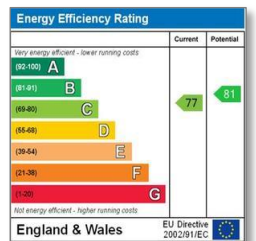




Stevenage and North Hertfordshire Strategic Housing Market Assessment Update 2015

Report of Findings

June 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 North Hertfordshire District Council and Stevenage Borough Council to establish the Objectively Assessed Need for housing across the combined area of Stevenage and North Hertfordshire. The purpose of the study is to support the local authorities in objectively assessing and evidencing the need for housing and to provide other evidence to inform local policies, plans and decision making.
- 1.2 The study adheres to the requirements of the National Planning Policy Framework published in 2012 and Planning Policy Guidance (March 2014). The methodology was also mindful of 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 study updates some of the key outputs from previous Strategic Housing Market Assessments undertaken in the area, including the Stevenage SHMA (prepared by David Couttie Associates) and the North Hertfordshire SHMA (prepared by ORS) which were both published in 2013. Nevertheless, these SHMAs continue to provide the latest information about the need for affordable housing and the housing needs of specific household groups in the two areas.

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 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 Policy Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014. 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 Update

- 1.8 The objective of this SHMA Update was to establish the OAN for housing (both market and affordable) in Stevenage and North Hertfordshire, ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice.
- 1.9 A separate study is currently being prepared which will consider the functional housing market areas across Bedfordshire and its surrounding areas. This will confirm the most appropriate functional housing market area(s) for Stevenage and North Hertfordshire; nevertheless, given that previous studies have identified Stevenage as a separate housing market area with strong links to North Hertfordshire, this SHMA Update considers the combined area covered by the two planning authorities.

- 1.10 The methodology was based on secondary data, and sought to:
- » Provide evidence of the need and demand for housing based on demographic projections;
 - » Review market signals about the balance between demand for and supply of dwellings;
 - » Consider the balance between future workers and jobs; and
 - » Establish the Objectively Assessed Need for housing.
- 1.11 It is important to recognise that the information from the SHMA Update should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies (including the previous SHMAs for Stevenage and North Hertfordshire). The SHMA Update 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

- 1.12 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.13 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

- 1.14 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

- ^{1.15} The SHMA Update was jointly commissioned by Stevenage and North Hertfordshire local authorities to provide a consistent evidence base for housing across Stevenage and North Hertfordshire. Representatives from neighbouring authorities were invited to join the Steering Group for the project and emerging outputs were shared and discussed as part of this process.
- ^{1.16} The neighbouring authorities who were part of this process were:
- » Central Bedfordshire Council
 - » Dacorum Borough Council
 - » East Hertfordshire District Council
 - » Luton Borough Council
 - » South Cambridgeshire District Council
 - » St Albans City & District Council
 - » Uttlesford District Council
 - » Welwyn Hatfield Borough Council
- ^{1.17} The key issue which emerged from their direct involvement concerned the robustness of the Objectively Assessed Need (OAN). In response, the SHMA Update has sought to clearly set out the evidence base for establishing the OAN, including developing household projections and considering the relevant market signals.
- ^{1.18} Stevenage and North Hertfordshire Councils are continuing their dialogue with neighbouring authorities.

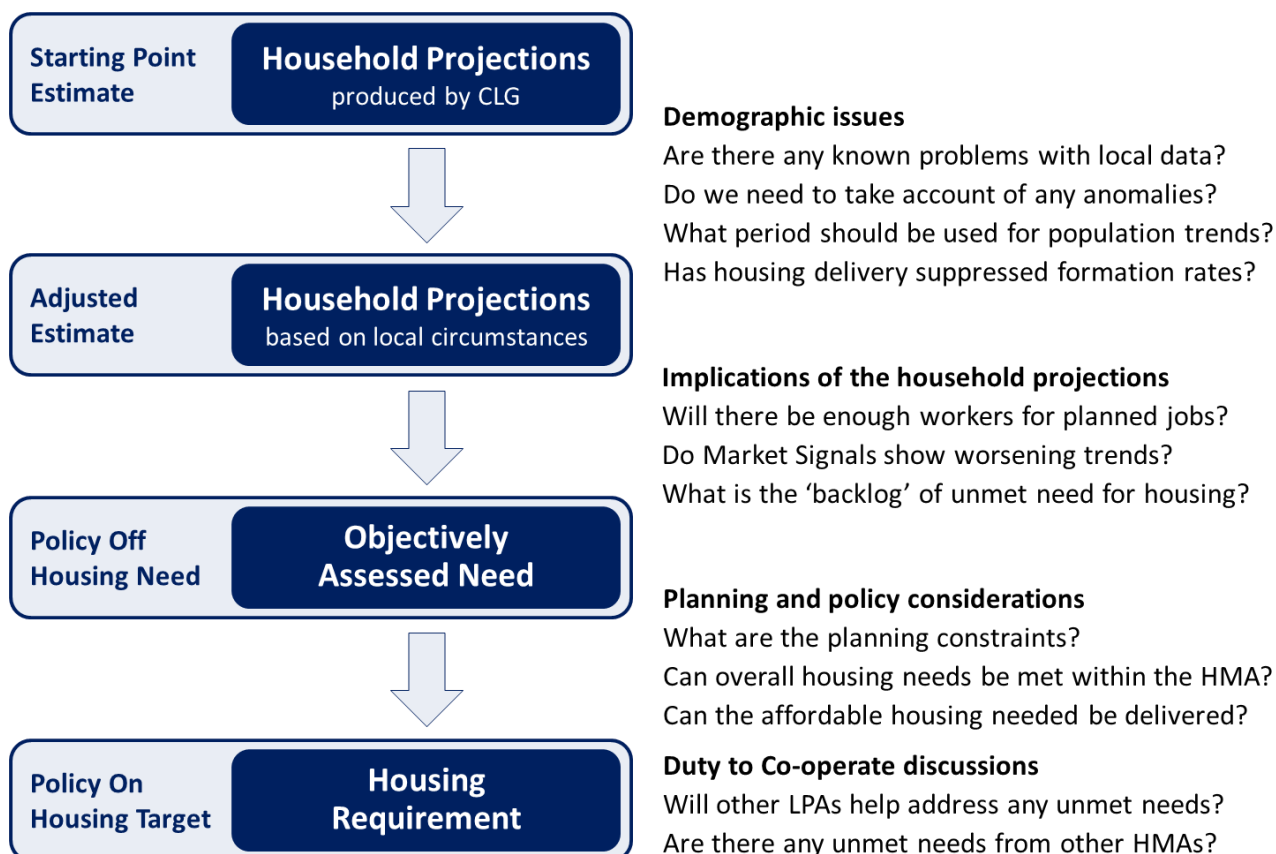
2. Demographic Projections

The starting point for Objectively Assessed Need

Process for Establishing Objectively Assessed Need

- 2.1 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).
- 2.2 Figure 1 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.
- 2.3 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 1: Process for establishing the housing number for the HMA (Source: ORS based on NPPF and PPG)



Official Household Projections

- 2.4 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

- 2.5 Given this context, Figure 2 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 highest 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 2: CLG Household Projections for Stevenage and North Hertfordshire: annual average growth (Source: CLG Household Projections)

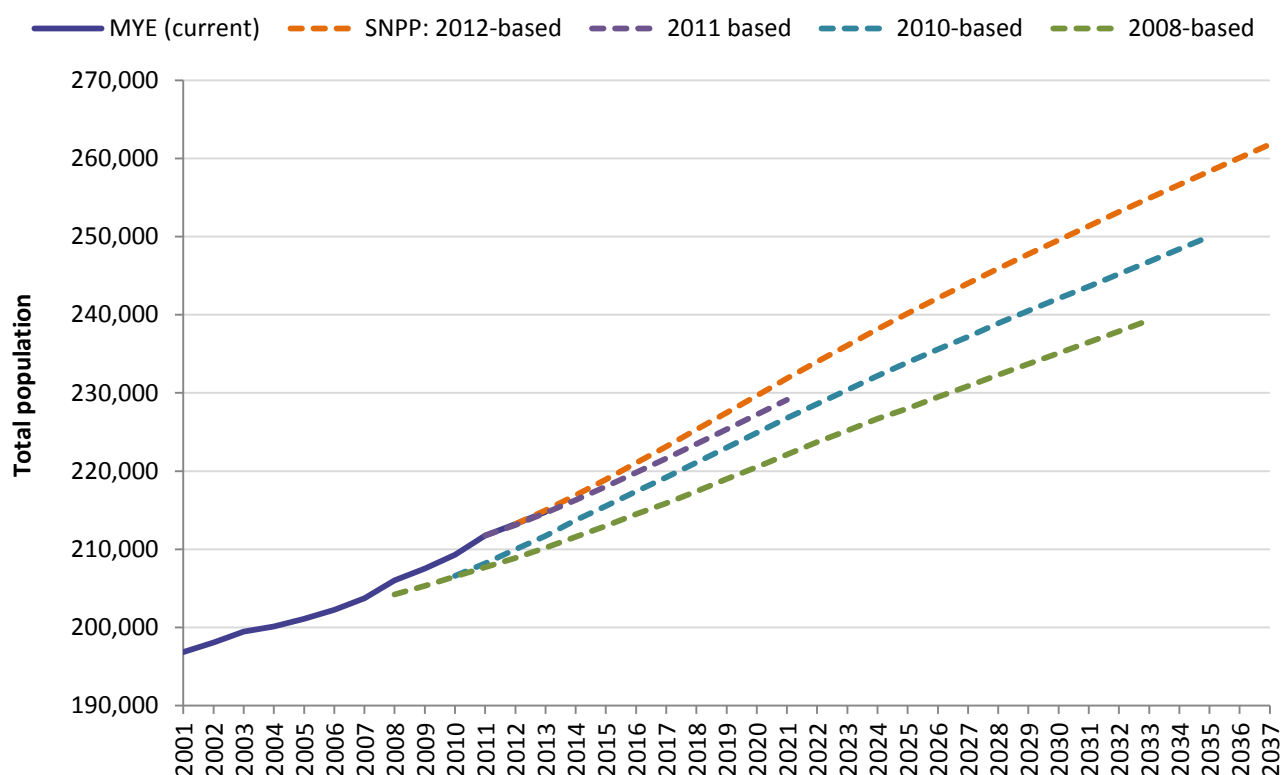
| | 2012-based | | 2011-based interim | | 2008-based | |
|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|
| | 10 years 2012-22 | 25 years 2012-37 | 10 years 2011-21 | 25 years Not published | 10 years 2008-18 | 25 years 2008-33 |
| Stevenage | 380 | 380 | 220 | - | 250 | 250 |
| North Hertfordshire | 700 | 690 | 650 | - | 680 | 680 |
| TOTAL | 1,080 | 1,070 | 870 | - | 930 | 930 |

- 2.6 The CLG 2012-based household projections show an increase of 1,070 households each year over the 25-year period 2012-37, and a marginally higher rate (1,080 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 930 per year from 2008-33) and the interim 2011-based household projections (which projected growth of 870 per year from 2011-21). The differences are largely due to changes in the ONS population projections (Figure 3) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).
- 2.7 Given that the 2012-based household projections show an increase from 88,600 to 109,880 households in Stevenage and North Hertfordshire over the 20-year period 2011-31, we can establish that the “starting point estimate of overall housing need” for the Plan period should be based on an overall growth of 21,280 households (7,575 in Stevenage and 13,705 in North Hertfordshire), equivalent to an average of around 1,064 households per year.

Official Population Projections

- 2.8 Figure 3 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 marginally steeper trajectory to the 2010-based and 2011 based projections, and start from a higher population estimate which takes account of adjustments following the 2011 Census.

Figure 3: ONS Mid-Year Estimates and Sub-National Population Projections for Stevenage and North Hertfordshire
(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)



- 2.9 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.

Population and Household Projections based on Local Circumstances

- 2.10 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

- 2.11 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.”

- 2.12 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)¹.

“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.”

- 2.13 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.**

- 2.14 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.

- 2.15 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 report² 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.”

¹ “Making sense of the new English household projections”, *Town and Country Planning* (April 2015)

² Report on the Examination into Bath and North East Somerset Council’s Core Strategy (June 2014)

Population Trends and Projections for Stevenage

^{2.16} Figure 10 shows the current and historic mid-year **population** estimates and Census estimates for Stevenage over the period since 1981. The Census 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 estimated a period of population decline after the 2001 Census (Figure 10), but the 2011 Census identified a larger population than had previously been estimated. In the light of the Census, the estimates were revised, with new figures suggesting that the population remained relatively stable over the period 2001-06 but that there was subsequently rapid population growth from 2007 onwards.

Figure 4: Stevenage 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)

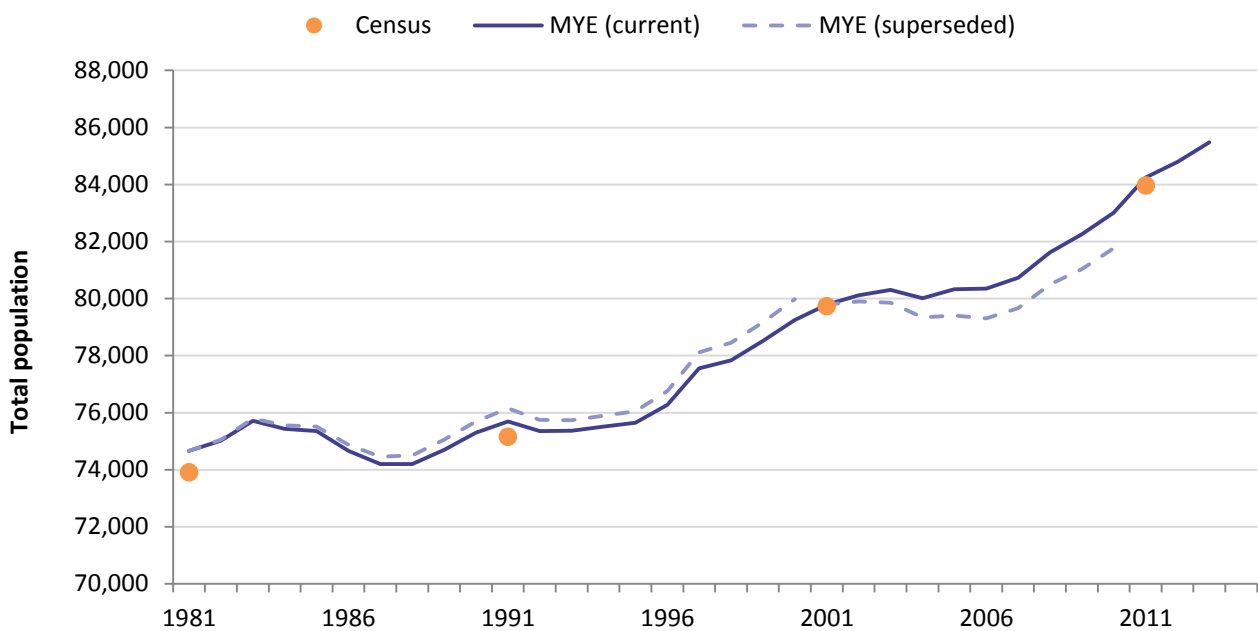
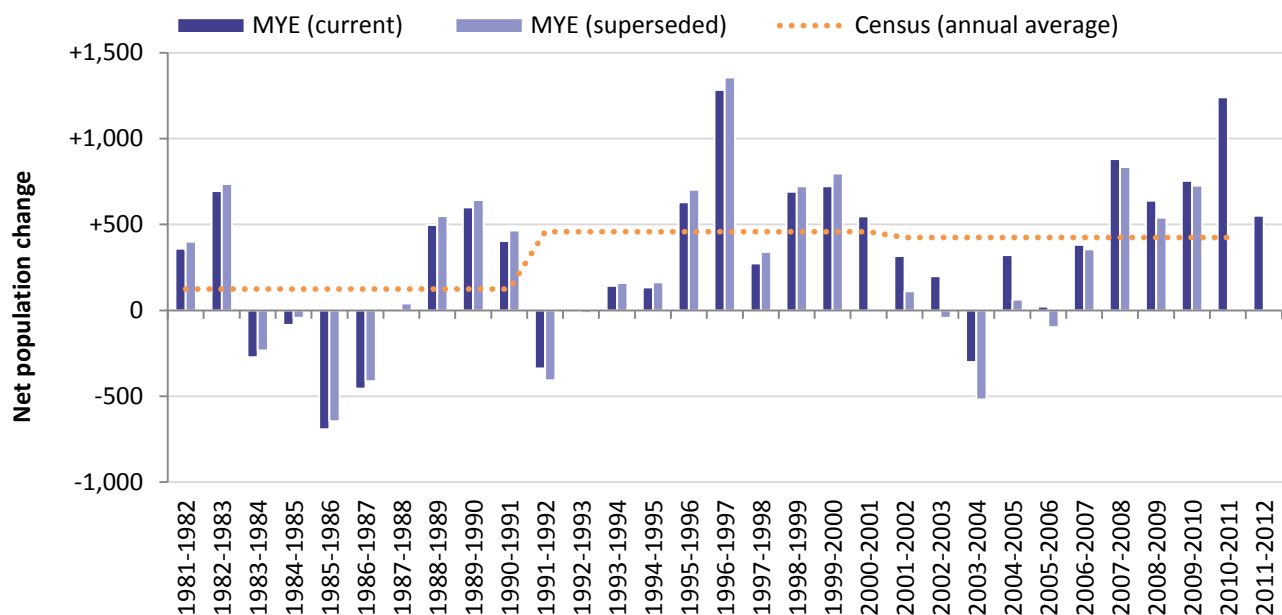


Figure 5: Stevenage annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

2.17 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.

