

Updating the Overall Housing Need

Based on 2014-based projections for Stevenage & North Herts

1. ORS was commissioned to update the Stevenage and North Hertfordshire SHMA demographic projections following the publication of the ONS 2014-based Sub-National Population Projections (SNPP) and the CLG 2014-based household projections, and provide an updated assessment of overall housing need for the housing market area and the two local planning authorities.

Updating the SHMA household projections

2. The projected increase in households across Stevenage and North Hertfordshire is summarised in Figure 1:
 - » The upper section of the table summarises the SHMA Update 2015 analysis, with population and household projections based on rates from the 2012-based data and migration trends established using Census data for the period 2001-11;
 - » The lower section of the table presents the outcome from the latest analysis, with population and household projections based on rates from the 2014-based data and migration trends established using Mid-Year Estimate data for the period 2005-15.
3. Figure 1 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 1.9% for Stevenage and 2.9% for North Hertfordshire.
4. It is evident that the latest assumptions marginally reduce the projected household growth from 19,213 households (as identified by the SHMA) to 18,858 households over the 20-year period 2011-31; a reduction of 355 households (equivalent to 1.8%).

Figure 1: Projected households and dwellings over the 20-year period 2011-31 for Stevenage and North Hertfordshire
(Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census. Data may not sum due to rounding)

Scenario	Households				Dwellings			
	2011	2031	Net change 2011-31	Average annual change	2011	2031	Net change 2011-31	Average annual change
SHMA UPDATE (June 2015):								
2012-BASED RATES with MIGRATION BASED ON CENSUS 2001-2011								
Stevenage	35,027	41,533	6,506	325	35,716	42,349	6,634	332
North Hertfordshire	53,577	66,284	12,707	635	55,150	68,231	13,080	654
TOTAL	88,604	107,817	19,213	960	90,866	110,580	19,714	986
OAN UPDATE (August 2016):								
2014-BASED RATES with MIGRATION BASED ON MYE 2005-2015								
Stevenage	35,015	41,759	6,744	337	35,703	42,580	6,877	344
North Hertfordshire	53,600	65,714	12,114	606	55,174	67,644	12,470	624
TOTAL	88,615	107,473	18,858	943	90,877	110,224	19,347	968

Considering the Impact on Objectively Assessed Need

5. The “starting point” estimate for OAN is the CLG household projections, and the latest published data is now the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 21,289 over the 20-year period 2011-31, which represents 21,841 dwellings after taking account of transactional vacancies and second home ownership.
6. It is important to recognise that the CLG 2014-based household projections are based on the ONS 2014-based sub-national population projections (SNPP), which are informed by migration trends from the 5-year period 2009-14. Future projections are particularly sensitive to the period on which migration trends are based, and PAS advice to Local Authorities suggests that the official projections are “very unstable” and it is more appropriate to adopt a longer base period to establish robust migration trends. This view is echoed by academics and has been promoted by Planning Inspectors at numerous Local Plan Examinations. Furthermore, the Public Administration Select Committee has identified the Census as “the only reliable source of data on migrant populations in local areas”.
7. Given this context, the SHMA Update 2015 developed independent household projections using a 10-year migration trend based on Census data. The specific method used has been supported previously at Examination, where it was noted that “a 10 year period is a reasonable approach” and “the inter-censal period provides a readily understandable and robust check on the reasonableness of the average”. On the basis of this 10-year migration trends together with rates from the ONS 2012-based sub-national population projections and CLG 2012-based household projections, the SHMA projected an increase of 19,213 households across the study area over the 20-year period 2011-31, an average of 960 per year.
8. Nevertheless, it is reasonable to consider the potential impact of more recent migration rates observed over the 10-year period 2005-15 being sustained over the 20-year period 2011-31. On the basis of these more recent migration trends together with rates from the ONS 2014-based sub-national population projections and CLG 2014-based household projections, the projections for this update identified a marginally lower increase of **18,858 households across the study area over the 20-year period 2011-31, an average of 943 per year.**
9. The original SHMA Update analysis identified that the baseline household projections should be increased by 309 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 19,167 households (based on migration trends from MYE data for the period 2005-15 and household rates from the CLG 2014-based data). This adjustment responds to identified unmet need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 19,167 households yields a baseline housing need of 19,664 dwellings over the 20-year period 2011-31, equivalent to an average of 983 dwellings per year.**
10. 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.
11. The original SHMA Update concluded that the projected number of future workers was aligned with the likely increase in jobs in the area, so there was no need to increase housing delivery to provide any additional workers.

