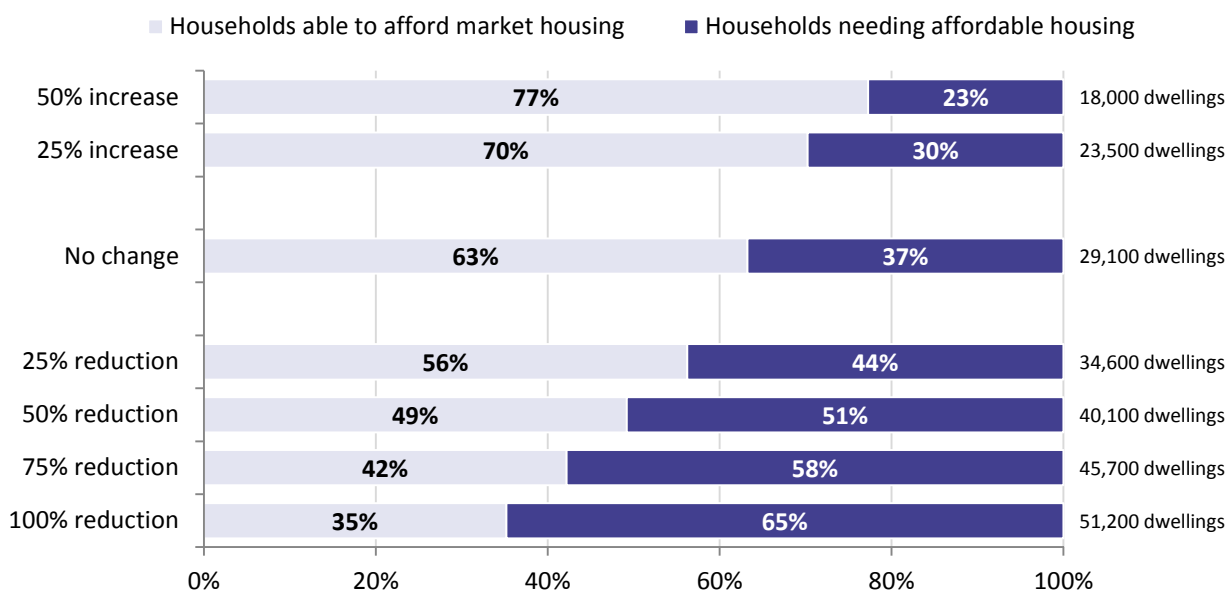
^{4.98} The **projected net increase in affordable housing need** for the period 2014-16 (up to the base date of the Plan) identified an average annual need from 991 households needing affordable housing – therefore a need from 1,982 households over the 2-year period. Affordable housing completions for the period 2014-16 are currently forecast to total 1,292 additional dwellings, therefore the **unmet need for affordable housing is likely to increase by 690 households to yield a total of 8,303 households** (7,613 plus 690 = 8,303) who will need affordable housing at the start of the Plan period and will not already occupy affordable housing.

- ^{4.99} The 20-year projection period 2016-36 then adopts the approach that was previously outlined for the initial 4-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 20,329 households over the period 2016-36**, alongside an increase of 55,475 households able to afford market housing.
- ^{4.100} Overall, there will be a **need to provide additional affordable housing for 28,632 households** over the Plan period 2016-36. This is equivalent to an average of **1,432 households per year**.
- ^{4.101} Data from CLG Local Authority Housing Statistics and HCA Statistical Data Return identify a vacancy rate of 1.5% for affordable housing in Wider Bristol, therefore adding an additional allowance for vacancies this **identifies a total affordable housing need of 29,054 dwellings** (28,632 plus 1.5% vacant = 29,054) in addition to the current stock, an average of 1,453 dwellings per year.
- ^{4.102} Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

- ^{4.103} The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a national policy decision which is not in the control of the Council.
- ^{4.104} It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- ^{4.105} The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- ^{4.106} To sensitivity test this position, Figure 63 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.

Figure 63: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2016-36 and associated number of affordable dwellings



^{4.107} If no households were to receive housing benefit support in the private rented sector, almost two thirds (65%) of the growth in household numbers would need affordable housing. This would need a total of 51,200 affordable homes to be provided over the 20-year Plan period 2016-36.

Conclusions

^{4.108} Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 1,421 households to take account of concealed families and homeless households that would not be captured by the household projections.

^{4.109} Furthermore, there is likely to be a net increase of 1,982 households needing affordable housing over the period 2014-16 and only 1,292 affordable homes provided (based on expected rates of housing delivery during this 2-year period), yielding a further backlog of 690 households. **These additional households increase the projected household growth from 75,804 to 77,915 households (80,663 dwellings) over the 20-year Plan period 2016-36** (although this does not take account of any backlog of market housing which will also need to be considered).

^{4.110} **The housing mix analysis identified a need to provide 29,054 additional affordable homes over the 20-year Plan period (an average of 1,453 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

^{4.111} Providing sufficient affordable housing for all of these households would increase the need to 51,237 affordable homes over the Plan period (2,562 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

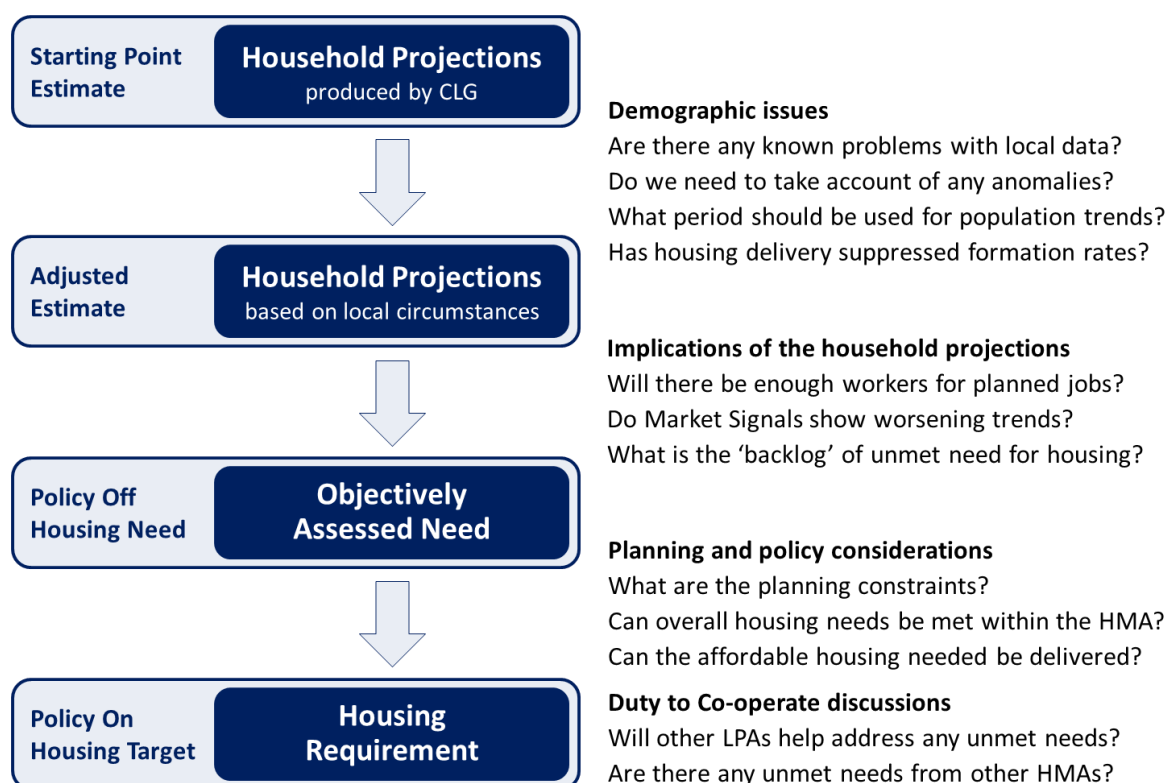
- 5.1 A key objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area (HMA) over the future plan period. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the local planning authorities before establishing the final Housing Requirement.