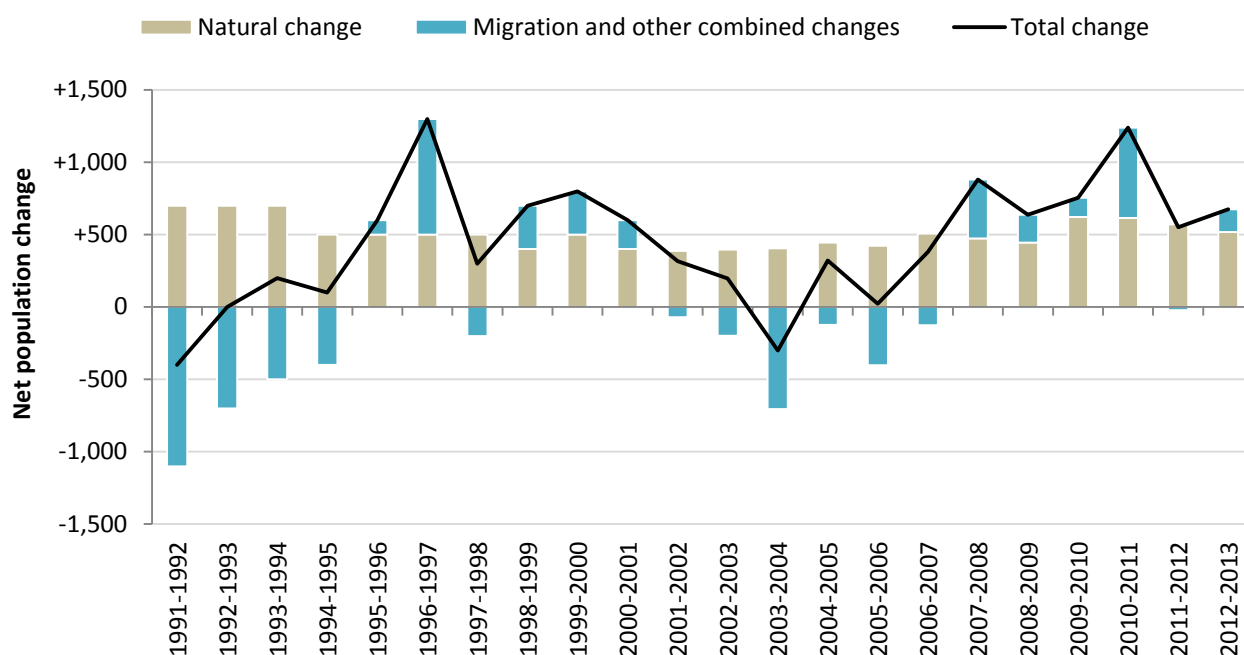
2.18 In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often **“Unattributable Population Change”**. This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are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

2.19 Figure 12 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 6: Stevenage 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)

| | Births | Deaths | Natural Change | UK Migration | | International Migration | | Other Changes | Migration and Other Changes | Total Change |
|---------|--------|--------|----------------|--------------|-------|-------------------------|-----|---------------|-----------------------------|--------------|
| | | | | In | Out | In | Out | | | |
| 1991-92 | 1,300 | 500 | 700 | - | - | - | - | - | -1,100 | -300 |
| 1992-93 | 1,300 | 500 | 700 | - | - | - | - | - | -700 | 0 |
| 1993-94 | 1,200 | 600 | 700 | - | - | - | - | - | -500 | 100 |
| 1994-95 | 1,100 | 600 | 500 | - | - | - | - | - | -400 | 100 |
| 1995-96 | 1,100 | 600 | 500 | - | - | - | - | - | 100 | 600 |
| 1996-97 | 1,100 | 600 | 500 | - | - | - | - | - | 800 | 1300 |
| 1997-98 | 1,100 | 600 | 500 | - | - | - | - | - | -200 | 300 |
| 1998-99 | 1,000 | 700 | 400 | - | - | - | - | - | 300 | 700 |
| 1999-00 | 1,200 | 700 | 500 | - | - | - | - | - | 300 | 700 |
| 2000-01 | 1,000 | 600 | 400 | - | - | - | - | - | 200 | 500 |
| 2001-02 | 1,033 | 646 | 387 | 3,804 | 4,170 | 346 | 272 | 221 | -71 | 316 |
| 2002-03 | 1,057 | 660 | 397 | 3,551 | 4,079 | 344 | 208 | 193 | -199 | 198 |
| 2003-04 | 1,095 | 689 | 406 | 3,393 | 4,237 | 275 | 350 | 213 | -706 | -300 |
| 2004-05 | 1,044 | 598 | 446 | 3,519 | 3,988 | 389 | 252 | 208 | -124 | 322 |
| 2005-06 | 1,071 | 648 | 423 | 3,442 | 4,059 | 367 | 375 | 224 | -401 | 22 |
| 2006-07 | 1,141 | 633 | 508 | 3,673 | 4,128 | 439 | 332 | 222 | -126 | 382 |
| 2007-08 | 1,143 | 668 | 475 | 3,755 | 3,707 | 445 | 326 | 239 | 406 | 881 |
| 2008-09 | 1,085 | 640 | 445 | 3,430 | 3,473 | 406 | 400 | 230 | 193 | 638 |
| 2009-10 | 1,241 | 619 | 622 | 3,525 | 3,641 | 367 | 332 | 213 | 132 | 754 |
| 2010-11 | 1,248 | 633 | 615 | 3,850 | 3,509 | 389 | 309 | 204 | 625 | 1,240 |
| 2011-12 | 1,251 | 679 | 572 | 3,779 | 3,806 | 282 | 276 | 0 | -21 | 551 |
| 2012-13 | 1,191 | 672 | 519 | 3,809 | 3,719 | 294 | 240 | 13 | 157 | 676 |

Figure 7: Stevenage components of population change (Source: ONS Mid-Year Population Estimates, revised)



^{2.20} It is evident from Figure 13 that natural change remained relatively consistent over the entire period, averaging a gain of 510 persons each year. Migration and other changes vary much more – ranging from a net loss of 1,100 persons recorded for 1991-92 and more recently a net loss of 700 recorded for 2003-04, up to a net gain of around 800 persons recorded for 1996-97 and more recently a gain of 600 in 2010-11 due to migration and other changes (based on ONS Mid-Year Population Estimates).

Establishing Population Projections for Stevenage

^{2.21} 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.

^{2.22} 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.

^{2.23} 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 relies on Census data instead of mid-year estimates.

^{2.24} Figure 8 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 2011-31. The SNPP projections suggest that the population will increase to 98,000 by 2031, whilst the 10-year trend projects 95,200 persons (20-year increases of 13,700 persons and 11,000 persons respectively).

Figure 8: Stevenage population projection based on migration trends

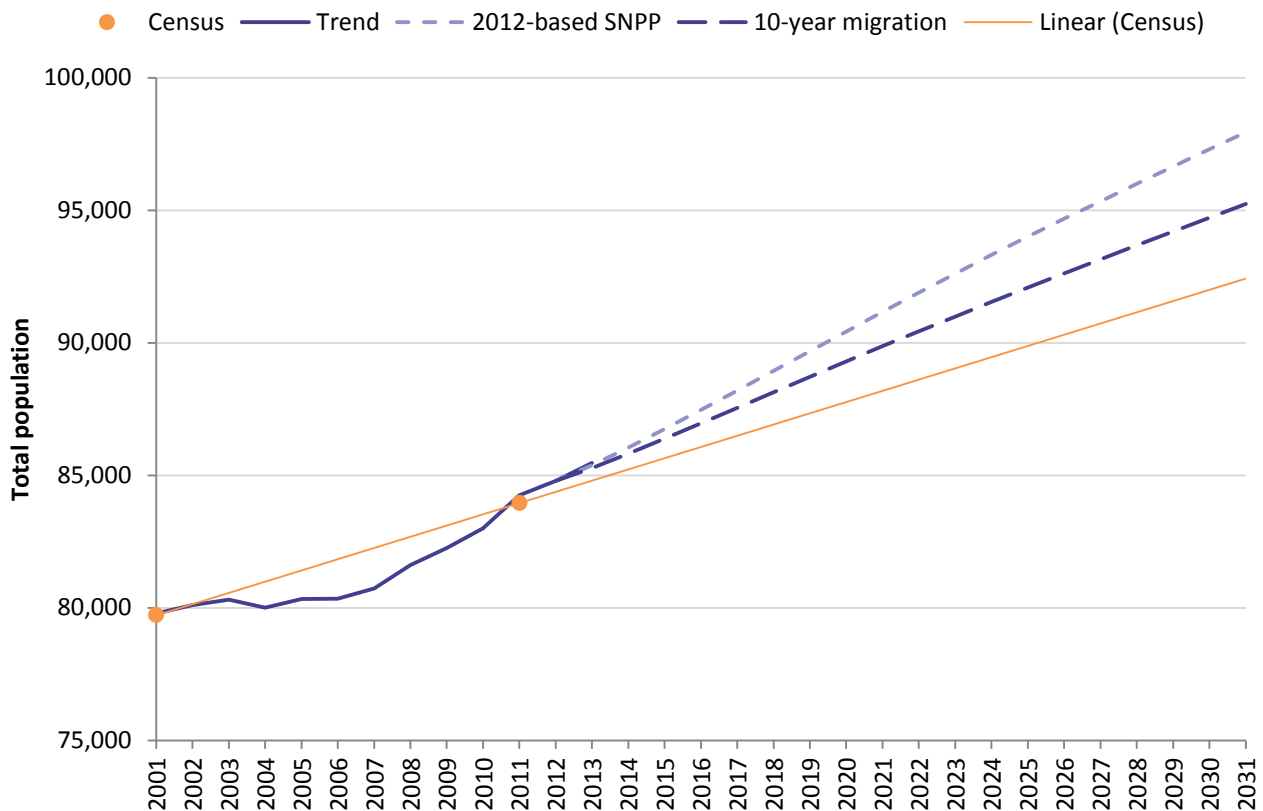


Figure 9: Stevenage population projections 2011-31 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

| Age | 2011 | | | 2031 | | | | | |
|--------------|---------------|---------------|---------------|-----------------|---------------|---------------|-------------------------|---------------|---------------|
| | M | F | Total | 2012-based SNPP | | | 10-year migration trend | | |
| | | | | M | F | Total | M | F | Total |
| Aged 0-4 | 3,118 | 2,852 | 5,970 | 3,125 | 3,028 | 6,153 | 3,008 | 2,918 | 5,926 |
| Aged 5-9 | 2,644 | 2,396 | 5,040 | 3,140 | 3,036 | 6,176 | 3,021 | 2,927 | 5,948 |
| Aged 10-14 | 2,669 | 2,345 | 5,014 | 3,123 | 3,016 | 6,139 | 3,014 | 2,920 | 5,934 |
| Aged 15-19 | 2,942 | 2,729 | 5,671 | 2,996 | 2,910 | 5,906 | 2,910 | 2,833 | 5,743 |
| Aged 20-24 | 2,706 | 2,708 | 5,414 | 2,605 | 2,671 | 5,276 | 2,533 | 2,585 | 5,118 |
| Aged 25-29 | 2,918 | 3,166 | 6,084 | 2,818 | 2,900 | 5,718 | 2,752 | 2,801 | 5,553 |
| Aged 30-34 | 2,839 | 2,940 | 5,779 | 3,127 | 3,111 | 6,238 | 3,038 | 2,994 | 6,032 |
| Aged 35-39 | 2,769 | 2,851 | 5,620 | 3,294 | 3,300 | 6,594 | 3,183 | 3,173 | 6,356 |
| Aged 40-44 | 3,072 | 3,294 | 6,366 | 3,246 | 3,327 | 6,573 | 3,131 | 3,214 | 6,345 |
| Aged 45-49 | 3,426 | 3,421 | 6,847 | 3,019 | 3,210 | 6,229 | 2,917 | 3,121 | 6,038 |
| Aged 50-54 | 2,975 | 2,833 | 5,808 | 2,801 | 2,924 | 5,725 | 2,715 | 2,861 | 5,576 |
| Aged 55-59 | 2,360 | 2,163 | 4,523 | 2,660 | 2,772 | 5,432 | 2,590 | 2,721 | 5,311 |
| Aged 60-64 | 2,078 | 2,063 | 4,141 | 2,842 | 2,971 | 5,813 | 2,778 | 2,924 | 5,702 |
| Aged 65-69 | 1,554 | 1,760 | 3,314 | 2,861 | 2,968 | 5,829 | 2,806 | 2,924 | 5,730 |
| Aged 70-74 | 1,236 | 1,486 | 2,722 | 2,313 | 2,362 | 4,675 | 2,274 | 2,333 | 4,607 |
| Aged 75-79 | 1,008 | 1,453 | 2,461 | 1,690 | 1,778 | 3,468 | 1,663 | 1,756 | 3,419 |
| Aged 80-84 | 763 | 1,141 | 1,904 | 1,288 | 1,557 | 2,845 | 1,268 | 1,534 | 2,802 |
| Aged 85+ | 552 | 1,017 | 1,569 | 1,206 | 1,957 | 3,163 | 1,183 | 1,919 | 3,102 |
| Total | 41,629 | 42,618 | 84,247 | 48,154 | 49,798 | 97,952 | 46,784 | 48,457 | 95,241 |

Population Trends and Projections for North Hertfordshire

^{2.25} Figure 10 shows the current and historic mid-year **population** estimates and Census estimates for North Hertfordshire over the period since 1981. The data shows that the local authority's population increased more rapidly over the decade 2001-11 than over the previous 20-years. The 2011 Census recorded the population at 127,100 which was broadly in-line with estimates of growth over the 10-year period since the 2001 Census.

