COMPARISON OF THE HOUSHOLD PROJECTIONS UNDERLYING THE GREATER NOTTINGHAM CORE STRATEGIES ANDTHE CLG 2014-BASED HOUSEHOLD PROJECTIONS

August 2016

Purpose and main findings of this Paper:-

This paper compares the household projections underlying the Core Strategies covering Greater Nottingham with the latest 2014-based CLG Household Projections.

It concludes that there is a good match between the Core Strategies' projections and the 2014-based projections.

Therefore the housing provision contained in the Core Strategies does not require review.

This paper cannot be regarded as a substitute for a full Strategic Housing Market Assessment, but gives a good indication that the Core Strategies continue to provide for the full objectively assessed housing need of the area.

Accordingly it is not considered that a full review of the Strategic Housing Market Assessment is required at the present time.

COMPARISON OF THE HOUSHOLD PROJECTIONS UNDERLYING THE GREATER NOTTINGHAM CORE STRATEGIES AND THE CLG 2014-BASED HOUSEHOLD PROJECTIONS (HHPS)

Introduction

1 The Core Strategies covering Greater Nottingham[1] (but not including Ashfield District, which is preparing a Local Plan for the whole of its area) collectively aim to meet the full objectively assessed housing need of the housing market area as a whole. Together they provide for a minimum of 49,950 new homes between 2011 and 2028.

2 The starting point for assessing the objectively assessed housing need was the government's 2008-based household projections, but reflecting local factors such as different headship rates than those used in the projections, and the findings of the 2011 Census. Factors such as vacancy rates for housing were also applied to translate household need into housing provision. The Core Strategy projections were also checked against the 2011-based interim household projections, and found to be broadly consistent with them.

3 Nonetheless, the Inspectors at the examinations thought it prudent to include safeguards in the Core Strategies, and so they all include undertakings for the review of their housing provision if the 2012-based Household Projections indicate the assumptions underlying housing provision in the Core Strategies are wrong[2]. The 2012-based Household Projections were published in February 2015 and a note was produced to examine them to see if they indicated a significantly different housing provision for Greater Nottingham was warranted.

4 This note updates the previous note to look at more recent 2014-based Household Projections which were released in July 2016.

Core Strategy Household Projections

5 The Core Strategies are underpinned by household projections undertaken specifically for that purpose, commissioned by the Councils from Edge Analytics. Edge Analytics used local demographic data to adjust the 2008-based Household Projections to provide tailored projections for use in the Core Strategies, principally using local headship rates for Nottingham, Broxtowe and Rushcliffe. The projections were 'dwelling led' and resulted in an assumed reduction in in-migration over the projection period.

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[1] Broxtowe Borough, Gedling Borough and Nottingham City Aligned Core Strategies 2014, Erewash Core Strategy 2014, and Rushcliffe Core Strategy 2014. Greater Nottingham includes the Hucknall part of Ashfield District.

2 The Erewash Core Strategy Inspector's approach to including a trigger for review was based on land supply rather than housing need.

6 Following the publication of the 2011 census, the headship rate data used in the projections was checked against the census results. As a consequence, adjustments were made to increase the housing provision by 2,279 to make up for the fact that the original projections had overstated the level of rescaling of headship rates. See "Aligned Core Strategies Housing Background Paper Addendum 2014" (available here) for more detail.

Comparison of Household Projections

7 For Greater Nottingham the 2012 and 2014-based household projections can be compared to the household projections underlying the Core Strategies (the "ACS projections") as follows:-

Nottingham Core	**2011**	**2021**	**2028**
2012 Official projection	316,285	341,745	359,884
2014 Official projection	316,286	343,121	361,278
ACS projection	318,481	345,423	364,281

8 This shows that the ACS projections have 2,983 more households than the 2014-based household projections at 2028. However, this does not mean that the Core Strategies are over providing housing by that amount because the 2011 figures (ie the starting point) is different between the two sets of projections. The difference between the two sets of projections at 2011 is 2,195, the ACS 2011 figure being higher than the 2014 HHPs.

9 For the Greater Nottingham housing provision, it is the difference between the 2011 and the 2028 figure which is important. To compare the change over the 2011 and 2028 period, the ACS projections can be adjusted to have the same starting figure as the 2014-based projections, allowing the change over the period to be directly compared.

10 To have the same starting figure, the difference of 2,195 can be subtracted from the ACS projection figures:

Nottingham Core	**2011**	**2021**	**2028**
2014 Official projection	316,286	343,121	361,278
Adjusted ACS projection	316,286	343,228	362,086

11 The difference between the projections is now reduced at 2028, with the ACS projections figure being 788 higher than the 2014-based projections.

12 The TCPA paper "New Estimates of Housing Demand and Need in England 2011 to 2031" (Alan Holmans, 2014[3]) looked at the interim 2011-based HHPs, and concluded that the reason they were much lower than the 2008-based HHPs was due to two factors:-

[3] No equivalent work for the 2014-based HHPs has been undertaken.

(a) international migration generates larger households, and this was not reflected in the 2008-based HHPs to the same degree.