12. However, the original SHMA Update did propose an uplift of 10% as an appropriate response to the market signal indicators, in particular house prices and affordability, which were comparable to indicators in other areas with “moderate” pressures where Inspectors have considered a 10% response to be appropriate. This uplift included the increase of 317 dwellings to take account of concealed families and homeless households not captured by the household projections. Maintaining an uplift of 10% would now yield an extra 1,934 dwellings, which would continue to include the 317 dwellings previously mentioned – **so a further 1,617 dwellings would need to be included.**
13. As the SHMA fully considered the unmet needs of homeless and other households living in unacceptable accommodation that will exist at 2011 and identified all needs arising over the 20-year period 2011-31, **there will be no ‘backlog’ of additional unmet need for housing to be counted at the start of new Plan periods that start in 2011.**
14. On this basis, the baseline housing need of 19,664 dwellings would need to be increased by 1,617 dwellings based on the additional uplift needed in response to market signals. **This would yield an overall total of 21,281 dwellings over the 20-year period 2011-31.** This would represent an uplift of 10% on the baseline household projections using migration rates from the MYE for the period 2005-15.
15. Figure 2 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing across the Stevenage and North Hertfordshire HMA over the 20-year period 2011-31.

Figure 2: Full Objectively Assessed Need for Housing across Stevenage and North Hertfordshire HMA 2011-31

Stage		Original SHMA Assessment	OAN Update
HOUSEHOLDS			
Demographic starting point: CLG household projections 2011-31		21,280	21,289
Adjustment for local demographic factors and migration trends 10-year migration trend		-2,067	-2,431
Baseline household projections taking account of local circumstances		19,213	18,858
DWELLINGS			
Housing need based on household projections taking account of local circumstances		19,714	19,347
Adjustment for suppressed household formation rates Concealed families and homeless households with allowance for vacancies		309 + 8 = 317	309 + 8 = 317
Baseline housing need based on demographic projections		20,031	19,664
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	0
	In response to market signals Dwellings needed (in addition to the adjustment for concealed families and homeless households) to deliver the overall percentage uplift proposed	10% x 19,714 = 1,971 1,971 - 317 = 1,654	10% x 19,347 = 1,934 1,934 - 317 = 1,617
Combined impact of the identified adjustments		+1,654	+1,617
Full Objectively Assessed Need for Housing 2011-33		21,685	21,281

16. 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.
17. Considering the needs in the local authority areas, this update concludes that the Objectively Assessed Need for Housing in Stevenage has increased from 7,300 to 7,600 dwellings over the 20-year period 2011-31 (equivalent to 380 per year); however, this is offset against the Objectively Assessed Need for Housing in North Hertfordshire reducing from 14,400 dwellings to 13,800 (690 per year) over the same period.
18. **On this basis, this Update therefore identifies the Full Objective Assessed Need for Housing across the Stevenage and North Hertfordshire HMA to be 21,400 dwellings over the 20-year period 2011-31, equivalent to an average of 1,070 dwellings per year.** This is the average number of dwellings needed every year over the period 2011-31 and represents a 1.2% increase in the dwelling stock each year across the study area (higher than the 1.1% growth required across England to deliver 253,600 dwellings annually).
19. It is important to recognise that this includes the Objectively Assessed Need for Affordable Housing. Given that the analysis has captured the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) together with all needs arising over the 20-year period 2011-31, the Full Objective Assessed Need for Housing has counted the needs of all households, regardless of whether or not households will be able to afford their housing costs. **The housing need identified therefore quantifies the total amount of housing needed – including the need for both market housing and affordable housing.**