Figure 10: North Hertfordshire 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)

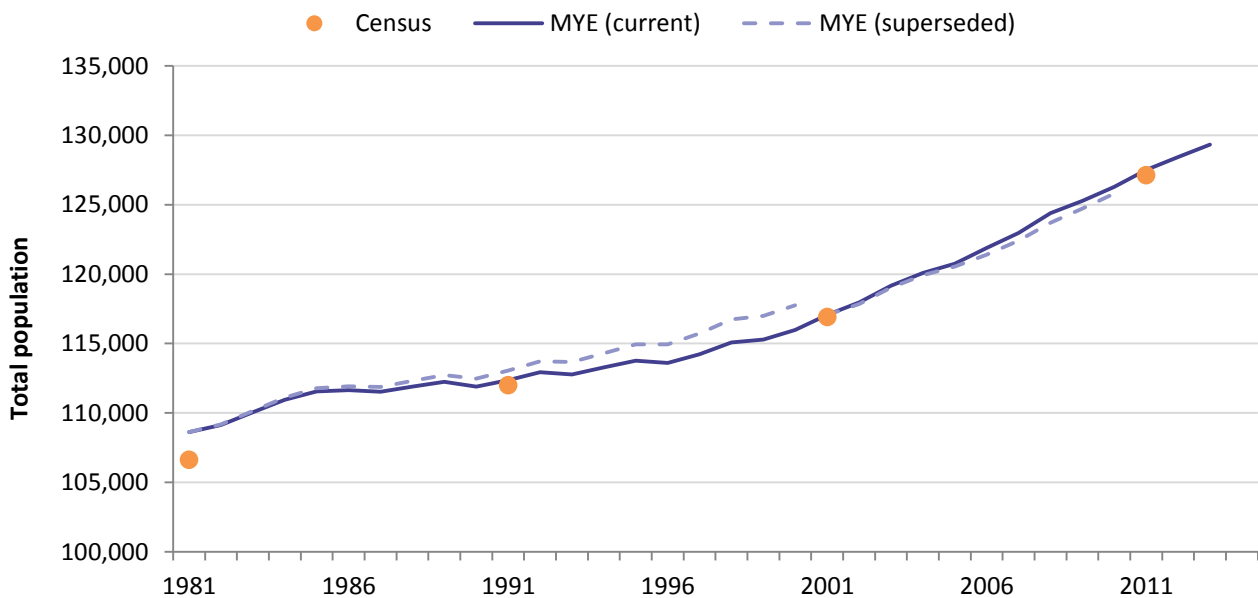
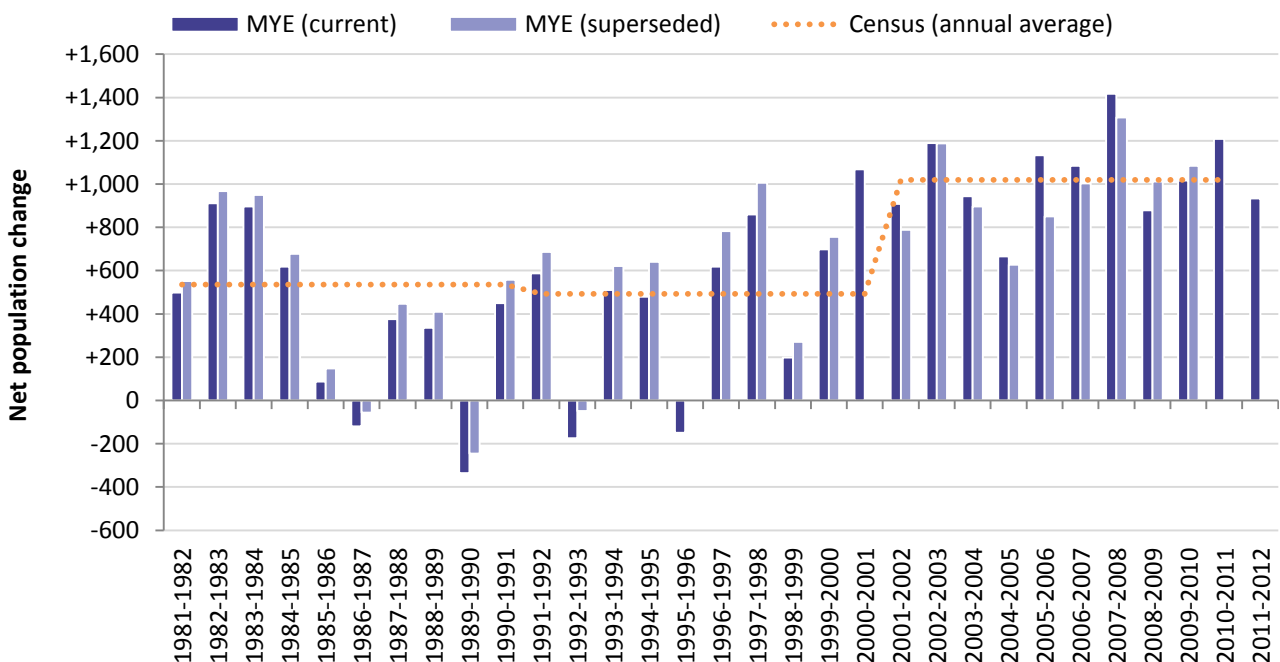


Figure 11: North Hertfordshire annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

2.26 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.

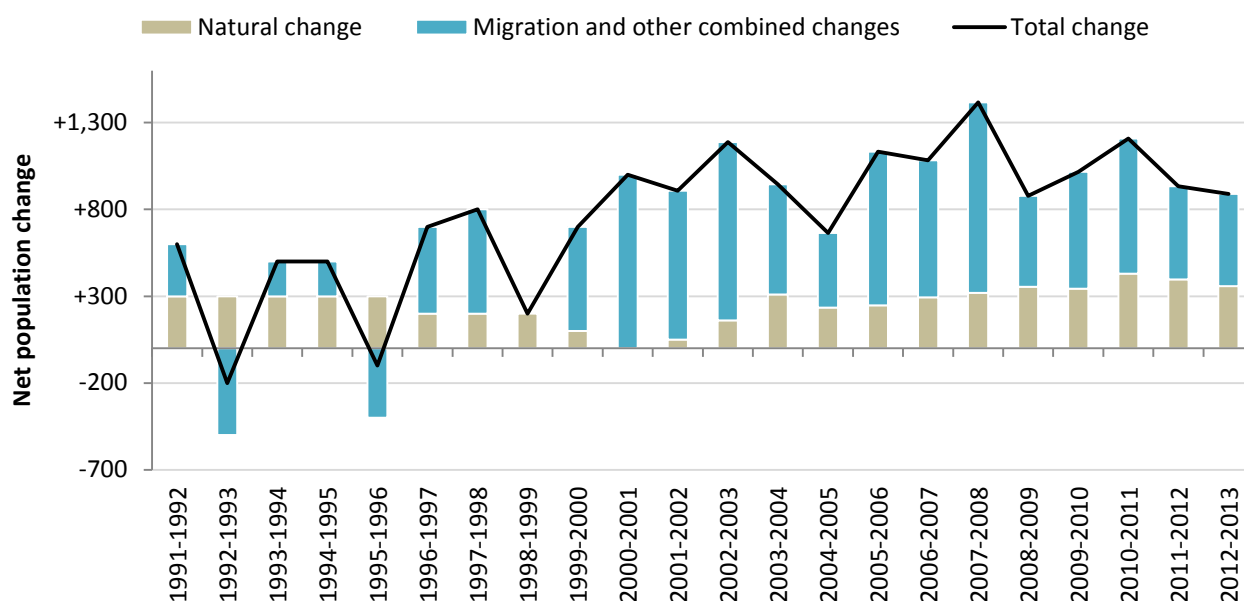
2.27 In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often **“Unattributable Population Change”**. This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are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

2.28 Figure 12 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 12: North Hertfordshire 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 | 1,500 | 1,200 | 300 | - | - | - | - | - | 300 | 600 |
| 1992-93 | 1,500 | 1,100 | 300 | - | - | - | - | - | -500 | -200 |
| 1993-94 | 1,600 | 1,300 | 300 | - | - | - | - | - | 200 | 500 |
| 1994-95 | 1,500 | 1,200 | 300 | - | - | - | - | - | 200 | 500 |
| 1995-96 | 1,500 | 1,200 | 300 | - | - | - | - | - | -400 | -100 |
| 1996-97 | 1,400 | 1,200 | 200 | - | - | - | - | - | 500 | 600 |
| 1997-98 | 1,500 | 1,300 | 200 | - | - | - | - | - | 600 | 900 |
| 1998-99 | 1,400 | 1,200 | 200 | - | - | - | - | - | 0 | 200 |
| 1999-00 | 1,300 | 1,300 | 100 | - | - | - | - | - | 600 | 700 |
| 2000-01 | 1,300 | 1,300 | 0 | - | - | - | - | - | 1,000 | 1100 |
| 2001-02 | 1,301 | 1,250 | 51 | 6,879 | 6,085 | 438 | 377 | 2 | 857 | 908 |
| 2002-03 | 1,368 | 1,208 | 160 | 7,103 | 6,196 | 401 | 260 | -19 | 1,029 | 1,189 |
| 2003-04 | 1,516 | 1,205 | 311 | 6,863 | 6,076 | 269 | 432 | 9 | 633 | 944 |
| 2004-05 | 1,414 | 1,179 | 235 | 6,522 | 6,052 | 330 | 344 | -26 | 430 | 665 |
| 2005-06 | 1,451 | 1,203 | 248 | 7,020 | 6,095 | 462 | 488 | -14 | 885 | 1,133 |
| 2006-07 | 1,466 | 1,173 | 293 | 7,421 | 6,618 | 539 | 519 | -32 | 791 | 1,084 |
| 2007-08 | 1,553 | 1,233 | 320 | 7,314 | 6,151 | 517 | 556 | -27 | 1,097 | 1,417 |
| 2008-09 | 1,551 | 1,197 | 354 | 6,249 | 5,597 | 473 | 585 | -16 | 524 | 878 |
| 2009-10 | 1,597 | 1,253 | 344 | 6,813 | 6,039 | 396 | 478 | -19 | 673 | 1,017 |
| 2010-11 | 1,626 | 1,196 | 430 | 6,852 | 5,992 | 413 | 426 | -69 | 778 | 1,208 |
| 2011-12 | 1,639 | 1,242 | 397 | 7,288 | 6,611 | 335 | 489 | 14 | 537 | 934 |
| 2012-13 | 1,605 | 1,247 | 358 | 7,206 | 6,524 | 338 | 485 | -3 | 532 | 890 |

Figure 13: North Hertfordshire components of population change (Source: ONS Mid-Year Population Estimates, revised)



- 2.29 It is evident from Figure 13 that natural change reduced over the decade 1991-2001, but there has been a stable and sustained growth year-on-year over the period since 2001 and now contributes around 350-400 additional persons each year. Migration and other changes vary much more, however net in migration has been sustained since 1999-2000 – ranging from a net gain of 400 persons recorded for 2004-05 up to a net gain of more than 1,100 persons recorded for 2007-08 due to migration and other changes based on ONS Mid-Year Population Estimates.

Establishing Population Projections for North Hertfordshire

- 2.30 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.
- 2.31 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.
- 2.32 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 relies on Census data instead of mid-year estimates.
- 2.33 Figure 14 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 2011-31. The SNPP projections suggest that the population will increase to 153,400 by 2031, whilst the 10-year trend projects 150,900 persons (20-year increases of 25,900 persons and 23,400 persons respectively).

Figure 14: North Hertfordshire population projection based on migration trends

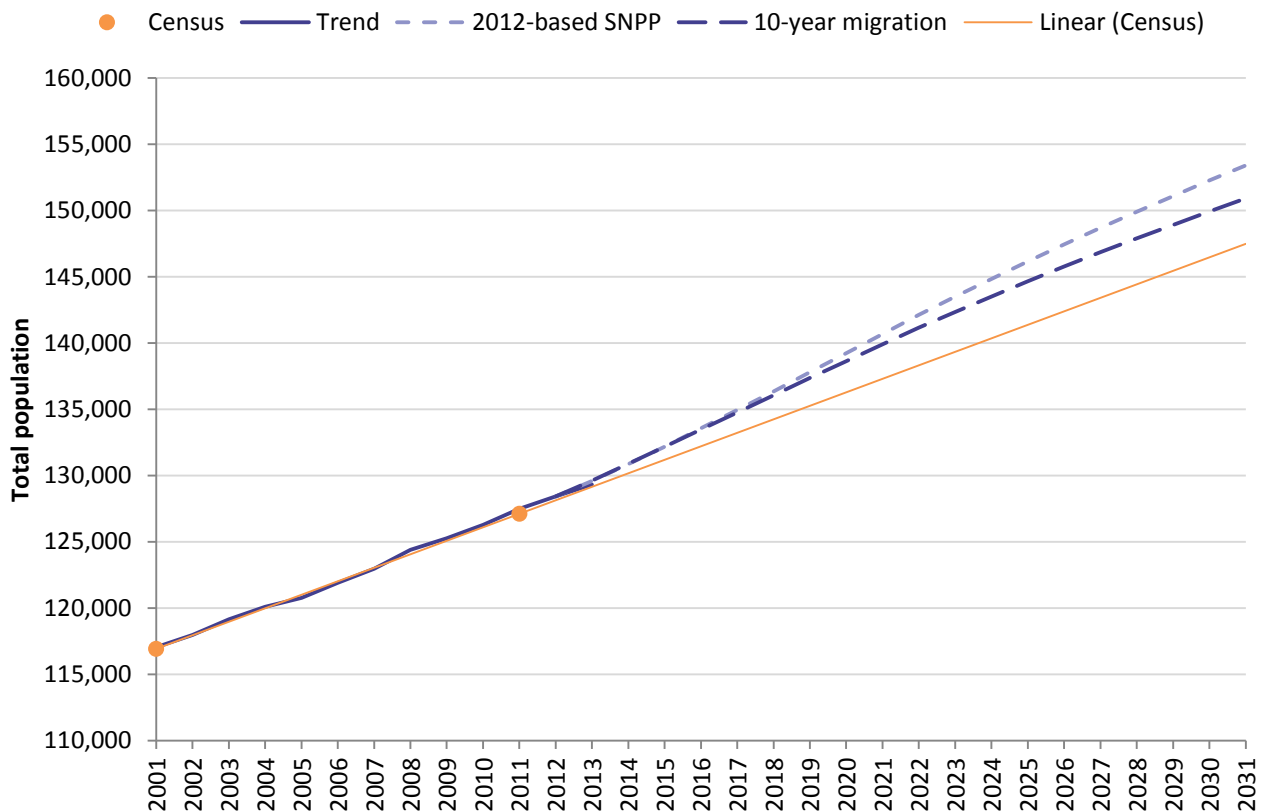


Figure 15: North Hertfordshire population projections 2011-31 by gender and 5-year age cohort based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