The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.

Planning Practice Guidance (PPG), paragraph 4

- 5.2 Figure 64 sets out the process for establishing the housing number for the HMA. It starts with a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to ensure that an appropriate balance is achieved between the demand for and supply of dwellings.

Figure 64: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 5.3 The NPPF requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “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” (paragraphs 47 and 159).
- 5.4 PPG further identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need ... The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth” (paragraphs 15-16).

Household Growth

- 5.5 The 2012-based CLG household projections show that the number of households in England will increase from 22.3 million to 27.5 million over the period 2012 to 2037. This represents a growth of 5.2 million households over 25 years, equivalent to an annual average of 210,000 households each year, and this provides the starting point estimate of overall housing need for England.
- 5.6 It should be noted that the annual average of 210,000 households is already much higher than current housing delivery: CLG data for April 2013 to March 2014 identifies that construction started on 133,900 dwellings and 112,400 dwellings were completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by 57% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

- 5.7 The 2012-based CLG household projections are based on the ONS 2012-based sub-national population projections. These projections identify an average net gain of 151,600 persons each year due to international migration, and a net loss of 6,400 persons each year from England to other parts of the UK. Therefore, the 2012-based projections are based on net migration averaging 145,100 persons each year.
- 5.8 However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2012-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth.
- 5.9 As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS routinely consider migration based on trends for the 10-year period 2001-11. On this basis, our trends are based on a period when net migration to England averaged 211,200 persons each year: 66,100 persons higher than assumed by the 2012-based SNPP, which represents an additional 29,000 households each year based on CLG average household sizes. Therefore, the approach taken for establishing migration based on longer-term trends would increase household growth for England from 210,000 households to 239,000 households each year on average.

Market Signals

- 5.10 The NPPF also sets out that “Plans should take account of market signals, such as land prices and housing affordability” (paragraph 17) and PPG identifies that “the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”.
- 5.11 The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators “demonstrate un-met need for housing” and that “longer term increase in the number of such households may be a signal to consider increasing planned housing numbers” (paragraph 19).
- 5.12 The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.
- 5.13 Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.
- 5.14 Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2012-37 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 242,500 each year.

Converting to Dwellings

- 5.15 Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 242,500 households would require the provision of **253,400 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2012-37 and represents a 1.1% increase in the dwelling stock each year.
- 5.16 This takes account of household growth based on CLG 2012-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

- 5.17 Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 253,400 dwellings requires current housebuilding rates to increase by 89%** (based on dwelling starts in 2013-14).
- 5.18 Development industry campaigners (such as Homes for Britain²⁰) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)²¹. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families exceeds this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for Wider Bristol HMA

- 5.19 The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Wider Bristol. Our approach for this section follows the format of the earlier section, albeit with specific reference to the Wider Bristol HMA. Essentially, therefore, this section is concerned with:
- » CLG 2012-based household projections (the starting point);
 - » Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates and correct for errors in previous population estimates);
 - » Market signals, including an uplift for concealed families;
 - » Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.
- 5.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

- 5.21 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 78,500 over the 20-year Plan period 2016-36, an average of 3,930 per year.
- 5.22 However, the notes accompanying the CLG Household Projections explicitly state that:
- “The 2012-based household projections are linked to the Office for National Statistics 2012-based sub-national population projections. **They are not an assessment of housing need** or do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends.**”*
- 5.23 The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

²⁰ <http://www.homesforbritain.org.uk>

²¹ http://webarchive.nationalarchives.gov.uk/+/http://www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Migration Adjustments

- 5.24 ORS have calculated household projections also include a scenario using 10-year migration trends, based on reliable information from the intercensal period 2001-2011. On the basis of 10-year migration trends, **household numbers across the study area are projected to increase by 75,804 households over the 20-year Plan period 2016-36, an average of 3,790 per year. Providing for an annual increase of 3,790 households yields a housing need of 3,924 dwellings each year.**
- 5.25 Whilst this projection is lower than the CLG 2012-based household projection (3,930 p.a.), as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

- 5.26 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that **overall housing need should be increased by 1,421 households** to take account of **concealed families** and **homeless households** that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established an overall need from 11,228 households in need of affordable housing in 2014; with a net increase of 690 households likely over the period 2014-16 (after taking account of forecast affordable housing delivery for the 2-year period).
- 5.27 On this basis, **the overall need for affordable housing is likely to total 11,918 households at the start of the Plan period in 2016.** Nevertheless, 3,615 of these households already occupy an affordable home (albeit unsuitable for their current needs) – so the home that will be vacated when their needs are resolved must be offset against the overall need to establish the unmet need. **There is an unmet need from 8,303 households (11,918 less 3,615 = 8,303) who will need affordable housing at the start of the Plan period and do not already occupy affordable housing in the Wider Bristol HMA.**
- 5.28 Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. The 20-year projection period 2016-36 identifies that **the number of households in need of affordable housing will increase by 20,329 households over the period 2016-36,** alongside an increase of 55,475 households able to afford market housing.
- 5.29 Overall, there will be a **need to provide additional affordable housing for 28,632 households, which represents a total affordable housing need of 29,054 dwellings over the Plan period 2016-36.** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Employment Trends

- 5.30 While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

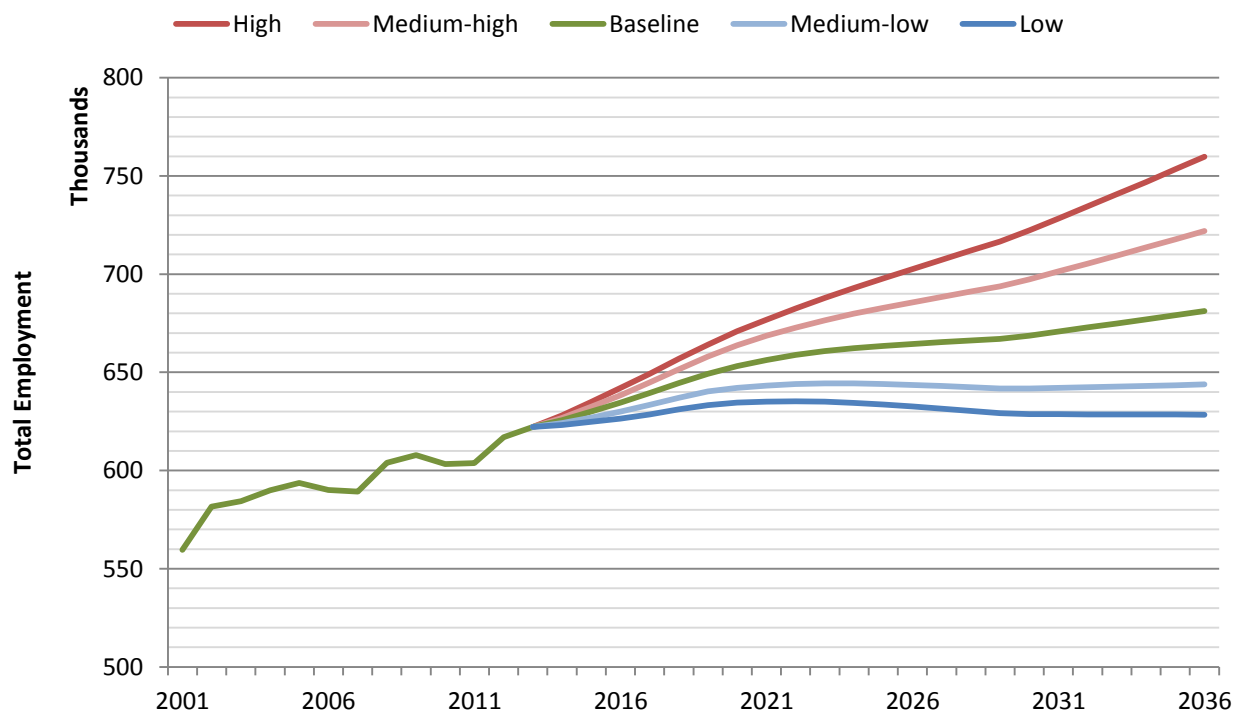
Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.

Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.

Planning Practice Guidance 2014, paragraph 18

- 5.31 Oxford Economics produced an “*Economic Forecast for the West of England*” in August 2013 on behalf of the West of England LEP. This included a range of jobs forecasts for the area covering the period to 2036, based on the Oxford Economics Local Authority District Forecasting Model. The model provides data at regional and sub-regional level, including county, unitary and district authorities. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run.
- 5.32 Forecasts were produced based on five scenarios (Figure 65):
- » A baseline scenario;
 - » Upside scenarios of high and medium-high growth; and
 - » Downside scenarios of low and medium-low growth.
- 5.33 The baseline scenario forecast that total employment would increase from 603,400 to 668,700 jobs over the 20-year period 2010-30, a growth of 65,300 jobs (3,300 per year) equivalent to an annual compound growth rate of 0.5%.

Figure 65: West of England Employment Forecasts to 2036 (Source: Oxford Economics, August 2013. Note: Figures cover the whole of the West of England, including Bath and North East Somerset)



- 5.34 Of course, this forecast was prepared at a time when the UK was emerging from recession; therefore the West of England LEP considered it appropriate to establish a more ambitious target: to deliver 95,000 new jobs by 2030. This target was marginally higher than increase in jobs identified by the medium-high growth scenario, which suggested that total employment would increase to 697,300 jobs by 2030: an increase of 94,000 jobs over 20 years. The LEP target represented an uplift of 1.1% on this scenario.
- 5.35 More recently, evidence has been presented to the local authorities based on updated forecasts from the Oxford Economics model commissioned by members of the Housing Market Reference Group representing the development industry. This information suggests that the baseline growth scenario in 2014 forecasts a growth of 95,300 jobs over the 19-year period 2011-30 across the West of England, including 80,500 jobs (84%) in the Wider Bristol HMA. The original (August 2013) medium-high growth scenario, with a 1.1% uplift, identified a comparable growth of 94,600 jobs over the same 19-year period (2011-30).
- 5.36 Given this context, it is clear that it was appropriate for the LEP to adopt a more ambitious target than the baseline forecast at the time that the UK was emerging from recession; for whilst the probability of achieving high or medium-high growth at that time was only 22.5%, it is now much more probable that this growth is realistically achievable.
- 5.37 Considering the employment forecasts for the 20-year Plan period 2016-36, the medium-high growth scenario shows that total employment is likely to increase by 83,500 jobs; and applying an uplift of 1.1% suggests that the growth equivalent to the LEP target covering this 20-year period would be 84,400 jobs. This represents an annual compound growth rate of 0.6%, with an average of 4,220 extra jobs each year. The Bath and North East Somerset Core Strategy is planning for 12% of the West of England jobs growth, so it would be appropriate to consider the 88% balance will need to be provided in the Wider Bristol HMA (marginally higher than the 84% suggested by the recent forecasts). This would suggest a growth of 74,300 jobs in Wider Bristol over the 20-year Plan period 2016-36, an average of 3,720 jobs each year. It is also

necessary to consider the jobs-growth projected for the period 2012-16 (between the base year for the SHMA projections and the base year for the Plan). This represents an additional 19,100 jobs for the Wider Bristol HMA – yielding an overall increase of 93,400 jobs over the period 2012-36.

- 5.38 As previously noted, the demographic analysis identified that the economically active population in the Wider Bristol HMA would increase by around 18,700 people over the initial 4-year period 2012-16, with a further increase of 65,200 people projected over the 20-year Plan period 2016-36; yielding an overall projected increase of around 84,000 economically active people across Wider Bristol by 2036. In addition, the number of claimants recorded by DWP reduced by around 11,800 over the period March 2012 to March 2015. Taken together, these figures suggest that the number of available workers will increase by around 95,800 over the 24-year period 2012-36, equivalent to an average growth of around 4,000 workers each year.
- 5.39 Nevertheless, there are a number of factors which should be considered when relating jobs to workers, particularly the issue of commuting:
- » **Out-commuting:** Based on 2011 Census commuting flows, 90.0% of working residents in the Wider Bristol HMA are also employed in the local area. This implies that 10.0% commute to jobs outside the area. Therefore, of the additional 95,800 workers, we would expect 86,200 (90.0%) would work locally and 9,600 (10.0%) would commute outside of the area. We have therefore assumed that this number of additional workers will out-commute from Wider Bristol to work elsewhere.
 - » **In-commuting:** at the time of the 2011 Census, 13.5% of jobs in the Wider Bristol HMA were filled by people travelling in from other authorities. Therefore, a jobs growth of 93,400 over the period 2012-36 is likely to draw in 12,600 (13.5%) additional in-commuters; leaving 80,800 extra jobs that need to be filled by workers living in the area.
- 5.40 When these factors are properly considered, we can conclude that the demographic projections (without any uplift for market signals) would provide 86,200 extra workers locally whereas 80,800 extra workers would be needed. **There is therefore a surplus of 5,400 workers based on the increase in jobs that is currently forecast.**

Conclusions on Jobs and Workers

- 5.41 While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers.
- 5.42 The medium-high growth scenario (from August 2013) uplifted by 1.1% to reflect the LEP target, identified 74,300 jobs in Wider Bristol over the 20-year Plan period 2016-36 – an annual compound growth rate of 0.6%; an average of 3,720 extra jobs each year. A further 19,100 jobs are forecast for the Wider Bristol HMA over the period 2012-16 – yielding an overall increase of 93,400 jobs over the period 2012-36.
- 5.43 Taking account of existing commuting patterns and unemployment trends, the demographic projections (without any uplift for market signals) would provide 86,200 extra workers locally whereas 80,800 extra workers would be needed. **Therefore, there is no need to further increase housing delivery as there will already be enough workers for the likely increase in jobs in the area.** Of course, any uplift to housing need responding to Market Signals is likely to draw in additional population, and this will therefore yield a higher number of workers. However, any under-delivery of housing prior to the Plan period could displace projected population that had been counted, so it will be important to provide for any housing backlog.