(b) more concealed households due to the recession (that is people who would in normal circumstances form their own household not doing so, eg children living longer with their parents).

13 The first of these was considered to be a permanent demographic change whilst the second was a temporary effect, likely to be reversed as the economy improved. Accordingly, the paper adjusted the 2011 HHPs based on judgments as to the scale and timing of these demographic effects, and extended them from 2021 (the end date) to 2031. It did this on an England basis and on an East Midlands basis.

14 Greater Nottingham is not directly comparable to the East Midlands, so any comparison can only be tentative[4]. However, this analysis can be replicated for the 2014-based HHPs by applying the East Midlands ratio from the Holmans paper to the 2014 HHPs for Greater Nottingham:-

Nottingham Core	**2011**	**2021**	**2028**
2014 Official	316,286	343,121	361,278
TCPA modified trend projection (em ratio)	316,286	343,121	364,913
Adjusted ACS	316,286	343,228	362,066

15 Making this change results in the TCPA modified 2014 HHPs being 2,847 households higher than the ACS HHPs. It is worth noting that at 2021 the ACS figure is 107 higher than the TCPA modified 2014 HHPs, due to the gradual ‘return to trend’.

16 Because the ACS housing figures were adjusted upwards to take account of the fact that the ACS HHPs on which they were based overstated the affect of using different headship rates (see paragraph 3 above), a similar adjustment to the ACS projections is required to get a better comparison with the 2014-based HHPs. The ACS housing figure was increased by 2,279 homes. This can be converted to households by removing the vacancy allowance of 3% included in the housing figure, giving 2,210 households.

17 By adding this 2,210 households to the ACS HHPs changes the difference between the two sets of projections, with the ACS projections being 637 lower than the TCPA modified 2014 projections.

[4] Given the high levels of international immigration to Greater Nottingham, it is likely that a higher proportion of the change in trend since 2008 is due to immigration than the housing market than nationally. The increase in students, which is not mentioned in the report as it is not significant at the national level, may have had a similar effect.

18 637 households is only 1.4% of the difference between the adjusted ACS HHPs at 2011 and 2028 (difference being 45,800 households).

19 This small difference is negligible over the projection period, and does not take into account the fact that the East Midlands figures are likely to understate the proportion of the household change which is permanent in Greater Nottingham (ie because it is due to international migration, which in Nottingham is higher, in part due to the presence of international students). Unfortunately this effect cannot be quantified, but would be likely to reduce the difference between the two sets of projections.

Conclusion

20 The conclusion on the basis of this evidence is that the Core Strategies covering Greater Nottingham continue to meet objectively assessed housing need, and the ACS housing provision remains the most appropriate figure to plan for. There is no need to review the housing provision in the Core Strategies at this stage.

Technical Appendix

Official 2014 based household projections, and Aligned Core Strategy forecasts, by Nottingham Core Local Authority.

	CLG/ONS 2014-based Household Projections					*Change 2011-2028*
	2011	**2012**	**2021**	**2022**	**2028**	
Households						
Broxtowe	46,922	47,361	50,339	50,656	52,538	*5,616*
Erewash	48,743	49,120	52,566	52,921	54,973	*6,230*
Gedling	49,481	49,722	53,412	53,817	56,217	*6,736*
Nottingham	125,265	126,640	136,385	137,155	143,964	*18,699*
Rushcliffe	45,875	46,189	50,419	50,865	53,586	*7,711*
Nottingham Core HMA	**316,286**	**319,032**	**343,121**	**345,414**	**361,278**	***44,992***

	Aligned Core Strategy forecasts					*Change 2011-2028*
	2011	**2012**	**2021**	**2022**	**2028**	
Households						
Broxtowe	47,727	48,080	51,258	51,609	53,721	*5,994*
Erewash	48,520	48,878	52,101	52,459	54,600	*6,080*
Gedling	49,819	50,234	53,976	54,392	56,881	*7,062*
Nottingham	126,447	127,426	136,244	137,224	143,105	*16,658*
Rushcliffe	45,968	46,556	51,844	52,432	55,954	*9,986*
Nottingham Core HMA	**318,481**	**321,174**	**345,423**	**348,116**	**364,261**	***45,780***

	Difference between ACS & 2014 Official				
	2011	**2012**	**2021**	**2022**	**2028**
Households					
Broxtowe	805	719	919	953	1,183
Erewash	-223	-242	-465	-462	-373
Gedling	338	512	564	575	664
Nottingham	1,182	786	-141	69	-859
Rushcliffe	93	367	1,425	1,567	2,368
Nottingham Core HMA	**2,195**	**2,142**	**2,302**	**2,702**	**2,983**

Effect of 'rebasing' the Aligned Core Strategy forecasts to the 2011 household figure in the official 2014 based household projections.