| Age | 2011 | | | 2031 | | | | | |
|--------------|---------------|---------------|----------------|-----------------|---------------|----------------|-------------------------|---------------|----------------|
| | M | F | Total | 2012-based SNPP | | | 10-year migration trend | | |
| | | | | M | F | Total | M | F | Total |
| Aged 0-4 | 4,142 | 3,963 | 8,105 | 4,458 | 4,264 | 8,722 | 4,337 | 4,143 | 8,480 |
| Aged 5-9 | 3,815 | 3,629 | 7,444 | 4,704 | 4,599 | 9,303 | 4,595 | 4,481 | 9,076 |
| Aged 10-14 | 3,828 | 3,794 | 7,622 | 4,740 | 4,663 | 9,403 | 4,661 | 4,573 | 9,234 |
| Aged 15-19 | 3,819 | 3,659 | 7,478 | 4,253 | 4,062 | 8,315 | 4,222 | 4,021 | 8,243 |
| Aged 20-24 | 3,125 | 2,960 | 6,085 | 3,078 | 2,914 | 5,992 | 3,056 | 2,862 | 5,918 |
| Aged 25-29 | 3,687 | 3,905 | 7,592 | 3,740 | 3,673 | 7,413 | 3,673 | 3,564 | 7,237 |
| Aged 30-34 | 4,094 | 4,190 | 8,284 | 4,364 | 4,390 | 8,754 | 4,269 | 4,251 | 8,520 |
| Aged 35-39 | 4,546 | 4,751 | 9,297 | 5,198 | 5,125 | 10,323 | 5,078 | 4,969 | 10,047 |
| Aged 40-44 | 4,926 | 5,036 | 9,962 | 5,431 | 5,465 | 10,896 | 5,318 | 5,330 | 10,648 |
| Aged 45-49 | 5,059 | 5,138 | 10,197 | 5,101 | 5,384 | 10,485 | 5,015 | 5,285 | 10,300 |
| Aged 50-54 | 4,330 | 4,270 | 8,600 | 4,754 | 4,953 | 9,707 | 4,699 | 4,891 | 9,590 |
| Aged 55-59 | 3,592 | 3,654 | 7,246 | 4,480 | 4,767 | 9,247 | 4,447 | 4,727 | 9,174 |
| Aged 60-64 | 3,773 | 3,947 | 7,720 | 4,580 | 4,841 | 9,421 | 4,554 | 4,806 | 9,360 |
| Aged 65-69 | 3,049 | 3,067 | 6,116 | 4,439 | 4,688 | 9,127 | 4,416 | 4,651 | 9,067 |
| Aged 70-74 | 2,269 | 2,543 | 4,812 | 3,678 | 3,769 | 7,447 | 3,660 | 3,747 | 7,407 |
| Aged 75-79 | 2,048 | 2,337 | 4,385 | 2,858 | 3,175 | 6,033 | 2,844 | 3,152 | 5,996 |
| Aged 80-84 | 1,334 | 1,812 | 3,146 | 2,611 | 3,217 | 5,828 | 2,593 | 3,178 | 5,771 |
| Aged 85+ | 1,080 | 2,323 | 3,403 | 2,766 | 4,241 | 7,007 | 2,720 | 4,125 | 6,845 |
| Total | 62,516 | 64,978 | 127,494 | 75,233 | 78,190 | 153,423 | 74,157 | 76,757 | 150,914 |

Establishing Population Projections for Stevenage and North Hertfordshire

- 2.34 Considering the projections for the two 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 211,700 to 251,400 over the 20-year period 2011-31, whilst the 10-year migration trend scenario projects that the population will be 246,200 by the end of the same period (20-year increases of 39,600 persons and 34,400 persons respectively).
- 2.35 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. This is consistent with the approach that ORS has adopted for neighbouring areas (including Luton and Central Bedfordshire; Bedford; and East Hertfordshire and West Essex) and was agreed by officers from the Greater London Authority to be an appropriate approach given their concerns about the data for the 5-year period 2007-12.

Figure 16: Stevenage and North Hertfordshire population projection based on migration trends

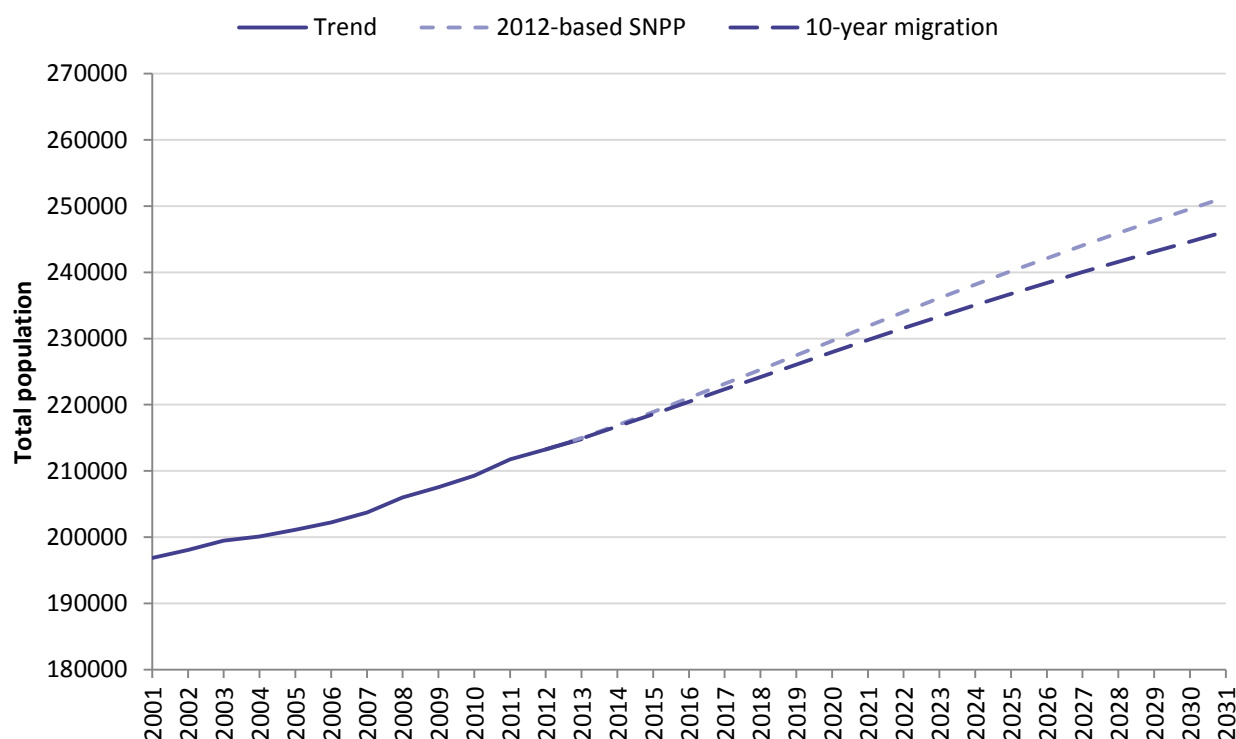


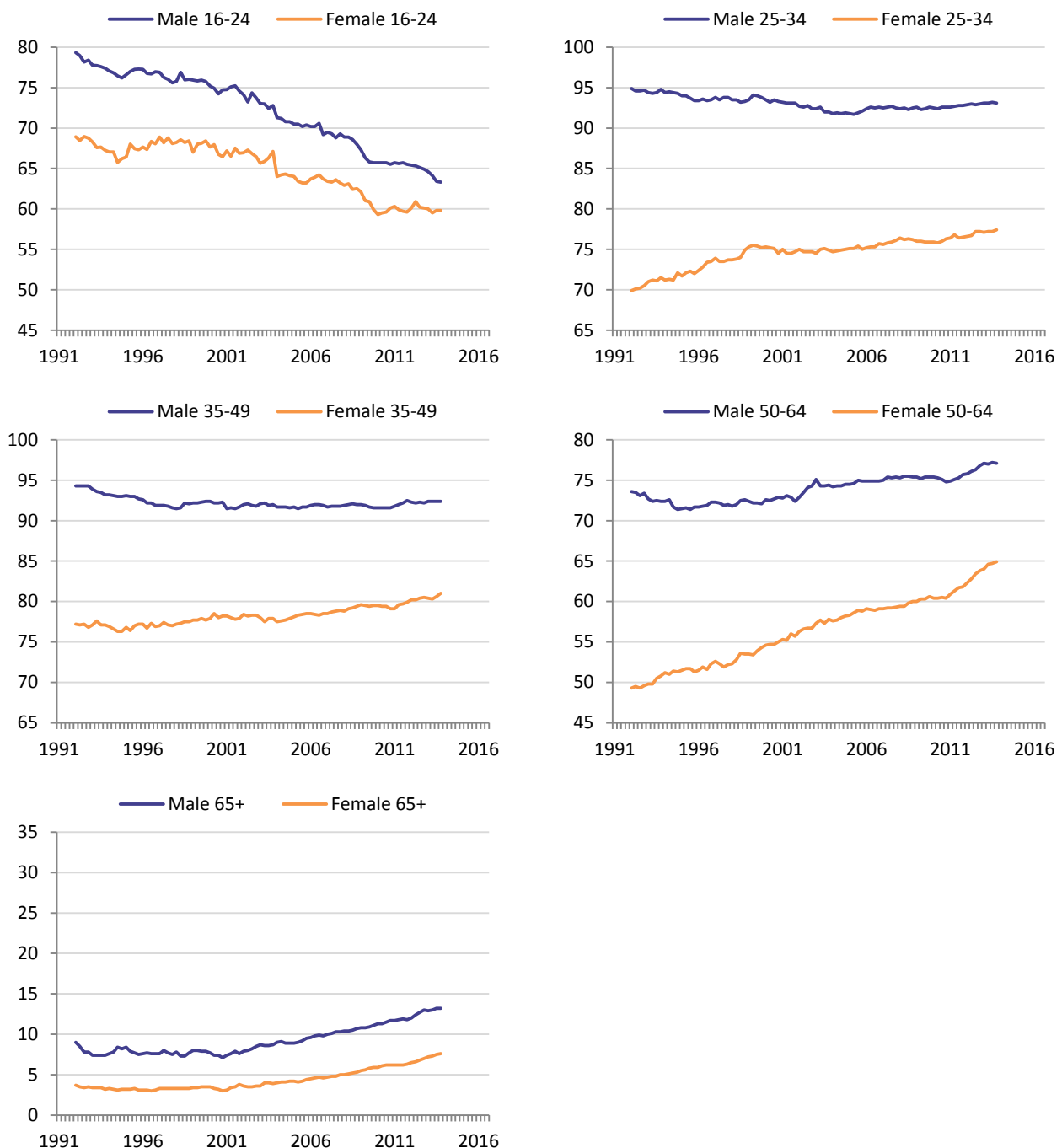
Figure 17: Stevenage and North Hertfordshire population projections 2011-31 based on 2012-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

| Age | 2011 | | | 2031 | | | | | |
|---------------------|----------------|----------------|----------------|-----------------|----------------|----------------|-------------------------|----------------|----------------|
| | | | | 2012-based SNPP | | | 10-year migration trend | | |
| | M | F | Total | M | F | Total | M | F | Total |
| North Hertfordshire | 62,516 | 64,978 | 127,494 | 75,233 | 78,190 | 153,423 | 74,157 | 76,757 | 150,914 |
| Stevenage | 41,629 | 42,618 | 84,247 | 48,154 | 49,798 | 97,952 | 46,784 | 48,457 | 95,241 |
| Total | 104,145 | 107,596 | 211,741 | 123,387 | 127,988 | 251,375 | 120,941 | 125,214 | 246,155 |

Economic Activity

- 2.36 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.
- 2.37 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 18 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 18: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



2.38 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.

2.39 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.

2.40 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020³; 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 trends⁴.

Labour Market Participation Projections

2.41 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.”

2.42 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.

³ Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

⁴ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

2.43 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 London⁵ concluded that:

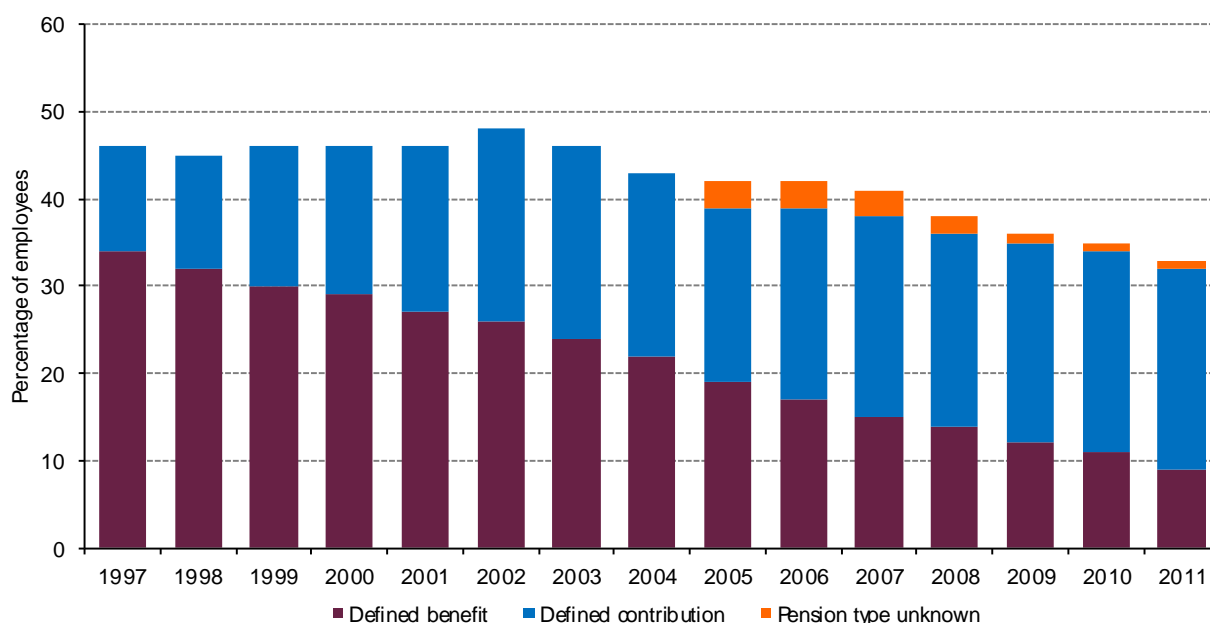
“Future increases in the state pension age will lead to a substantial increase in employment”.

2.44 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 employees⁶.

2.45 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 19) will inevitably lead to higher economic activity rates amongst the older population.