Market Signals

- 5.44 While demographic trends are key to the assessment of OAN, it is also important to consider current Market Signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (Paragraph 019)

A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (Paragraph 020)

Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

- 5.45 The Market Signals include:

- » Land and house prices;
- » Rents and affordability;
- » Rate of development; and
- » Overcrowding.

- 5.46 Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 5.22). Further, there are wider market trends and drivers to consider. A full range of market signals are considered and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

- 5.47 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

Appropriate comparisons of indicators should be made. 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. (Paragraph 020)

Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

- 5.48 To identify areas with similar demographic and economic characteristics to Wider Bristol, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. The outcome of this analysis was that Wider Bristol shares similar demographic and economic characteristics with **Leeds**, **Sheffield** (with NE Derbyshire and Rotherham) & **Southampton** (with Eastleigh and New Forest). Therefore, in considering market signals, we have considered these district council areas as appropriate comparators and compared them against Wider Bristol.

House Prices

- 5.49 House prices in England and Wales have been relatively volatile in the past 15 years. House prices have increased by 6.4% in the 12 months to April 2014; the fastest rises were in London (17.0%), the East of England (6.6%) and the South East (6.1%). The average UK house price in 2014 was £172,000 compared to the high of £181,500 in 2007. Average house price trends 2008-2014 (Source: ONS) show the price divergence between London and the rest of the UK.

Figure 66: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

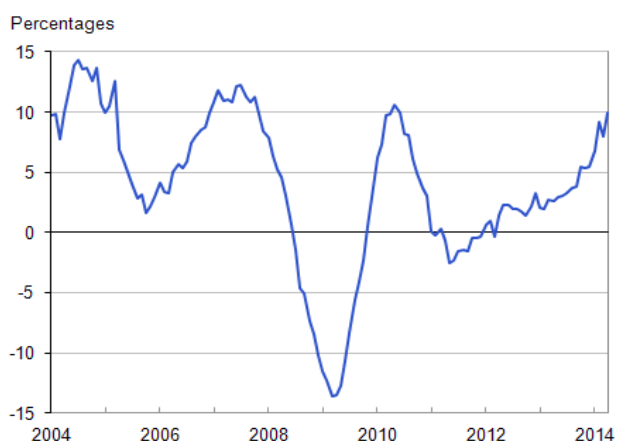
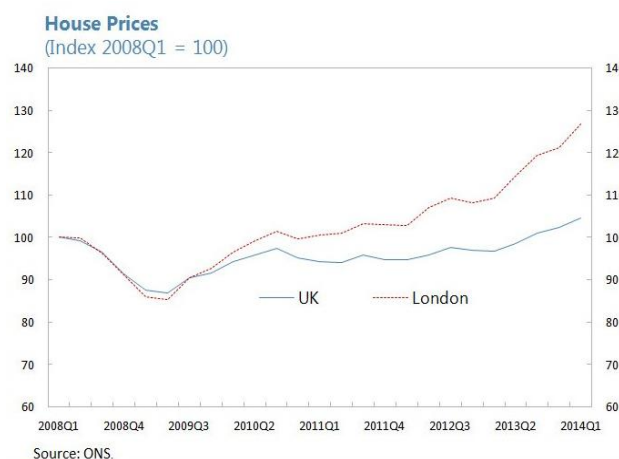


Figure 67: UK and London House Price Index 2008-2014 (Source: ONS)



- 5.50 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing ‘bubble’ to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

“The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can’t tackle directly. Since we are not able to build a single house, I welcome the Chancellor’s announcement tonight of measures to increase housing supply.

To be clear, the Bank does not target asset price inflation in general or house prices in particular.

It is indebtedness that concerns us.

This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion’s share of UK banks’ domestic lending.

It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole.”

- 5.51 The International Monetary Fund (IMF) has also highlighted concerns about these risks and especially the high borrowings of households relative to income, especially in London:

“The increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks.”

- 5.52 However, the surge in prices appears to be cooling; the Council of Mortgage Lenders (CML) latest Credit Conditions Survey (Summer 2014) suggests:

“This source of stimulus may now be drying up, amid signs that lenders may be approaching the limits of their risk appetite with respect to maximum loan-to-value (LTV) and income multiples.”

- 5.53 The Government has strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.
- 5.54 The future for the housing market is difficult to predict, although long-term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the Bank of England, indicates that action may be taken to contain any housing price ‘bubble’. Interest rates seem likely to rise in the medium term, and this could expose risk of those borrowing with high loan-to-value at low interest rates.

Local House Prices

- 5.55 House price trends (2000-2013) are shown in Figure 68 and Figure 69 shows lower quartile house prices adjusted for the impact of inflation. Therefore, the prices reflect real changes which have occurred since 2001 when removing the impact of background inflation.
- 5.56 It is clear that real house prices in the Wider Bristol HMA rose sharply in the period 2001-2007 (from £89,000 to £182,500 at 2012 values, a real increase of more than 105%), but they have progressively reduced since that time with real prices at around £140,000 in mid-2013 (at 2012 values) which is 23% below their peak.

Figure 68: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables. Note: HMA figure derived using population weighted average of Local Authority data)