	ACS forecasts REBASED using 2011 from 2014 Official projections					*Change 2011-2028*
	2011	**2012**	**2021**	**2022**	**2028**	
<u>Households</u>						
Broxtowe	46,922	47,275	50,453	50,804	52,916	*5,994*
Erewash	48,743	49,101	52,324	52,682	54,823	*6,080*
Gedling	49,481	49,896	53,638	54,054	56,543	*7,062*
Nottingham	125,265	126,244	135,062	136,042	141,923	*16,658*
Rushcliffe	45,875	46,463	51,751	52,339	55,861	*9,986*
Nottingham Core HMA	**316,286**	**318,979**	**343,228**	**345,921**	**362,066**	***45,780***

	Difference between REBASED ACS & 2014 Official projections				
	2011	**2012**	**2021**	**2022**	**2028**
<u>Households</u>					
Broxtowe	0	-86	114	148	378
Erewash	0	-19	-242	-239	-150
Gedling	0	174	226	237	326
Nottingham	0	-396	-1,323	-1,113	-2,041
Rushcliffe	0	274	1,332	1,474	2,275
Nottingham Core HMA	**0**	**-53**	**107**	**507**	**788**

TCPA estimates: extending the interim 2011-based household projections to 2031, and 'modifying' them to account for a gradual return to trend in household formation (the housing market) – England and East Midlands.

England (thousands)	**2011**	**2021**	**2031**
2014 official	22,104	24,371	26,499
2011 official and TCPA extended	22,102	24,307	26,326
TCPA modified trend projection	22,102	24,332	26,593
TCPA/2011	*1.000000*	*1.001029*	*1.010142*

East Midlands (thousands)	**2011**	**2021**	**2031**
2014 official	1,897	2,071	2,233
2011 official and estimated	1,897	2,086	2,259
TCPA modified trend projection	1,897	2,086	2,282
TCPA/2011	*1.000000*	*1.000000*	*1.010062*

Effect of applying the change between the official projections and the TCPA modified trend projections to the Nottingham Core Local Authorities 2014 based projected figures.

Nottingham Core	2011	2021	2028
2014 Official	316,286	343,121	361,278
TCPA modified trend projection (EM ratio)	316,286	343,121	*364,913*
ACS	318,481	345,423	364,261

Nottingham	2011	2021	2028
2014 official	125,265	136,385	143,964
TCPA modified trend projection (EM ratio)	125,265	136,385	145,412
ACS	126,447	136,244	143,105

Broxtowe	2011	2021	2028
2014 Official	46,922	50,339	52,538
TCPA modified trend projection (EM ratio)	46,922	50,339	53,067
ACS	47,727	51,258	53,721

Erewash	2011	2021	2028
2014 Official	48,743	52,566	54,973
TCPA modified trend projection (EM ratio)	48,743	52,566	55,526
ACS	48,520	52,101	54,600

Gedling	2011	2021	2028
2014 Official	49,481	53,412	56,217
TCPA modified trend projection (EM ratio)	49,481	53,412	56,783
ACS	49,819	53,976	56,881

Rushcliffe	2011	2021	2028
2014 Official	45,875	50,419	53,586
TCPA modified trend projection (EM ratio)	45,875	50,419	54,125
ACS	45,968	51,844	55,954

Comparison of the 2014 based official household projections, the unofficial TCPA modified trend, and the ‘rebased’ Aligned Core Strategy forecasts.

Nottingham Core	2011	2021	2028
2014 Official	316,286	343,121	361,278
TCPA modified trend projection (EM ratio)	316,286	343,121	*364,913*
ACS	318,481	345,423	364,261
Rebased ACS	**316,286**	**343,228**	**362,066**
Difference Rebased ACS-Modified Trend	*0*	*107*	*-2,847*

Nottingham	2011	2021	2028
2014 official	125,265	136,385	143,964
TCPA modified trend projection (EM ratio)	125,265	136,385	145,412
ACS	126,447	136,244	143,105
Rebased ACS	**125,265**	**135,062**	**141,923**
Difference Rebased ACS-Modified Trend	*0*	*-1,323*	*-3,489*

Broxtowe	**2011**	**2021**	**2028**
2014 Official	46,922	50,339	52,538
TCPA modified trend projection (EM ratio)	46,922	50,339	53,067
ACS	47,727	51,258	53,721
Rebased ACS	**46,922**	**50,453**	**52,916**
Difference Rebased ACS-Modified Trend	*0*	*114*	*-151*

Erewash	**2011**	**2021**	**2028**
2014 Official	48,743	52,566	54,973
TCPA modified trend projection (EM ratio)	48,743	52,566	55,526
ACS	48,520	52,101	54,600
Rebased ACS	**48,743**	**52,324**	**54,823**
Difference Rebased ACS-Modified Trend	*0*	*-242*	*-703*

Gedling	**2011**	**2021**	**2028**
2014 Official	49,481	53,412	56,217
TCPA modified trend projection (EM ratio)	49,481	53,412	56,783
ACS	49,819	53,976	56,881
Rebased ACS	**49,481**	**53,638**	**56,543**
Difference Rebased ACS-Modified Trend	*0*	*226*	*-240*

Rushcliffe	**2011**	**2021**	**2028**
2014 Official	45,875	50,419	53,586
TCPA modified trend projection (EM ratio)	45,875	50,419	54,125
ACS	45,968	51,844	55,954
Rebased ACS	**45,875**	**51,751**	**55,861**
Difference Rebased ACS-Modified Trend	*0*	*1,332*	*1,736*