Figure 19: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)

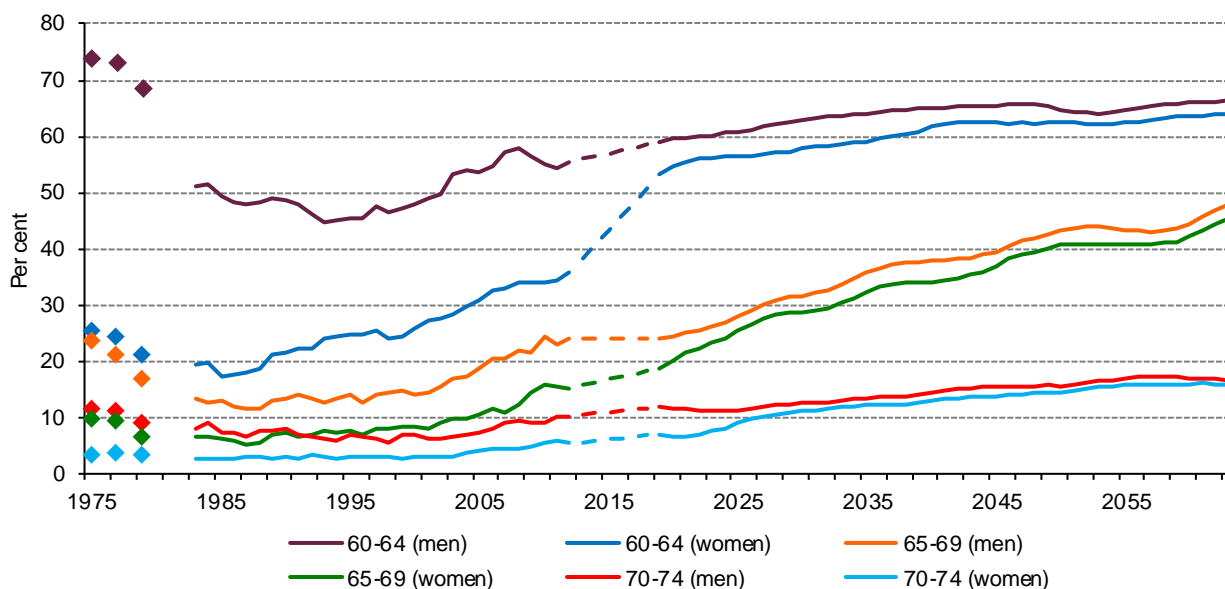


⁵ http://www.ifs.org.uk/pr/spa_pr_0313.pdf

⁶ <https://www.gov.uk/retirement-age>

2.46 Figure 20 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 20: 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)



2.47 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

2.48 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);

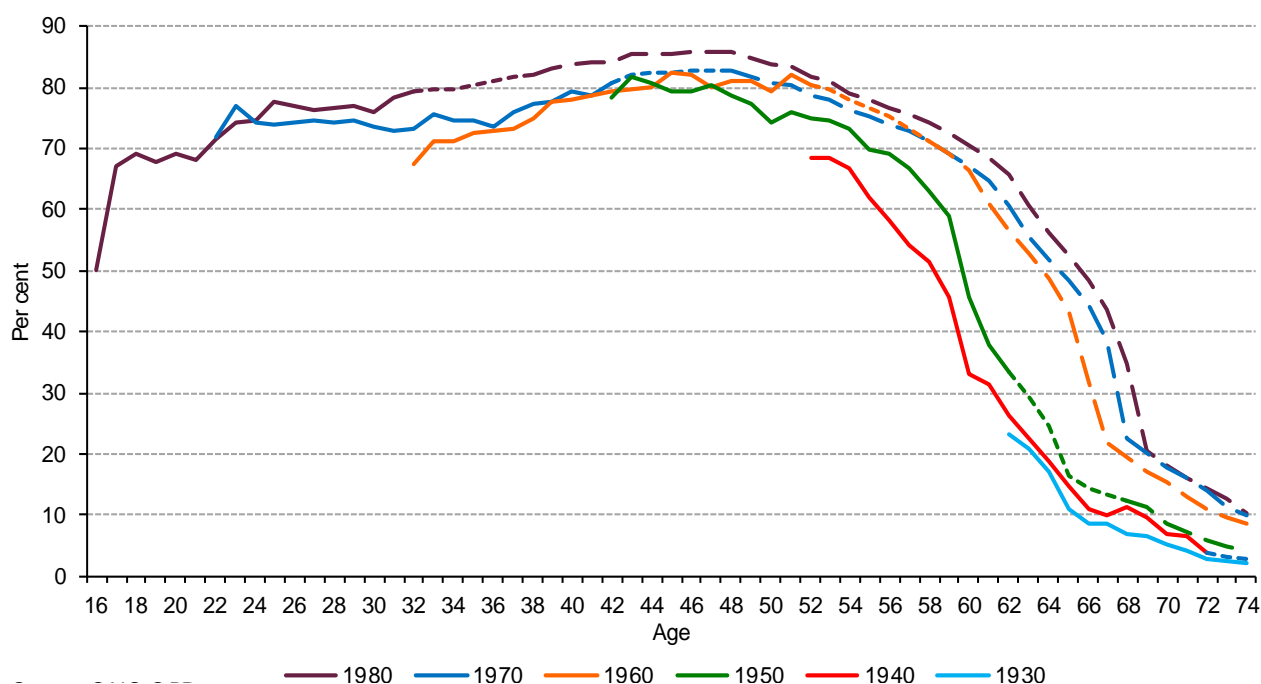
- » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

2.49 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*”⁷ 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.

2.50 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.

2.51 Figure 21 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 21: Female participation rates by Cohort (Source: ONS, OBR)



⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

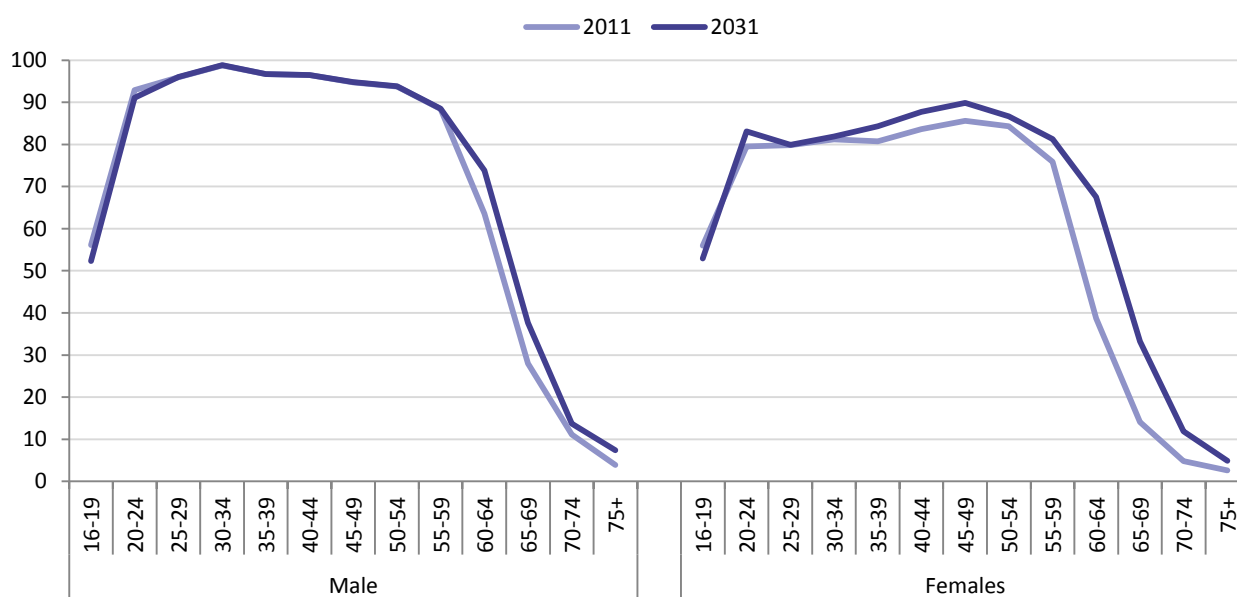
Young People

- 2.52 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 education⁸. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 2.53 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 education⁹.
- 2.54 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 North Hertfordshire & Stevenage

- 2.55 Figure 22 shows the estimated economic activity rates for 2011 and the projected rates for 2031 based on Census data for North Hertfordshire and Stevenage, and the OBR labour market participation projections.

Figure 22: Economic activity rates in 2011 and 2031 by age and gender based on OBR Labour Market Participation Projections



- 2.56 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.
- 2.57 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.

⁸ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

⁹ <http://www.bbc.co.uk/news/education-25236341>

^{2.58} Figure 23 shows the estimated economically active population for Stevenage and North Hertfordshire in 2011 and the projected economically active population in 2031 based on the population projections previously produced based on 10-year migration trends.

Figure 23: Projected economically active population 2011-31 (Note: All figures presented unrounded for transparency)

| Age | 2011 | | | 2031 | | | Net change 2011-31 | | |
|--------------|---------------|---------------|----------------|---------------|---------------|----------------|--------------------|---------------|----------------|
| | M | F | Total | M | F | Total | M | F | Total |
| Aged 16-19 | 3,007 | 2,826 | 5,832 | 2,932 | 2,835 | 5,767 | -75 | +10 | -66 |
| Aged 20-24 | 5,418 | 4,510 | 9,928 | 5,091 | 4,526 | 9,617 | -327 | +17 | -310 |
| Aged 25-29 | 6,341 | 5,645 | 11,986 | 6,168 | 5,085 | 11,254 | -172 | -560 | -732 |
| Aged 30-34 | 6,850 | 5,788 | 12,638 | 7,221 | 5,934 | 13,155 | +371 | +146 | +517 |
| Aged 35-39 | 7,078 | 6,139 | 13,217 | 7,991 | 6,863 | 14,855 | +914 | +724 | +1,638 |
| Aged 40-44 | 7,716 | 6,970 | 14,686 | 8,154 | 7,496 | 15,650 | +438 | +526 | +964 |
| Aged 45-49 | 8,038 | 7,329 | 15,366 | 7,519 | 7,555 | 15,074 | -518 | +226 | -292 |
| Aged 50-54 | 6,848 | 5,987 | 12,835 | 6,958 | 6,718 | 13,676 | +110 | +731 | +841 |
| Aged 55-59 | 5,262 | 4,414 | 9,676 | 6,228 | 6,057 | 12,285 | +966 | +1,643 | +2,609 |
| Aged 60-64 | 3,719 | 2,328 | 6,047 | 5,413 | 5,217 | 10,630 | +1,695 | +2,889 | +4,583 |
| Aged 65-69 | 1,287 | 679 | 1,966 | 2,719 | 2,515 | 5,234 | +1,432 | +1,836 | +3,268 |
| Aged 70-74 | 389 | 193 | 583 | 810 | 724 | 1,534 | +421 | +530 | +951 |
| Aged 75+ | 117 | 100 | 217 | 333 | 238 | 571 | +216 | +138 | +354 |
| Total | 62,070 | 52,907 | 114,978 | 67,538 | 61,764 | 129,302 | +5,468 | +8,856 | +14,324 |

^{2.59} The economically active population is projected to increase by around 14,300 people over the 20-year period 2011-31, equivalent to an average increase of around 720 additional workers each year.

Establishing Household Projections for Stevenage and North Hertfordshire

Household Population and Communal Establishment Population

^{2.60} 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 approach¹⁰:

“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)

^{2.61} The 2011 Census identified 1,849 persons living in Communal Establishments in Stevenage and North Hertfordshire (552 in Stevenage and 1,297 in North Hertfordshire). This is broadly consistent with the 1,872 persons identified by the CLG 2012-based household projections. Figure 24 shows the breakdown between the household population and the population living in Communal Establishments.

Figure 24: Population projections 2011-31 by gender and 5-year age cohort

| Age | 2011 | | | 2031 | | | Net change 2011-31 | | |
|--------------|----------------|--------------|----------------|----------------|-------------|----------------|--------------------|-------------|----------------|
| | HH | CE | Total | HH | CE | Total | HH | CE | Total |
| Aged 0-4 | 14,070 | 5 | 14,075 | 14,401 | 5 | 14,406 | +331 | - | +331 |
| Aged 5-9 | 12,477 | 7 | 12,484 | 15,017 | 7 | 15,024 | +2,540 | - | +2,540 |
| Aged 10-14 | 12,610 | 26 | 12,636 | 15,142 | 26 | 15,168 | +2,532 | - | +2,532 |
| Aged 15-19 | 13,009 | 140 | 13,149 | 13,846 | 140 | 13,986 | +837 | - | +837 |
| Aged 20-24 | 11,431 | 68 | 11,499 | 10,968 | 68 | 11,036 | -463 | - | -463 |
| Aged 25-29 | 13,618 | 58 | 13,676 | 12,732 | 58 | 12,790 | -886 | - | -886 |
| Aged 30-34 | 14,021 | 42 | 14,063 | 14,510 | 42 | 14,552 | +489 | - | +489 |
| Aged 35-39 | 14,887 | 30 | 14,917 | 16,373 | 30 | 16,403 | +1,486 | - | +1,486 |
| Aged 40-44 | 16,291 | 37 | 16,328 | 16,956 | 37 | 16,993 | +665 | - | +665 |
| Aged 45-49 | 16,989 | 55 | 17,044 | 16,283 | 55 | 16,338 | -706 | - | -706 |
| Aged 50-54 | 14,369 | 39 | 14,408 | 15,127 | 39 | 15,166 | +758 | - | +758 |
| Aged 55-59 | 11,720 | 49 | 11,769 | 14,436 | 49 | 14,485 | +2,716 | - | +2,716 |
| Aged 60-64 | 11,825 | 36 | 11,861 | 15,026 | 36 | 15,062 | +3,201 | - | +3,201 |
| Aged 65-69 | 9,391 | 39 | 9,430 | 14,758 | 39 | 14,797 | +5,367 | - | +5,367 |
| Aged 70-74 | 7,472 | 62 | 7,534 | 11,952 | 62 | 12,014 | +4,480 | - | +4,480 |
| Aged 75-79 | 6,686 | 160 | 6,846 | 9,196 | 218 | 9,414 | +2,510 | +58 | +2,568 |
| Aged 80-84 | 4,815 | 235 | 5,050 | 8,199 | 373 | 8,572 | +3,384 | +138 | +3,522 |
| Aged 85+ | 4,188 | 784 | 4,972 | 8,517 | 1,429 | 9,946 | +4,329 | +645 | +4,974 |
| Total | 209,869 | 1,872 | 211,741 | 243,442 | 2713 | 246,155 | +33,573 | +841 | +34,414 |
| North Herts | 126,182 | 1,312 | 127,494 | 148,949 | 1,965 | 150,914 | +22,767 | +653 | +23,420 |
| Stevenage | 83,687 | 560 | 84,247 | 94,493 | 748 | 95,241 | +10,806 | +188 | +10,994 |

¹⁰ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- 2.62 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.
- 2.63 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.

Household Representative Rates

- 2.64 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.
- 2.65 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.”

- 2.66 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.”

- 2.67 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.”

- 2.68 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.”

- 2.69 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.”

- ^{2.70} 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).
- ^{2.71} 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.
- ^{2.72} 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

- 2.73 Using the CLG 2012-based household representative rates, we can establish the projected number of additional households. The projected increase in households across Stevenage and North Hertfordshire is summarised in Figure 25.
- 2.74 Figure 25 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. The rate across Stevenage and North Hertfordshire as a whole was 2.5%.