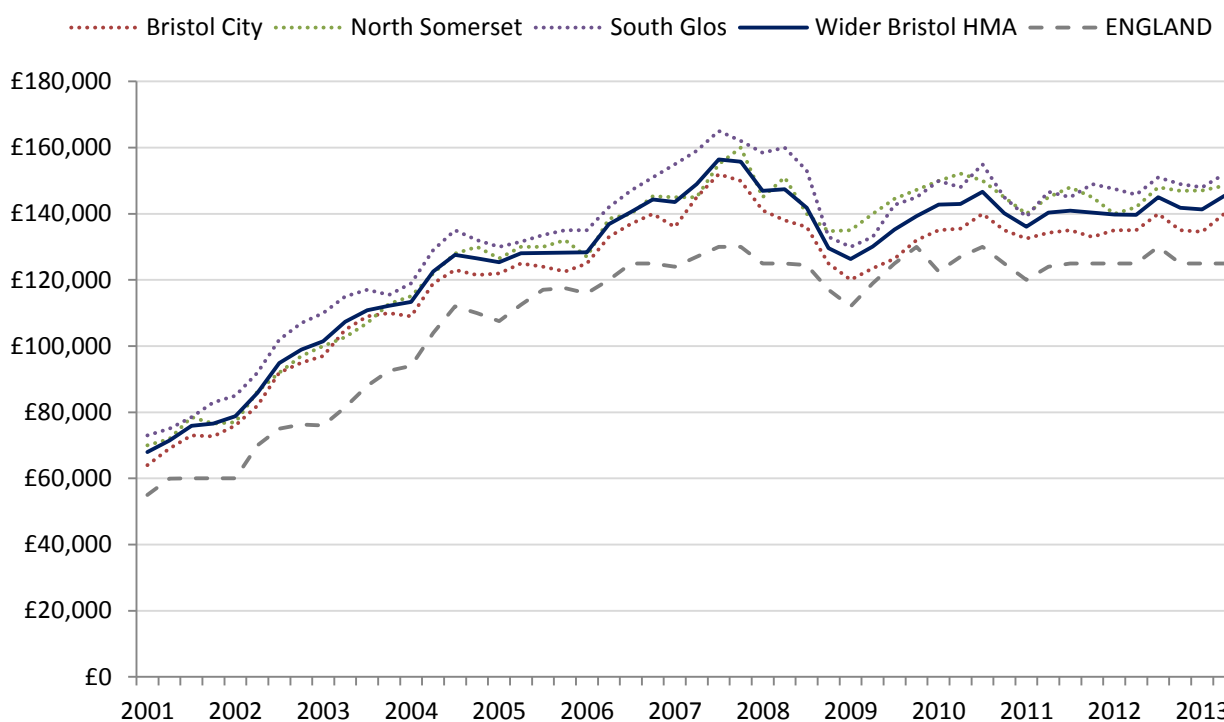
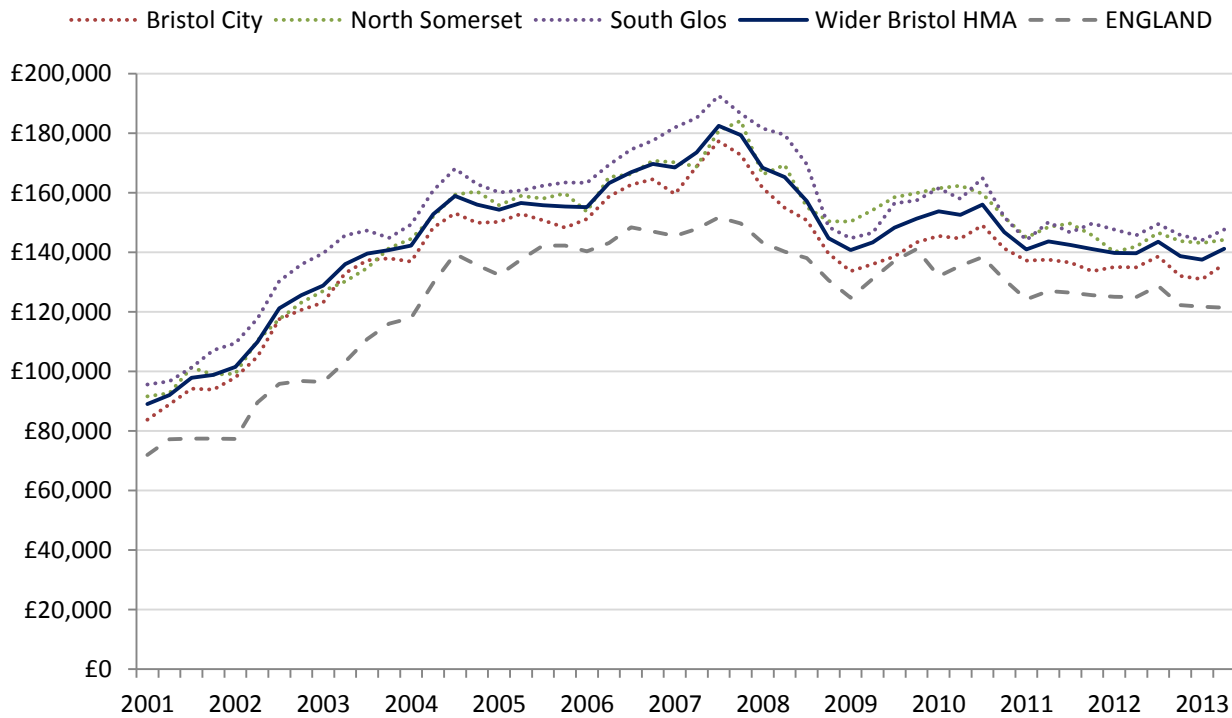
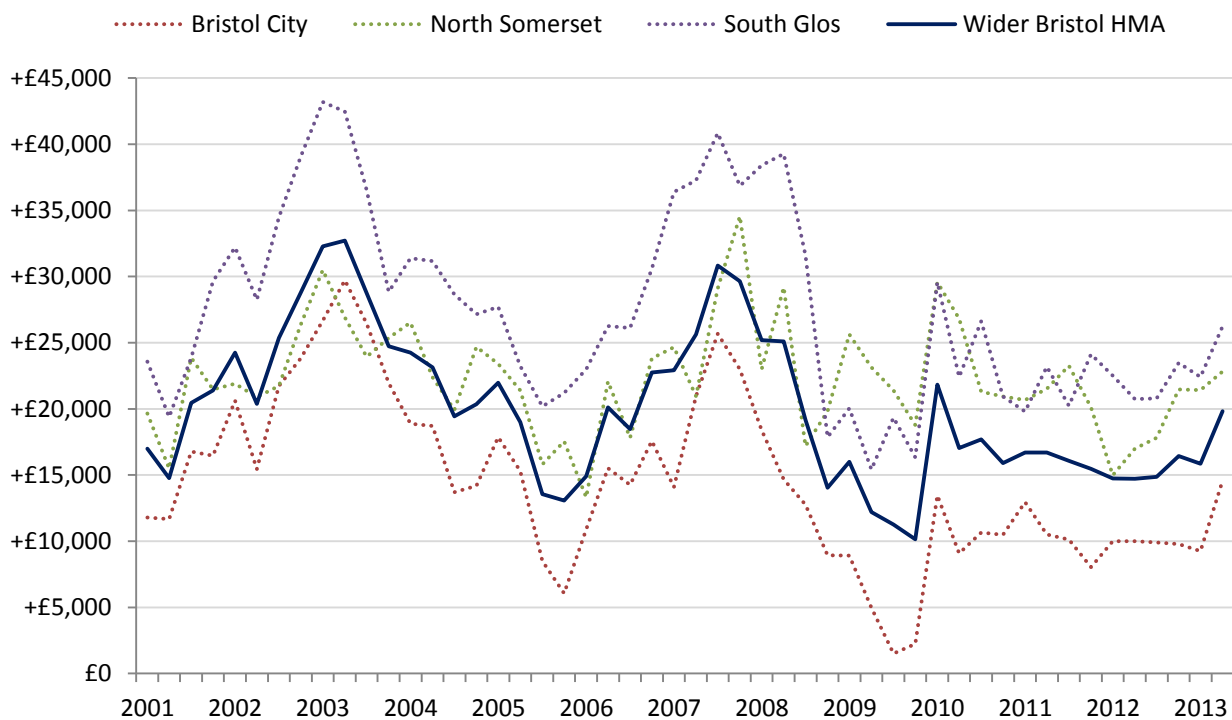


Figure 69: Real House Price Trends: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)



^{5.57} Figure 70 shows how real house prices in the HMA have varied when compared with the English average. This shows that real house prices in the HMA are currently below the long-term average trends.