Figure 25: Projected households and dwellings over the 20-year period 2011-31 (Note: Dwelling numbers derived based on proportion of dwellings without a usually resident household in the 2011 Census)

| Scenario | 2011 | 2031 | Net change 2011-31 | Average annual change |
|---------------------|---------------|----------------|--------------------|-----------------------|
| HOUSEHOLDS | | | | |
| Stevenage | 35,027 | 41,533 | 6,506 | 325 |
| North Hertfordshire | 53,577 | 66,284 | 12,707 | 635 |
| TOTAL | 88,604 | 107,817 | 19,213 | 960 |
| DWELLINGS | | | | |
| Stevenage | 35,716 | 42,349 | 6,634 | 332 |
| North Hertfordshire | 55,150 | 68,231 | 13,080 | 654 |
| TOTAL | 90,866 | 110,580 | 19,714 | 986 |

Conclusions

- 2.75 PPG identifies that the “starting point estimate of overall housing need” is the CLG 2012-based household projections. For the 20-year period 2011-31, these projections show an increase from 88,600 to 109,880 households across Stevenage and North Hertfordshire – an overall growth of 21,280 households, equivalent to an average of around 1,064 households each year.
- 2.76 The data above shows that the principal population projection (based on 10-year migration trends) identifies a marginally lower increase of 19,213 households (19,714 dwellings) over the 20-year period 2011-31, equivalent to an average of 960 households per year across Stevenage and North Hertfordshire; which comprises an average growth of 325 households each year in Stevenage and growth of 635 households in North Hertfordshire (both lower than the CLG 2012-based projection). These differences are due to the underlying population projections – long-term migration trends suggest lower net migration rates for both Stevenage and North Hertfordshire. These migration rates are partly due to errors in the population estimates over the last 10 years which were corrected following the 2011 Census.
- 2.77 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 960 households each year (986 dwellings) provides the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing for the 20-year period 2011-31.**

3. Objectively Assessed Need

Analysing the evidence to establish overall housing need

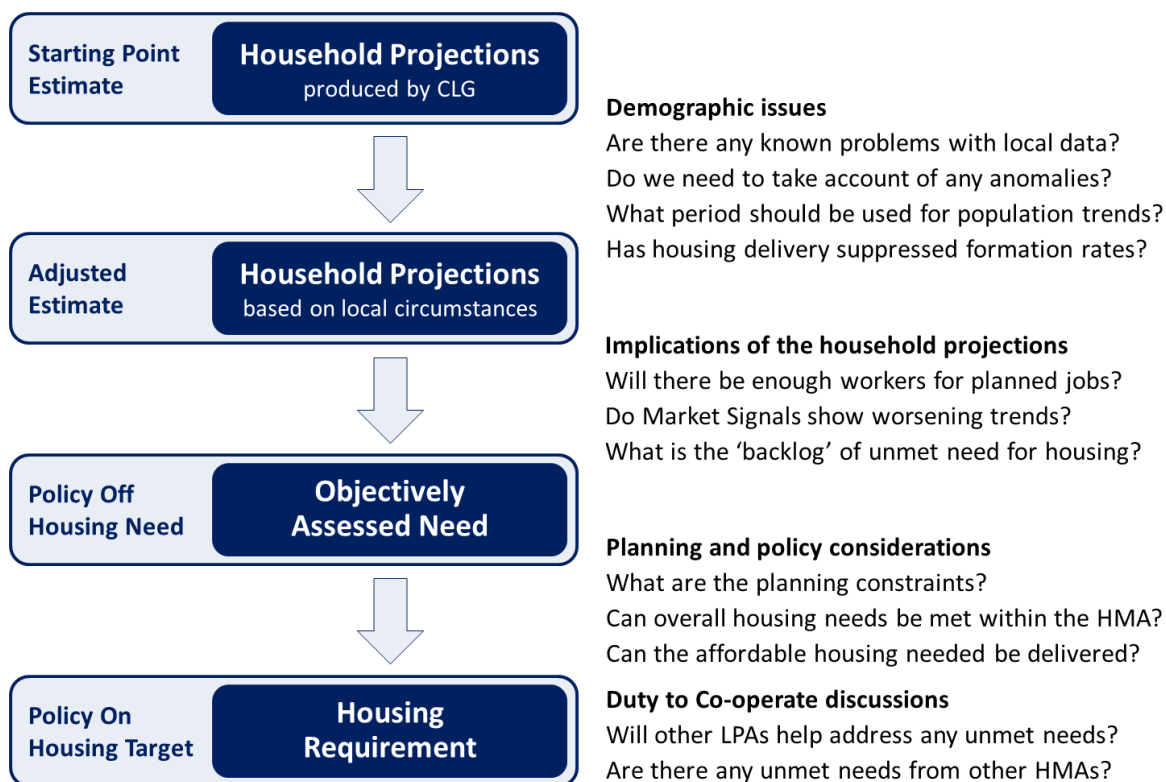
3.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area (HMA) over the future plan period. It is important to recognise 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

3.2 Figure 26 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 26: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 3.3 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).
- 3.4 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

- 3.5 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.
- 3.6 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

- 3.7 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.
- 3.8 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.
- 3.9 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

- 3.10 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”*.
- 3.11 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).
- 3.12 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.
- 3.13 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.
- 3.14 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

- 3.15 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.
- 3.16 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.

- 3.17 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).
- 3.18 Development industry campaigners (such as Homes for Britain¹¹) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)¹². 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 Stevenage and North Hertfordshire

- 3.19 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 Stevenage and North Hertfordshire. Our approach for this section follows the format of the earlier section, albeit with specific reference to Stevenage and North Hertfordshire. 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.
- 3.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers.

CLG Household Projections

- 3.21 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 21,280 over the 20-year period 2011-31, an average of 1,064 per year.
- 3.22 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.**”*
- 3.23 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

¹¹ <http://www.homesforbritain.org.uk>

¹² http://webarchive.nationalarchives.gov.uk/+/http://www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

Migration Adjustments

- ^{3.24} ORS has 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 19,213 households over the 20-year period 2011-31, an average of 960 per year. Providing for an annual increase of 960 households yields a housing need of 986 dwellings each year.**
- ^{3.25} Whilst this projection is lower than the CLG 2012-based household projection (1,064 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.

Employment Trends

- ^{3.26} 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.

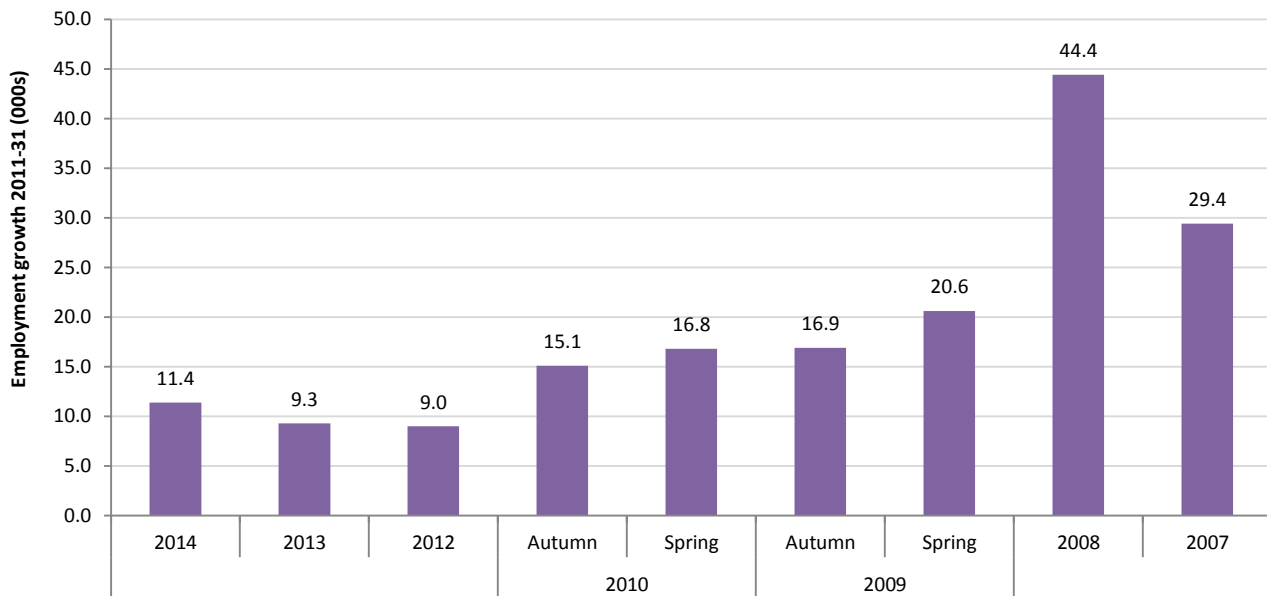
Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce 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

East of England Forecasting Model (EEFM)

- ^{3.27} Forecasts of jobs growth have been regularly produced for each local authority in the East of England from the East of England Forecasting Model (EEFM). The EEFM was developed by Oxford Economics to project economic, demographic and housing trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The model provides data at regional and sub-regional level, including counties, unitaries and district authorities.
- ^{3.28} The most recent outputs (EEFM 2014) were published in January 2015 and the baseline forecast suggested that total employment in Stevenage and North Hertfordshire would increase from 103,700 in 2011 to 115,000 in 2031; an increase of 11,400 over 20-years, equivalent to an average of around 570 jobs per year.
- ^{3.29} When we consider previous forecasts from the EEFM model, it is evident that the forecasts have varied, and whilst the latest data suggests higher growth than forecast in 2012 and 2013 it remains somewhat lower than the forecasts over the period 2007-10 which ranged from a growth of 15,100 up to a growth of 44,400 jobs over the same 20-year period:

Figure 27: Employment growth forecasts 2011-31 (Source: EEFM)



- 3.30 The latest EEFM forecast of a growth from 103,700 jobs in 2011 to 115,000 in 2031 represents an overall increase of 11.0% over the 20-year period, equivalent to a compound rate of 0.5% annually. This compares to an annual compound growth of 0.7% forecast for England and 0.9% for the East of England region over the same 20-year period (2011-31); however it must also be considered in the context of compound annual growth over the 20-year period 1991-2011 being only 0.3% in Stevenage and North Hertfordshire, and growth over the 10-year period 2001-11 being less than 0.1% annually. Therefore, whilst the forecast would appear low relative to the national and regional position, it appears ambitious in the context of past trends for the area.
- 3.31 When we consider the further outputs from the latest EEFM forecast, it is apparent that the population was assumed to increase from 211,700 to 245,900 people (an increase of 34,200 people), the number of households would increase from 88,900 to 105,600 (an increase of 16,700 households) and the number of dwellings would increase from 90,500 to 107,500 (an increase of 17,000 dwellings); all over the same 20-year period (2011-31). These assumptions are lower than our principal projection which suggested an increase of 19,700 dwellings (16% higher than assumed by the EEFM).
- 3.32 As previously noted, the demographic analysis (based on 10-year migration trends) identified that on the basis of providing the 19,700 additional dwellings needed, it is likely that the economically active population would increase by 14,300 people (around 720 per year on average). In addition, the number of unemployment benefit claimants recorded by DWP reduced by around 1,900 over the period March 2011 to March 2015, which also increases the number of available workers.
- 3.33 Taken together, these figures suggest that the number of available workers will increase by around 16,200 over the 20-year period 2011-31 (without any further reduction in unemployment), equivalent to an average of around 810 additional workers each year. However, 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, 61.7% of working residents in Stevenage and North Hertfordshire are also employed in the local area. This implies that 38.3% commute to jobs outside the area. Therefore, of the additional 14,300 workers projected to live in the area (based on demographic projections using long-term migration trends) and the 1,900

unemployed people that have returned to work during the period, we would expect 10,000 (61.7%) would work locally and 6,200 (38.3%) would commute outside of the area. On this basis, we have assumed that the number of workers that out-commute from Stevenage and North Hertfordshire to work elsewhere will increase by 6,200 over the 20-year period 2011-31.

- » **In-commuting:** at the time of the 2011 Census, 31.7% of jobs in Stevenage and North Hertfordshire were filled by people travelling in from other authorities. Therefore, a jobs growth of 11,400 is likely to draw in 3,600 (31.7%) additional in-commuters; leaving 7,800 jobs that need to be filled by workers living in the area (again assuming no change in commuting patterns). There is therefore assumed to be an increase in net out-commuting of 2,600 workers.

^{3.34} It is also important to recognise that the jobs forecast by the EEFM include full-time and part-time work, and some workers may have more than one job. Whilst the EEFM model identified 103,700 jobs in the study area in 2011, the number of workplace employed people was 97,300. Given that the jobs number was 6.6% higher than the number of workers, we can conclude that 6.6% of workers were “double jobbing”. If we assume this ratio of people holding more than one job continues (as is currently forecast), providing sufficient people for 7,800 additional jobs would need an extra 7,300 workers living in Stevenage and North Hertfordshire.

^{3.35} When these factors are properly considered, we can conclude that the demographic projections (without any uplift for market signals) would provide 10,000 extra workers locally whereas 7,300 extra workers would be needed. **There is therefore a surplus of 2,700 workers based on the increase in jobs that is currently forecast.**

Conclusions on Jobs and Workers

^{3.36} While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers. It is clear that the evidence about future jobs is consistent with the evidence about likely future workers. 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.

Market Signals

- 3.37 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)

- 3.38 The Market Signals include:

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

- 3.39 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.

- 3.40 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)

- 3.41 To identify areas with similar demographic and economic characteristics to Stevenage and North Hertfordshire, 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 Stevenage and North Hertfordshire share similar demographic and economic characteristics with **West Essex and East Hertfordshire** (Epping Forest, Harlow, Uttlesford and East Hertfordshire), **South West Essex** (Thurrock, Basildon and Brentwood) and **Crawley** (Crawley, Mid Sussex, Horsham, Tandridge, Reigate & Banstead and Mole Valley). Therefore, in considering market signals, we have considered these areas as appropriate comparators for Stevenage and North Hertfordshire.

House Prices

- 3.42 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 28: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

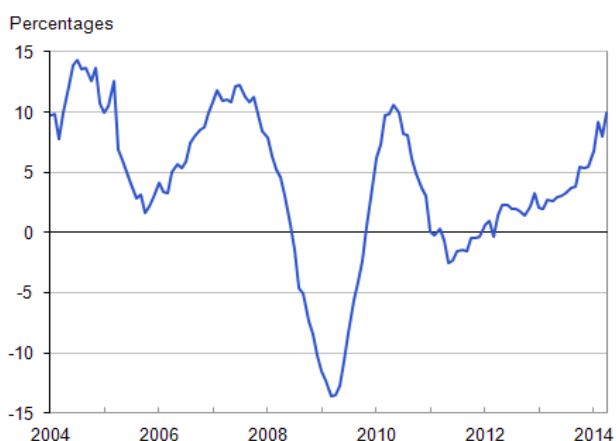
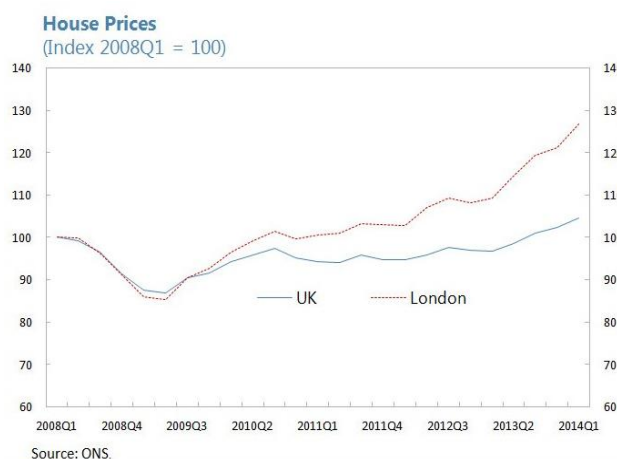


Figure 29: UK and London House Price Index 2008-2014 (Source: ONS)



- 3.43 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.

- 3.44 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.

- 3.45 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.

- 3.46 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.
- 3.47 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, indicate 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 high LTV at low interest rates.

Local House Prices

- 3.48 House price trends (2001-2013) are shown in Figure 30 based on lower quartile house prices. Of course, the value of money has also changed during this period, therefore Figure 31 data adjusted to take account of the impact of inflation. Therefore, the values in Figure 31 reflect real changes which have occurred since 2001 when removing the impact of background inflation.
- 3.49 It is evident that house prices in Stevenage tend to be marginally lower than prices in North Hertfordshire. Across the combined area, real house prices increased substantially in the period 2001-2004 (from £114,200 to £183,200 at 2012 values, a real increase of 60%), and prices continued to rise to a peak of £195,300 by the end of 2007. Nevertheless, values reduced to £160,900 by the start of 2009 and have largely plateaued (with some decline) since that time.

Figure 30: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables. Note: Figures for the combined area derived using population weighted average of Local Authority data)

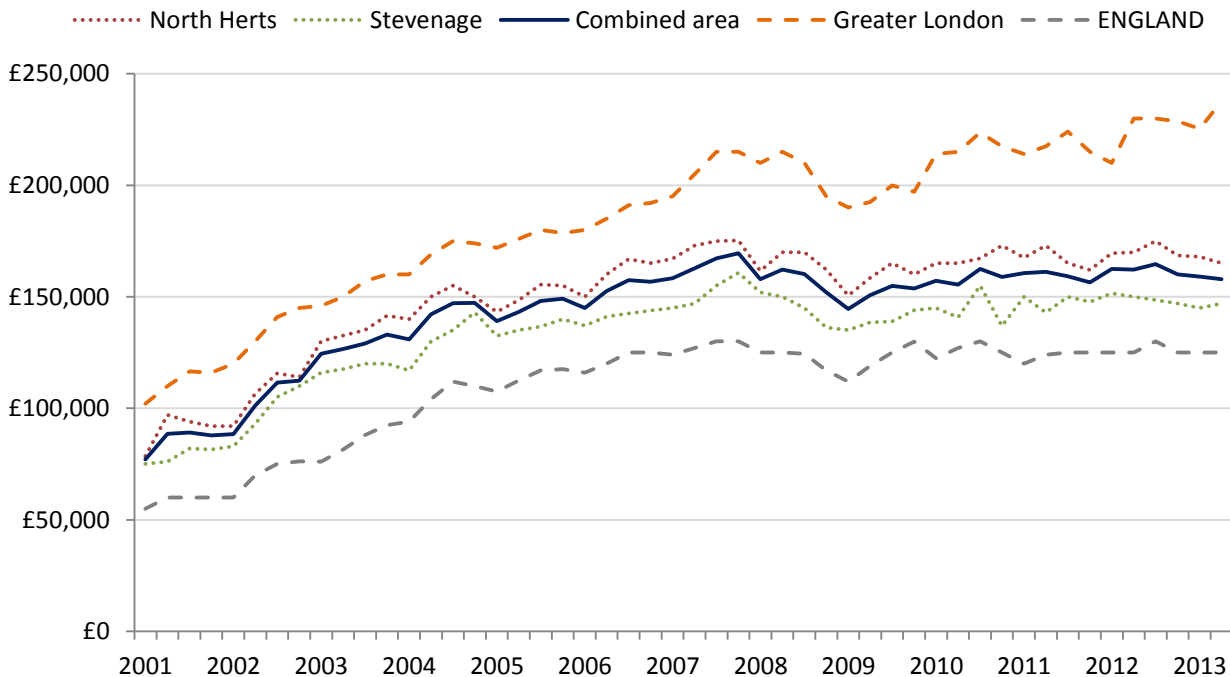
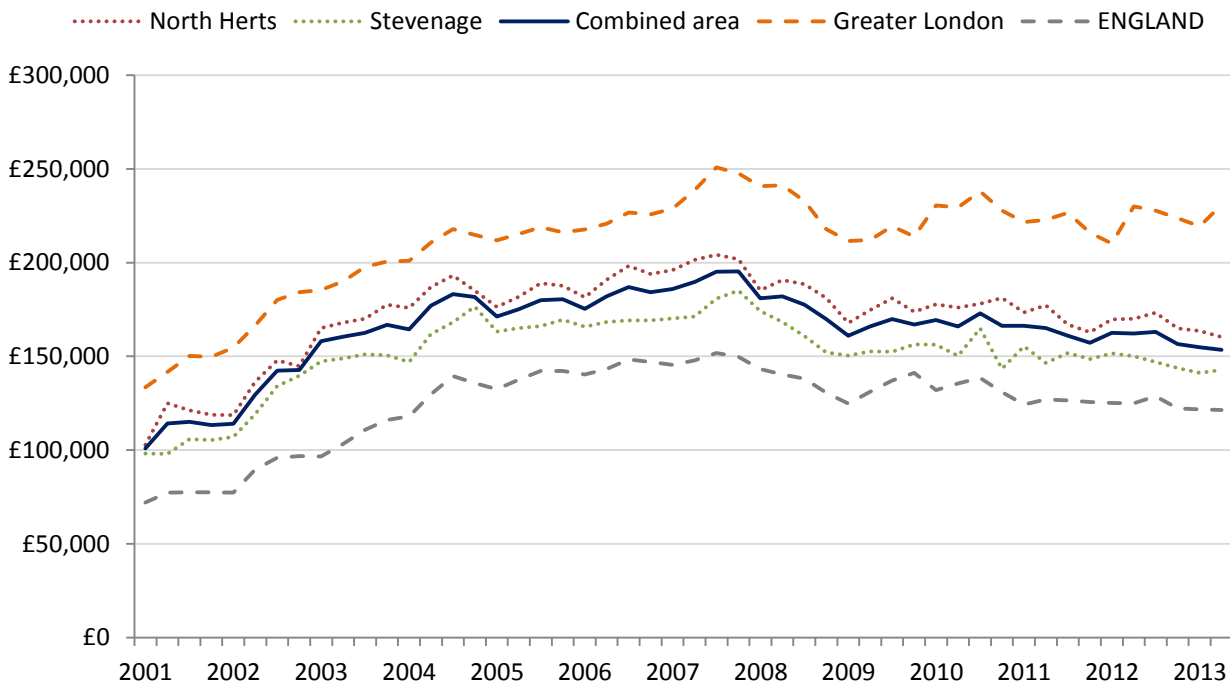
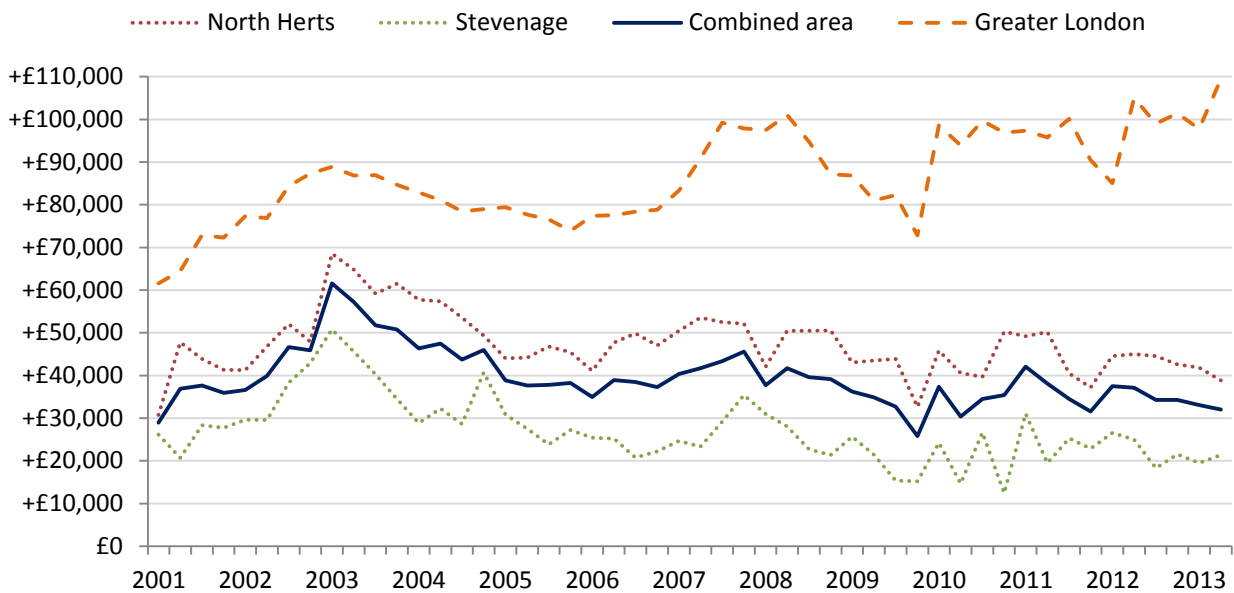


Figure 31: Real House Price Trends: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: Figures for the combined area derived using population weighted average of Local Authority data)



^{3.50} Figure 32 shows how real house prices in Stevenage and North Hertfordshire have varied when compared with the English average. This shows that real house prices in the area substantially increased in relative terms over the period 2001-03, but subsequently reduced back towards the English average over the period to 2010. The difference has been relatively stable in recent years, with values around £30,000 above the English average, consistent with the difference before prices increased in 2001.

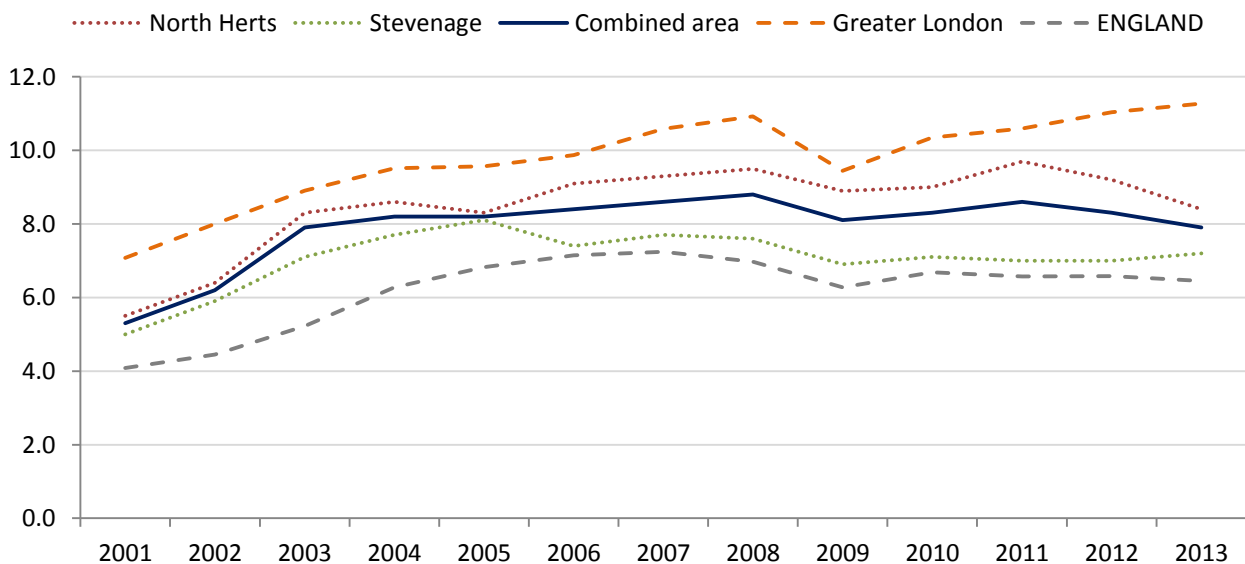
Figure 32: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: Figures for the combined area derived using population weighted average of Local Authority data)



Affordability

^{3.51} Figure 33 below shows the ratio of lower quartile house price to lower quartile earnings in Stevenage and North Hertfordshire between 2001 and 2013. The affordability multipliers tend to be lower in Stevenage than in North Hertfordshire, however the long term trend for the combined area shows that affordability worsened in both areas over the period 2001-03 (when there was an increase in real house prices), however the multiplier 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 33: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: Figures for the combined area derived using population weighted average of Local Authority data)



Overcrowding

^{3.52} Census data 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.

^{3.53} 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).

^{3.54} For Stevenage and North Hertfordshire, **overcrowding** increased from 4,474 to 5,837 households (an increase of 1,363) over the 10-year period 2001-11 (Figure 34). This represents a growth of 20%, which is lower than all of the comparator areas; West Essex & East Herts (22%), Greater London (25%), Crawley (26%) and South West Essex (31%). It is a similar increase to the national increase for England (23%).

^{3.55} When considered by tenure, overcrowding has reduced by 14 households in the owner occupied sector and increased by 398 households in the social rented sector; however the largest growth was in the private rented sector, where the number increased from 841 to 1,820 households, a growth of 979 over the 10-year period.

Figure 34: 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)

| | Overcrowding based on occupancy rating (rooms) | | | | | | Overcrowding based on occupancy rating (bedrooms) 2011 | |
|---|--|-------------|--------------|-------------|--------------------|-------------|--|-------------|
| | 2001 | | 2011 | | Net change 2001-11 | | | |
| | N | % | N | % | N | % | N | % |
| Stevenage | | | | | | | | |
| Owned | 637 | 3.1% | 656 | 3.2% | 19 | +3% | 401 | 1.9% |
| Private rented | 284 | 14.9% | 756 | 17.9% | 472 | +20% | 328 | 7.7% |
| Social rented | 1,156 | 11.4% | 1,341 | 13.5% | 185 | +19% | 585 | 5.9% |
| All Households | 2,077 | 6.3% | 2,753 | 7.9% | 676 | +24% | 1,314 | 3.8% |
| North Hertfordshire | | | | | | | | |
| Owned | 876 | 2.6% | 843 | 2.4% | -33 | -10% | 524 | 1.5% |
| Private rented | 557 | 11.9% | 1,064 | 14.0% | 507 | +18% | 370 | 4.9% |
| Social rented | 964 | 9.0% | 1,177 | 11.4% | 213 | +27% | 603 | 5.9% |
| All Households | 2,397 | 4.9% | 3,084 | 5.8% | 687 | +18% | 1,497 | 2.8% |
| STEVENAGE & NORTH HERTS | | | | | | | | |
| Owned | 1,513 | 2.8% | 1,499 | 2.7% | -14 | -5% | 925 | 1.6% |
| Private rented | 841 | 12.7% | 1,820 | 15.4% | 979 | +21% | 698 | 5.9% |
| Social rented | 2,120 | 10.1% | 2,518 | 12.5% | 398 | +23% | 1,188 | 5.9% |
| All Households | 4,474 | 5.5% | 5,837 | 6.6% | 1,363 | +20% | 2,811 | 3.2% |
| All Households | | | | | | | | |
| ENGLAND | - | 7.1% | - | 8.7% | - | +23% | - | 4.6% |
| West Essex & East Hertfordshire | - | 5.5% | - | 6.6% | - | +22% | - | 3.3% |
| South West Essex | - | 5.9% | - | 7.7% | - | +31% | - | 4.3% |
| Crawley with Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge | - | 5.2% | - | 6.5% | - | +26% | - | 3.2% |
| Greater London | - | 17.3% | - | 21.7% | - | +25% | - | 11.3% |

^{3.56} 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.

^{3.57} 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

^{3.58} The number of **concealed families** living with households in Stevenage and North Hertfordshire increased from 508 to 828 over the 10-year period 2001-11 (Figure 35), an increase of 320 families (63%).

Figure 35: Concealed families in Stevenage and North Herts by age of family representative (Source: Census 2001 and 2011)

| | 2001 | 2011 | Net change 2001-11 |
|----------------------------------|------------|------------|--------------------|
| Aged under 25 | 82 | 204 | +122 |
| Aged 25 to 34 | 186 | 269 | +83 |
| Aged 35 to 44 | 62 | 67 | +4 |
| Aged 45 to 54 | 33 | 67 | +34 |
| Sub-total aged under 55 | 363 | 607 | +244 |
| Aged 55 to 64 | 40 | 67 | +27 |
| Aged 65 to 74 | 72 | 93 | +21 |
| Aged 75 or over | 33 | 61 | +28 |
| Sub-total aged 55 or over | 145 | 221 | +76 |
| All Concealed Families | 508 | 828 | +320 |

^{3.59} 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 320 families over the period 2001-11, three quarters (76%) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends). **Therefore, as a response to market signals, it is appropriate to increase the overall housing number to take account of the growth of 244 concealed families.**

Sharing Households

^{3.60} The number of **sharing households** reduced from 113 to 49 over the 10-year period 2001-11 (Figure 36), a reduction of 64 households (57%).

Figure 36: Shared Dwellings and Sharing Households in Stevenage and North Hertfordshire (Source: Census 2001 and 2011)

| | 2001 | 2011 | Net change 2001-11 |
|--|------------|-----------|--------------------|
| Number of shared dwellings | 27 | 16 | -9 |
| Number of household spaces in shared dwellings | 122 | 64 | -58 |
| All Sharing Households | 113 | 49 | -64 |
| Household spaces in shared dwellings with no usual residents | 9 | 15 | +6 |

^{3.61} Figure 37 shows that the number of **multi-adult households** living in the area increased from 2,643 to 3,158 households over the same period, an increase of 515 (19%).

Figure 37: Multi-adult Households in Stevenage and North Hertfordshire (Source: Census 2001 and 2011)

| | 2001 | 2011 | Net change 2001-11 |
|-----------------------|--------------|--------------|--------------------|
| Owned | 1,604 | 1,709 | +105 |
| Private rented | 585 | 974 | +389 |
| Social rented | 454 | 475 | +21 |
| All Households | 2,643 | 3,158 | +515 |

- 3.62 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**. 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 389 households (an increase from 585 to 974 households over the period) and this represents over three quarters (76%) of the total increase in multi-adult households living in the area.
- 3.63 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.
- 3.64 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, households currently sharing facilities would not increase the overall housing number.