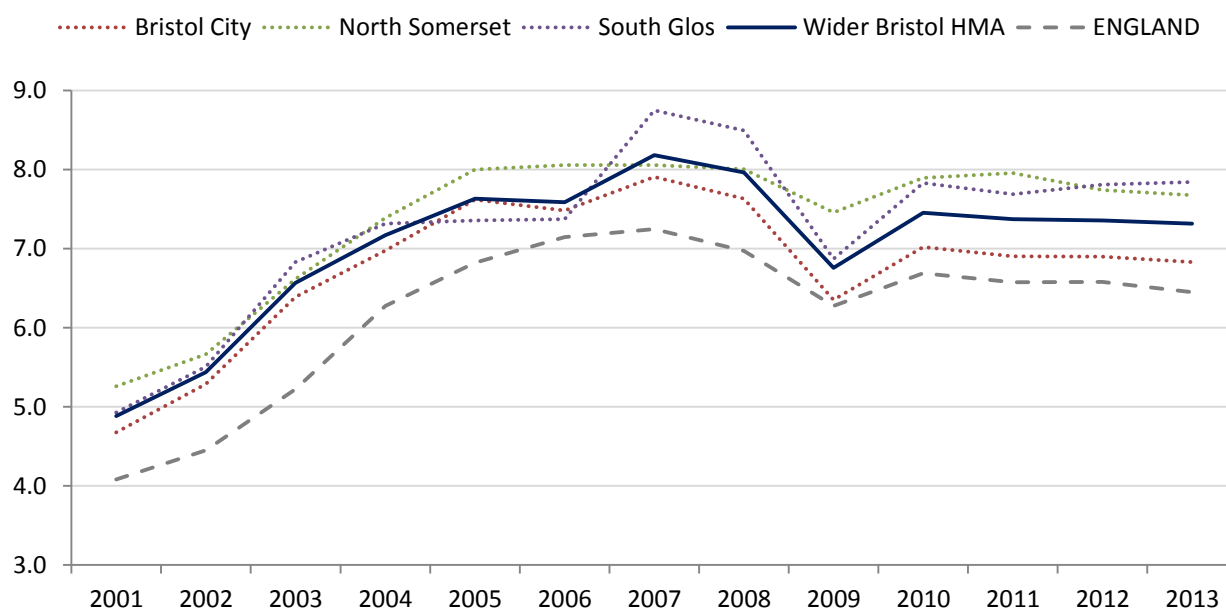
Figure 70: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)



Affordability

^{5.58} Figure 71 below shows the ratio of lower quartile house price to lower quartile earnings in the HMA between 2001 and 2013. This long term trend for the HMA shows that affordability worsened in the period 2001-05 (when there was an increase in real house prices), the multiplier declined over the period 2007-09 and has remained relatively stable since. Of course, it is also important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

Figure 71: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: HMA figure derived using population weighted average of Local Authority data)



Private Rent

^{5.59} The English Housing Survey 2013-14²² identified that 19% (4.4 million) of households were renting from a private landlord, up from 18% in 2012-13 and 11% in 2003. Households aged 25-34 were more likely to be renting privately (48%) than buying a home, up from 45% in 2012-13 and 21% in 2003-04. Owner occupation in this age group dropped from 59% to 36% over the same 10 year period.

^{5.60} The growth of the Sector has been acknowledged as both a growing and long term option for meeting the nation's housing need. The Government published *“Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities”* in March 2015²³, and the Forward by the Minister stated:

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

²² <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

- 5.61 Policy by both Government and Local Authorities is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply²⁴ (including the Build to Rent investment scheme²⁵).
- 5.62 Importantly, the Government sees the PRS having an important and long term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 5.63 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

Overcrowding

- 5.64 Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard we estimated that 10,005 households were overcrowded in the Wider Bristol HMA (Figure 50), including 2,322 owner occupiers, 4,026 households renting privately and 3,658 households in the social rented sector.
- 5.65 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (paragraph 19):

Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers.

- 5.66 These were also considered when establishing the need for affordable housing, and the overall housing number was increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

²⁴ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

²⁵ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

Summary of Market Signals

5.67 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 72: Summary of Market Signals

		Wider Bristol HMA	Leeds	Sheffield with Rotherham & NE Derbyshire	Southampton with Eastleigh & New Forest	England
INDICATORS RELATIING TO PRICE						
House prices						
Lower quartile house price	2012- 13 value	£143,300	£101,900	£91,500	£156,000	£126,300
	Relative to England	+14%	-19%	-28%	+24%	-
	2007-08 value	£151,600	£115,000	£100,800	£156,900	£127,500
	5-year change	-5%	-11%	-9%	-1%	-1%
Rents						
Average monthly rent	2013- 14 value	£767	£819	£512	£782	£720
	Relative to England	+7%	+14%	-29%	+9%	-
	2008 value	£503	£487	£367	£520	£500
	5-year change	+53%	+68%	+40%	+50%	+43%
Affordability						
Lower quartile house price to earnings	2013 ratio	7.3	5.2	5.0	8.1	6.5
	Relative to England	+13%	-19%	-23%	+25%	-
	2008 ratio	8.0	6.3	6.0	8.8	7.0
	5-year change	-8%	-17%	-17%	-8%	-7%
INDICATORS RELATIING TO QUANTITY						
Overcrowding						
Overcrowded households	2011 proportion	8.7%	9.1%	7.3%	8.5%	8.7%
	Relative to England	0%	+4%	-16%	-2%	-
	2001 proportion	5.7%	7.8%	5.2%	6.7%	7.1%
	10-year change	+54%	+17%	+40%	+27%	+23%
Rate of development						
Increase in stock	2001-11 change	+11.5%	+7.1%	+5.6%	+8.7%	+8.3%
	Relative to England	+38%	-15%	-33%	+4%	-

5.68 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

- » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £143,300, compared to England's £126,250 (based on 2012-13 values). The current price in the HMA is higher than both Leeds and Sheffield but lower than Southampton. Over the last 5-years, prices have varied by comparator area, with only modest change (-1%) in Southampton with slightly more in Leeds (-11%). Wider Bristol HMA has been between these two at (-5%);
- » **Rents:** for average private sector rents in 2013-14, the study area is above the national average. While rents in Leeds are higher than in the study area, Southampton is relatively similar with Sheffield significantly lower. Average rents have increased at a relatively similar pace in all areas although higher in Leeds in the past 5 years;

- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in the study area than across England as a whole (7.3x cf. 6.5x), and the rate is also 'worse' in Sheffield, although other comparators in Leeds and Sheffield are 'better' than England. Furthermore, national affordability ratios have improved since 2008 at a similar rate to Wider Bristol and Southampton, although this below the improvement in Leeds and Sheffield;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 8.7% of households in the study area are overcrowded based on an objective measure, which is the same as England (8.7%). Nevertheless, the proportion of overcrowded households has increased over the last 10 years at a rate almost double the national average (+54% cf. +23%);
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by +11.5%, which is higher than England (8.3%). This rate for the Wider Bristol HMA is higher than comparator areas. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

^{5.69} As previously noted, PPG suggests that "household projections should be adjusted to reflect appropriate market signals" where there is a "worsening trend in any of these indicators" (paragraphs 19-20). Whilst house prices and affordability have improved, rents have increased and there are also higher levels of overcrowding – so it may be appropriate to consider an uplift to the household projection when establishing OAN in response to market signals. However, the indicators collectively show that circumstances in the Wider Bristol HMA are generally no worse than across England as a whole; so any uplift must be determined in this context.

Conclusions on Market Signals

^{5.70} There is no definitive guidance on what level of uplift is appropriate. Nevertheless, the Inspector examining the Eastleigh Local Plan judged 10% to be reasonable given the market signals identified for that HMA:

"It is very difficult to judge the appropriate scale of such an uplift ... Exploration of an uplift of, say, 10% would be compatible with the "modest" pressure of market signals recognised in the SHMA itself."

^{5.71} On this basis, it is helpful to compare the Market Signals for the HMA with those for Southampton (which included Eastleigh and the New Forest):

- » House prices and rents are moderately lower in the Wider Bristol HMA than in Southampton, and consequently affordability is better;
- » Overcrowding levels are similar, although more households have become overcrowded in the Wider Bristol HMA over the last decade; and
- » Rates of development were higher for the Wider Bristol HMA than for Southampton.

^{5.72} Therefore, the indicators for the Wider Bristol HMA identify less housing pressure than in Southampton.