Homeless Households

- 3.65 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Stevenage and North Hertfordshire, the quarterly number of households accepted as being **homeless** and in priority need has seen a downward trend over the period 2001 to 2011. There were 90 such households in the first quarter of 2001 which reduced to 26 households in the first quarter of 2011, a net reduction of 64 households (Figure 38). The rate for 2011 represents 0.3 presentations per 1,000 households, approaching half the equivalent rate for England (0.5 per 1,000).
- 3.66 There has also been a downward trend in households living in temporary accommodation. There were 200 such households in 2001, including 4 in bed and breakfast accommodation and a further 10 in hostels; however this had reduced to 99 in 2011, a net reduction of 101 households.

Figure 38: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2001 and March 2011)

| | | Stevenage & North Hertfordshire | | | England 2011 |
|--|--------------------------------------|---------------------------------|------------|-----------------------|-----------------|
| | | 2001 | 2011 | Net change 2001-11 | |
| Number accepted homeless and in priority need during quarter | | 90 | 26 | -64 | - |
| <i>Rate per 1,000 households</i> | | <i>1.1</i> | <i>0.3</i> | <i>-0.8</i> | <i>0.5</i> |
| Households in temporary accommodation | Bed and breakfast | 4 | 1 | -3 | - |
| | Hostels | 10 | 64 | +54 | - |
| | Local Authority or RSL stock | 184 | 33 | -151 | - |
| | Private sector leased (by LA or RSL) | 0 | 0 | 0 | - |
| | Other (including private landlord) | 2 | 1 | -1 | - |
| | TOTAL | 200 | 99 | -101 | - |
| <i>Rate per 1,000 households</i> | | <i>2.5</i> | <i>1.1</i> | <i>-1.4</i> | <i>2.2</i> |
| Households accepted as homeless but without temporary accommodation provided | | 12 | 0 | -12 | - |

- 3.67 It is evident that homelessness has not become significantly worse in Stevenage and North Hertfordshire over the period since 2001, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the councils may limit the number of homeless presentations and housing allocation policies might avoid the need for temporary housing if permanent housing is available sooner. Further, many homeless households are now offered homes in the private rented sector.
- 3.68 Homeless households in temporary housing would be counted within the household projections; however those living other types of accommodation (such as bed and breakfast or hostels) would not have been counted. **Therefore, as a response to market signals, it is appropriate to increase the overall housing number to take account of the needs of these 65 additional homeless households.**

Summary of Market Signals

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

Figure 39: Summary of Market Signals

| | | Stevenage & North Herts | West Essex & East Herts | South West Essex | Crawley with Horsham, Mid Sussex, Mole Valley, Reigate & Banstead and Tandridge | Greater London | England |
|---|---------------------|-------------------------|-------------------------|------------------|---|----------------|----------|
| INDICATORS RELATIING TO PRICE | | | | | | | |
| House prices | | | | | | | |
| Lower quartile house price | 2012- 13 value | £161,400 | £200,600 | £155,300 | £207,500 | £230,200 | £126,200 |
| | Relative to England | +28% | +59% | +23% | +64% | +82% | - |
| | 2007-08 value | £164,300 | £192,100 | £157,700 | £203,900 | £215,000 | £128,000 |
| | 5-year change | -2% | +4% | -2% | +2% | +7% | -1% |
| Rents | | | | | | | |
| Average monthly rent | 2013- 14 value | £751 | £911 | £825 | £994 | £1,461 | £720 |
| | Relative to England | +4% | +27% | +15% | +38% | +103% | - |
| | 2008 value | £539 | £627 | £596 | £630 | £775 | £501 |
| | 5-year change | +39% | +45% | +38% | +58% | +88% | +44% |
| Affordability | | | | | | | |
| Lower quartile house price to earnings | 2013 ratio | 7.9 | 10.1 | 7.6 | 10.5 | 9.9 | 6.5 |
| | Relative to England | +22% | +57% | +18% | +62% | +53% | - |
| | 2008 ratio | 8.8 | 10 | 8.4 | 10.4 | 9.9 | 7 |
| | 5-year change | -10% | +1% | -9% | +1% | 0% | -7% |
| INDICATORS RELATIING TO QUANTITY | | | | | | | |
| Overcrowding | | | | | | | |
| Overcrowded households | 2011 proportion | 7% | 7% | 8% | 7% | 22% | 8.7% |
| | Relative to England | -24% | -24% | -12% | -26% | +148% | - |
| | 2001 proportion | 5% | 5% | 6% | 5% | 17% | 7.1% |
| | 10-year change | +20% | +22% | +31% | +26% | +25% | +23% |
| Rate of development | | | | | | | |
| Increase in stock | 2001-11 change | +9% | +8% | +6% | +8% | +9% | +8% |
| | Relative to England | +7% | -1% | -25% | +2% | +4% | - |

- 3.70 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 – but 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 £161,400, compared to England's £126,200 (based on 2012-13 values). The current price in the study area is higher than South West Essex but lower than both Crawley and West Essex & East Herts. Over the last 5-years, prices have remained relatively stable across all of the comparator areas;
- » **Rents:** for average private sector rents in 2013-14, the study area is marginally above the national average (£751 pcm cf. £720 pcm); however, market rents are notably higher in all of the comparator areas. Average rents in the study area have increased in the past 5 years at a similar rate to South West Essex (39% and 38% respectively), which is a marginally lower increase than in West Essex & East Herts (45%) and the national rate for England (44%) and much lower than in Crawley (58%) and Greater London (88%);
- » **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 (7.9x cf. 6.5x), however the rate is comparable to South West Essex (7.6x) and notably 'better' than in the other comparator areas. Furthermore, affordability ratios in the study area have improved since 2008 at a rate that is faster than the national average;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 7% of households in the study area are overcrowded based on an objective measure, which is less than the rate for England (8.7%) and comparable with the comparator areas;
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development has increased the stock size by 9%, which is higher than England (8.3%) and the comparator areas. Of course, these figures will inevitably be influenced by local constraints as well as individual policies.

^{3.71} Given this context, it is apparent that the indicators generally indicate that there is less housing market pressure in Stevenage and North Hertfordshire than in comparable areas – but given that all of these areas show greater pressures than the national average (in particular the market signals relating to price), conditions across Stevenage and North Hertfordshire suggest that the level of **Objectively Assessed Need for Stevenage and North Hertfordshire should be higher than suggested by household projections** in isolation.

^{3.72} The analysis of overcrowding for the SHMA Update has already identified that the overall housing need should be increased by 244 households to take account of **concealed families** and a further 65 **homeless households** that would not be captured by the household projections. This specific adjustment should be incorporated as a response to market signals to take account of the identified un-met need for housing, representing an uplift of 1.8% on the household projections; nevertheless, given the market signals context, it is probably appropriate to increase this uplift.

Conclusions on Market Signals

3.73 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.”

3.74 On this basis, it is helpful to compare the Market Signals for Stevenage and North Hertfordshire with those for Eastleigh and its wider HMA (which we have based on Southampton with Eastleigh and the New Forest). In summary:

- » **House prices** in Stevenage and North Hertfordshire are marginally lower than in Eastleigh (£161,400 cf. £169,000 at the lowest quartile), but higher than its wider HMA (£156,000);
- » **Market rents** in Stevenage and North Hertfordshire (£751 pcm) are also a bit lower than in Eastleigh and its wider HMA (£798 pcm and £782 pcm respectively);
- » **Affordability** is slightly better in Stevenage and North Hertfordshire (7.9x) than in Eastleigh and its wider HMA (8.4x and 8.1x respectively);
- » **Overcrowding** in Stevenage and North Hertfordshire is higher than in Eastleigh (7% cf. 5%), but lower than its wider HMA (9%); and
- » **Rates of development** over the last decade were the same in Stevenage and North Hertfordshire as in Eastleigh’s wider HMA (both at 9%).

3.75 The indicators therefore identify similar housing pressures for Stevenage and North Hertfordshire to Eastleigh (and its wider HMA), so it would seem reasonable for 10% to also be considered as a response to Market Signals across the Stevenage and North Hertfordshire area as a whole. **On balance we would recommend an overall uplift of 10% of the housing need identified based on the household projections as a response to Market Signals for Stevenage and North Hertfordshire.**

3.76 When considering the appropriate uplift for the two areas individually, although the indicators relating to price show that house prices and rents are higher in North Hertfordshire (and consequently affordability is worse) the indicators relating to quantity show that there are higher levels of overcrowding in Stevenage; however none of the indicators are sufficiently acute to suggest the need for a differential approach to Market Signals in the two areas, and an uplift of 10% would seem reasonable for both.

3.77 The household projections previously identified an increase of 19,213 households (19,714 dwellings); so **the proposed market signals uplift represents an additional 1,971 dwellings over the 20-year period 2011-31, which 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.

3.78 The previous analysis already identified that the overall housing need should be increased by a specific uplift of 309 households (317 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 housing; however it is appropriate for it to be considered as part of the response to market signals. **An additional increase of 1,654 dwellings is therefore needed to deliver the overall uplift of 1,971 dwellings identified in response to market signals.**

Housing Backlog

- 3.79 The Planning Advisory Service Good Plan Making Guide¹³ 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)

- 3.80 This SHMA Update has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that will exist at the start of the new Plan periods. Furthermore, given that the SHMA Update identifies all housing need from a baseline date of 2011, all needs arising over the 20-year period 2011-31 have been identified and there will be no additional unmet need for housing to be counted at the start of the new Plan period.

Conclusions

- 3.81 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 21,280 over the 20-year period 2011-31, an average of 1,064 per year. However, on the basis of 10-year migration trends, **household numbers across the study area are projected to increase by 19,213 households over the 20-year period 2011-31, an average of 960 per year.**
- 3.82 We have 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 19,522 households over the 20-year period 2011-31. This adjustment responds to identified un-met need for affordable housing and also addresses suppressed household formation rates. **Providing for an increase of 19,522 households yields a baseline housing need of 20,031 dwellings over the 20-year period 2011-31, equivalent to an average of 1,002 dwellings per year.**
- 3.83 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.
- 3.84 **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.**

¹³ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

- 3.85 **An uplift of 1,971 dwellings is proposed as an appropriate response to the market signal indicators.** The overall housing need has already been increased by 317 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 1,654 dwellings is needed to deliver the overall uplift of 1,971 dwellings that has been identified.
- 3.86 As the SHMA Update 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 periods 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 the new Plan period.**
- 3.87 On this basis, the baseline housing need of 20,031 dwellings is increased by 1,654 dwellings. This increase provides the overall uplift of 1,971 dwellings needed in response to market signals. **This yields an overall total of 21,685 dwellings over the 20-year period 2011-31, equivalent to an average of 1,084 dwellings per year.** This represents an uplift of 10% on the baseline household projections.
- 3.88 Figure 40 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 40: Full Objectively Assessed Need for Housing across Stevenage and North Hertfordshire 2011-31

| Stage | | Households | Dwellings |
|--|--|---------------|---------------|
| Demographic starting point CLG household projections 2016-36 | | 21,280 | 21,835 |
| Adjustment for long-term migration trends 10-year migration trend 2001-11 | | -2,067 | -2,121 |
| Baseline household projections taking account of local circumstances | | 19,213 | 19,714 |
| Adjustment for suppressed household formation rates Concealed families and homeless households | | 309 | 317 |
| Baseline housing need based on demographic projections | | 19,522 | 20,031 |
| 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 1,654 dwellings needed (in addition to the 317 dwellings for concealed families and homeless households) to deliver the overall uplift of 1,971 dwellings proposed | - | +1,654 |
| | In response to backlog of housing provision between projection and Plan base dates 2012-16 | - | 0 |
| Combined impact of the identified adjustments | | - | +1,654 |
| Full Objectively Assessed Need for Housing 2016-36 | | - | 21,685 |

- 3.89 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.
- 3.90 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Stevenage and North Hertfordshire to be 21,700 dwellings over the 20-year period 2011-31, equivalent to an average of 1,085 dwellings per year.**

- 3.91 Considering the needs in each local authority, the SHMA concludes that the Objectively Assessed Need for Housing in Stevenage is 7,300 dwellings over the 20-year period (365 per year) and in North Hertfordshire is 14,400 dwellings (720 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 (consistent with the 1.1% growth required across England to deliver 253,600 dwellings annually).
- 3.92 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 SHMA Update has counted the needs of all households, regardless of whether or not households will be able to afford their housing costs.
- 3.93 **On this basis, the housing need identified quantifies the total amount of housing needed –including the need for both market housing and affordable housing.**
- 3.94 The need for affordable housing has been identified by previous Strategic Housing Market Assessments undertaken in the area:
- » The Stevenage SHMA (prepared by David Couttie Associates in 2013) identified an annual need for 575 affordable homes in Stevenage over the next 5 years; and
 - » The North Hertfordshire SHMA (prepared by ORS in 2012) identified a need for 5,400 affordable homes in North Hertfordshire over the 20-year period 2011-31.
- 3.95 These previous assessments were undertaken using different assumptions, however fully meeting the identified need for affordable housing in both areas would result in the housing currently occupied by some of households being released back to the market. Therefore, meeting the affordable housing need in full would offset the need to provide some market housing – so the need for affordable housing will not increase the overall objectively assessed need.

4. Housing Requirements

Considering the policy response to identified housing need

- 4.1 The SHMA has established the Full Objectively Assessed Need for Housing in Stevenage and North Hertfordshire to be 21,700 dwellings over the 20-year period 2011-31, however this figure will need to be tested through the statutory Plan-making process.
- 4.2 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.”*
- 4.3 The individual local authorities are currently in the process of preparing 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 periods; 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 Local Plans 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.
- 4.4 The Local Plans will also consider the spatial distribution of the OAN across the functional housing market area for Stevenage and North Hertfordshire, once that geographic area has been defined.

Affordable Housing Need

- 4.5 Previous SHMAs have identified a substantial need for affordable housing:
- » The Stevenage SHMA (prepared by David Coultie Associates in 2013) identified an annual need for 575 affordable homes in Stevenage over the next 5 years; and
 - » The North Hertfordshire SHMA (prepared by ORS in 2012) identified a need for 5,400 affordable homes in North Hertfordshire over the 20-year period 2011-31.
- 4.6 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.
- 4.7 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.
- 4.8 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)

- 4.9 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 findings¹⁴ (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.”

- 4.10 Given that the identified OAN already incorporates an uplift of 10% 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

¹⁴ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

total housing figures included in their Local Plans (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.

4.11 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
- » **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

4.12 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 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>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> |

- 4.13 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.
- 4.14 A Government task force was established in 2013 to encourage and support build-to-let investment¹⁵. 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 scale¹⁶, 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 homes¹⁷. 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.
- 4.15 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.
- 4.16 **Given the substantial need for affordable housing identified across Stevenage and North Hertfordshire, 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.**

¹⁵ <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>

¹⁶ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

¹⁷ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

Older People

- 4.17 Planning Practice Guidance for Housing and Economic Land Availability Assessment 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

- 4.18 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.
- 4.19 **It is important to recognise that the identified OAN of 21,700 dwellings does not include the projected increase of institutional population, which represents a growth of 841 persons over the 20-year period 2011-31.** This increase in institutional population is a consequence of the CLG approach to establishing the household population¹⁸, 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”.
- 4.20 **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.
- 4.21 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.
- 4.22 Although the institutional population is projected to increase by 841 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.
- 4.23 **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.**

¹⁸ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Gypsies and Travellers

- 4.24 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

- 4.25 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."

- 4.26 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.
- 4.27 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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