^{5.73} Given the relative market signal indicators for the two areas and the views of the Eastleigh Inspector, it would seem to be reasonable to consider an uplift of 10% to be at the upper end of any market signals response for the Wider Bristol HMA. **On balance we would recommend that the overall uplift was at least 5% but no more than 10% of the housing need identified based on the household projections.** The household projections previously identified an increase of 75,804 households (78,478 dwellings) over the

20-year Plan period 2016-36; so the proposed market signals uplift ranges from 3,924 to 7,848 dwellings over the Plan period. **We believe that the mid-point of this range, an uplift of 5,886 dwellings, provides an appropriate response to market signals.** This is consistent with the views of the Eastleigh Inspector in the context of the indicators for the two areas.

- 5.74 The analysis of affordable housing has already identified that the overall housing need should be increased by 1,421 households (1,471 dwellings) to take account of **concealed families** and **homeless households** that would not be captured by the household projections. This adjustment has already been incorporated as a response to the identified un-met need for affordable housing; however it is also appropriate for it to be considered as part of the response to market signals. **An additional increase of 4,415 dwellings is therefore needed to deliver the overall uplift of 5,886 dwellings identified in response to market signals.**

Housing Backlog

- 5.75 The Planning Advisory Service Good Plan Making Guide²⁶ identifies that the SHMA should “re-set the clock” and provide a new baseline assessment of all housing need. However, the SHMA must take account of ‘backlog’: any unmet need for housing that exists at the start of the plan period.

“Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes account of ‘backlog’ which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.” (page 49)

- 5.76 This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at the start of the new Plan period. However, it is also important to recognise that the SHMA identifies all housing need from a baseline date of 2012, whereas the base date for the JSP will be 2016. It is therefore necessary to identify the extent of any under-provision during the period 2012-16 based on the housing need identified by the SHMA, as this will also represent an unmet need for housing at the start of the new Plan period.
- 5.77 Housing completions recorded to date, together with numbers currently forecast for the remainder of this period, suggest that housing delivery is likely to total 12,902 dwellings during this period (Figure 73). The Councils will need to review this figure once the dwelling completions for 2014-15 and 2015-16 are known.

Figure 73: Housing completions recorded and forecast dwelling trajectory for the period 2012-16 (Source: LA Annual Monitoring Data and Forecast Dwelling Trajectories)

		Bristol	North Somerset	South Gloucestershire	TOTAL
Recorded completions	2012-13	878	527	823	2,228
	2013-14	1,287	760	1,095	3,142
Forecast dwelling trajectory	2014-15	1,614	750	1,261	3,625
	2015-16	1,506	898	1,503	3,907
TOTAL 2012-16		5,285	2,935	4,682	12,902

²⁶ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

- 5.78 The SHMA identified a need for 16,921 dwellings over the 4-year period 2012-16, between the base date for the household projections and the base date for the Plan (Figure 42). **There is therefore likely to be a backlog of 4,019 dwellings (16,921 less 12,902 = 4,019) likely to have built up during the 4-year period 2012-16 that will need to be addressed during the 20-year Plan period 2016-36.** This adjustment will ensure that the Plan will provide for all of the household growth projected for the period 2012-16, without it being constrained by any housing under-provision during this initial 4-year period.
- 5.79 The impact of this adjustment will be to phase the projected growth slightly differently to the demographic projections, but it will not change the overall number of dwellings needed by 2036 or the projected population and number of workers previously counted. Nevertheless, higher rates of housing delivery will need to be achieved over the Plan period to address this backlog.
- 5.80 It is also important to consider the relationship between current under-provision and market signals. Market signal indicators reflect past trends and will therefore be influenced by recent housing supply, so any under-provision is likely to have had an effect. If current housing delivery was keeping pace with household growth (with the necessary allowance for vacant and second homes) then the market signals should indicate less imbalance in the housing market, which would impact on the need for any uplift.
- 5.81 In summary, the SHMA has identified that:
- » Under-provision during the period 2012-16 will represent an unmet need for housing at the start of the new Plan period, so higher rates of housing delivery will need to be achieved over the Plan period to address this backlog; and
 - » Market signals indicate that there is some imbalance in the housing market based on current rates of housing delivery, so higher rates of housing delivery will need to be achieved over the Plan period to respond to this imbalance.
- 5.82 Both of these adjustments are a response to current rates of housing delivery and the impact of under-provision; so they are not cumulative and it will be necessary to consider their combined impact.

Conclusions

- 5.83 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the study area will increase by 78,538 over the 20-year Plan period 2016-36, an average of 3,927 per year. However, on the basis of 10-year migration trends, **household numbers across the study area are projected to increase by 75,804 households over the 20-year Plan period 2016-36, an average of 3,790 households per year.**
- 5.84 We have identified that the baseline household projections should be increased by 1,421 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. On this basis, the demographic projections identify a total increase of 77,225 households over the 20-year Plan period. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 77,225 households yields a baseline housing need of 79,949 dwellings over the 20-year Plan period 2016-36, equivalent to an average of 3,997 dwellings per year.**
- 5.85 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing

market problems. Further adjustments may be needed in response to balancing jobs and workers, market signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.

- 5.86 **The evidence from planned jobs and workers does not identify any need to increase housing delivery** to provide enough workers for the likely increase in jobs in the area.
- 5.87 **An uplift of 5,886 dwellings is proposed as an appropriate response to the market signal indicators.** The overall housing need has already been increased by 1,471 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 4,415 dwellings is needed to deliver the overall uplift of 5,886 dwellings that has been identified.
- 5.88 **A 'backlog' of 4,019 dwellings is likely to build up due to housing under-delivery in the period 2012-16.** This will need to be addressed during the 20-year Plan period 2016-36. Nevertheless, as previously noted, any increase in housing numbers to address this backlog will also contribute to improving market signals which are a reflection of current housing delivery; so the impact of these two adjustments will not be cumulative, but instead they should be considered together as a combined response.
- 5.89 On this basis, the baseline housing need of 79,949 dwellings is increased by 4,415 dwellings. This increase provides the overall uplift of 5,886 dwellings needed in response to market signals, and also addresses the backlog of 4,019 dwellings. **This yields an overall total of 84,364 dwellings over the 20-year Plan period 2016-36, equivalent to an average of 4,218 dwellings per year.** This represents an uplift of 7.5% on the baseline household projections.
- 5.90 Figure 74 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 74: Full Objectively Assessed Need for Housing across Wider Bristol 2016-36

Stage		Households	Dwellings
Demographic starting point CLG household projections 2016-36		78,538	81,308
Adjustment for long-term migration trends 10-year migration trend 2001-11		-2,734	-2,830
Baseline household projections taking account of local circumstances		75,804	78,478
Adjustment for suppressed household formation rates Concealed families and homeless households		+1,421	+1,471
Baseline housing need based on demographic projections		77,225	79,949
Further adjustments needed...	In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	0
	In response to market signals 4,415 dwellings needed (in addition to the 1,471 dwellings for concealed families and homeless households) to deliver the overall uplift of 5,886 dwellings proposed	-	+4,415
	In response to backlog of housing provision between projection and Plan base dates 2012-16	-	+4,019
Combined impact of the identified adjustments		-	+4,415
Full Objectively Assessed Need for Housing 2016-36		-	84,364

- ^{5.91} Of course, it is important to remember that *“establishing future need for housing is not an exact science”* (PPG paragraph 14). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.
- ^{5.92} **The SHMA therefore identifies the Full Objective Assessed Need for Housing in the Wider Bristol HMA to be 85,000 dwellings over the 20-year Plan period 2016-36, equivalent to an average of 4,250 dwellings per year. This includes the Objectively Assessed Need for Affordable Housing of 29,100 dwellings over the same period, equivalent to an average of 1,455 dwellings per year.**
- ^{5.93} This is the average number of dwellings needed every year over the 20-year period 2016-36 and represents a 1.1% increase in the dwelling stock each year across the HMA (consistent with the 1.1% growth required across England to deliver 253,600 dwellings annually).

6. Housing Requirements

Considering the policy response to identified housing need

6.1 The SHMA has established the Full Objectively Assessed Need for Housing in the Wider Bristol HMA to be 85,000 dwellings over the 20-year Plan period 2016-36, however this figure will need to be tested through the statutory Plan-making process. Until it is tested at examination, the OAN must not be portrayed as a new housing requirement for planning purposes: the existing adopted Core Strategies for each Unitary Authority will continue to fulfil this role.

6.2 This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that *“housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply”* (paragraph 30). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

“Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.

“However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.

“Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council’s approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments.”

6.3 The West of England authorities are currently preparing a **Joint Spatial Plan (JSP)** for Wider Bristol for the period 2016-36. The JSP will in turn provide the context for the review of individual authorities’ local plans. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new Plan period; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the JSP will be the mechanism through which the SHMA evidence will be assessed against environmental and policy constraints, such as Green Belt, to identify a sustainable and deliverable plan requirement.

6.4 The JSP will also consider the spatial distribution of the OAN across the functional housing market area for Wider Bristol that was identified in Chapter 2 of this report (including parts of Bath and North East Somerset, Stroud and Sedgemoor).

Affordable Housing Need

- 6.5 The SHMA has identified a substantial need for affordable housing: a total of 29,100 dwellings across the Wider Bristol HMA over the 20-year Plan period 2016-36, equivalent to an average of 1,455 dwellings per year. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.
- 6.6 As part of their strategic planning and housing enabling functions, the Councils will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Councils should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 6.7 PPG identifies that Councils should also consider “an increase in the total housing figure” where this could “help deliver the required number of affordable homes”; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. 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. (Paragraph 029)

Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

- 6.8 It will therefore be important for the Councils to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings²⁷ (paragraphs 3.20-21):

*“National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*

Any uplift on the demographic starting point ... would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified.”

- 6.9 Given that the identified OAN already incorporates an uplift of 7.5% on the baseline household projections, this will contribute to increasing the supply of affordable homes through market housing led developments. The Councils will need to consider whether there is sufficient justification for any further increase in the total housing figures included in the local plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

²⁷ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

6.10 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

- » **Affordable Homes Programme:** the flagship HCA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England, which includes 528 new affordable homes across 35 schemes in the Wider Bristol HMA
- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
- » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes programme**
- » **Estate Regeneration Programme:** often creating mixed tenure communities
- » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

6.11 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase affordable housing delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform</p> <p>Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agency have also signalled concerns.</p> <p>Registered Providers</p> <p>Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further.</p> <p>Stock rationalisation by Registered Providers</p> <p>The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers</p> <p>The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development.</p>	<p>Councils building more new homes</p> <p>Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers</p> <p>Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Custom Build</p> <p>Custom build homes are self-build homes facilitated in some way by a developer. Applications to the HCA Custom Build Serviced Plot (CBSP) Loan Fund (£150m over 6 years; £22.5m pa) can be made by Developers, For Profit Registered Providers, Community Land Trusts and Community Groups. Community Land Trusts may deliver Affordable Housing using the CBSP Fund, and they aim to deliver 3,000 new homes by 2020 (or c.600 p.a. in England 2015-2020)²⁸.</p> <p>Co-operative Housing</p> <p>Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

²⁸ <http://www.communitylandtrusts.org.uk/what-is-a-clt/about-clts>

- 6.12 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.
- 6.13 A Government task force was established in 2013 to encourage and support build-to-let investment²⁹. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale³⁰, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes³¹. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.
- 6.14 National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.
- 6.15 Whilst the SHMA has identified an affordable housing need of 29,100 dwellings over the 20-year Plan period, this is based on the level of housing benefit support provided to households living in the private rented sector remaining constant. Without this support, a total of 51,200 affordable homes would need to be provided over the same period.
- 6.16 **Given the substantial need for affordable housing identified across the Wider Bristol HMA, the Councils will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Councils to consider all of the options available to help deliver more affordable homes in the area.**

²⁹ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

³⁰ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

³¹ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

Older People

- 6.17 Planning Practice Guidance states the following in relation to housing for older people:

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance for Housing and Economic Land Availability Assessment 2014, paragraph 37

- 6.18 On this basis, the Councils will need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.
- 6.19 **It is important to recognise that the identified OAN of 85,000 dwellings does not include the projected increase of institutional population, which represents a growth of 4,484 persons over the 20-year Plan period.** This increase in institutional population is a consequence of the CLG approach to establishing the household population³², which assumes “*that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s*” on the basis that “*ageing population will lead to greater level of population aged over 75 in residential care homes*”.
- 6.20 **On this basis, if bedspaces in residential institutions in Use Class C2 are counted within the housing supply then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN).** If these bedspaces are not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.
- 6.21 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.
- 6.22 Although the institutional population is projected to increase by 4,484 persons over the Plan period (based on the CLG assumption that there will be a “*greater level of population aged over 75 in residential care homes*”), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.
- 6.23 **On this basis, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.** Volume II of the SHMA provides further analysis of the range of different types of housing required specifically for older people.

³² Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Students

- 6.24 PPG was updated in March 2015 to include specific reference to identifying the needs of students:

Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.

Planning Practice Guidance 2014, paragraph 21

- 6.25 Given that trend-based data that informed the population and household projections included students at all stages of the analysis, the needs of students are included within, and not additional to, the OAN figure identified by the SHMA. As the trend-based data was informed by migration during the period 2001-11, this encompasses the growth experienced by universities and other higher educational establishments during this period; therefore the OAN implicitly assumes that future growth will continue at this rate over the 20-year Plan period 2016-36. However, if the universities and other higher educational establishments in the area are planning significantly higher (or significantly lower) levels of growth than experienced over the decade 2001-11, then this could impact on the OAN conclusions.
- 6.26 The household projections did not assume any growth of students living in communal establishments, so any net increase in bedspaces provided in halls of residence (or other university accommodation) across the area would reduce the demand from student households. On this basis, the Councils will need to consider the most appropriate way to count the supply of student bedspaces as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.
- 6.27 Volume II of the SHMA provides further analysis of the likely future need for student accommodation.

Gypsies and Travellers

- 6.28 Planning Policy for Traveller Sites (PPTS) came into force in March 2012. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

- 6.29 An April 2015 High Court Judgement, '*Wenman v SSCLG and Waverley Borough Council*', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

“42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the requirement to “identify, and update annually, a supply of specific deliverable sites sufficient to provide five years’ worth of sites against their local set targets” (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they “identify and update annually a supply of specific deliverable sites sufficient to provide five years’ worth of housing”.

“43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting.”

- ^{6.30} The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.
- ^{6.31} This also means that any land supply for pitches and plots should be counted towards the general 5-year land supply as the needs they are addressing are included within the housing OAN.

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