Site Allocations and Management of Development (SAMDev) Plan

Housing Requirements Technical Background Paper

July 2014

Shropshire Council

EV78

1 INTRODUCTION

Purpose

1.1 The Site Allocations and Development Management (SAMDev) Plan sets out proposals for the use of land and policies to guide future development in order to help to deliver the Vision and Objectives of the Core Strategy for the period up to 2026.

1.2 The Core Strategy, which was adopted in March 2011, provides the starting point in terms of planned housing supply/delivery. The Core Strategy was considered sound following independent examination and is considered by the Council to be in conformity with the NPPF - the assessment is available on the Councils website: http://shropshire.gov.uk/media/830889/conformity-of-core-strategy-with-the-new-requirements-in-the-NPPF-reduced.pdf

1.3 The overall housing requirement for Shropshire for the period 2006-2026 is defined in Core Strategy policy CS1. The SAMDev Plan will play a vital role in securing the delivery of the housing requirment. SAMDev Policy MD1, which covers the scale and distribution of development, states

> *"Further to the policies of the Core Strategy:*
>
> *1. Overall, sufficient land will be made available during the remainder of the plan period up to 2026 to enable the delivery of the development planned in the Core Strategy, including the amount of housing and employment land in Policies CS1 and CS2….."* (continues)

1.4 The Housing Delivery background Technical paper [EV79] provides evidence about the delivery of new housing through the SAMDev Plan. The housing target in the Core Strategy is ambitious, requiring a step-change in delivery, and is consistent with the subsequent NPPF aim of significantly boosting housing supply, being a rate 25% higher than the 15 year average, and 60% higher than the most recent 2008-2013 period marked by the economic downturn

1.5 The role of the SAMDev Plan is to help deliver, rather than to replace, the housing target in the adopted Core Strategy. Nevertheless, a local planning authority has a duty to survey, and to keep under review, matters relating to the development or planning of development within its area. These matters include the population and the economic and social characteristics of the area. Consequently, throughout the preparation of the SAMDev Plan, the Council has reviewed the most recent evidence about housing need. Such evidence will assist the consideration of a future review of the Core Strategy

1.6 This document summarises and updates evidence about the need for housing in Shropshire. It draws on detailed evidence previously published during the preparatory stages of the SAMDev Plan, more recent data from national sources and additional in-house forecasting and analysis. In doing so, it has had regard to national policies and guidance that have emerged since the Core Strategy was adopted in 2011.

1.7 The document should be read in conjunction with other evidence published during the earlier stages of the SAMDev Plan, notably

> "Site Allocations and Management of Development (SAMDev) DPD Technical Background Paper March 2014" (EV77)
>
> Strategic Housing Market Assessment (SHMA) Update Addendum (July 2014)" (EV3c))
>
> Strategic Housing Market Assessment (SHMA) Update 12th March 2014 (EV3b).

1.8 Note that Chapters 6 and 7 in EV3b are superseded by the equivalents in EV3c.

2. Background to Housing Requirement

Policy Background

2.1 Policy CS1 of the adopted Core Strategy sets the amount and spatial distribution of housing, while Policy CS10 provides phasing and Policy CS11 guides the mix and type of housing to be provided. These policies provide the strategic framework for the Site Allocations and Management of Development (SAMDev) Plan, which seeks to apply these strategic policies to determine the scale and location of development in specific areas, including allocating land for development in individual settlements.

2.2 The Shropshire Core Strategy came into force in March 2011 following independent examination of its soundness in 2010. Policy CS1 provides for around 27,500 new homes to be provided across Shropshire during the period 2006-2026; this is a net target (paragraph 4.5 of the Core Strategy). The Policy also allows for additional provision of up to 1,000 dwellings in East Shropshire, if required, for returning military personnel.

2.3 The housing target had regard to robust evidence from research produced by Alan Holmans and Alex Fenton at the Cambridge Centre for Housing and Planning Research[1] in April 2009 using CLG's (Department for Communities and Local Government) 2006-based household projections, along with evidence of past rates of delivery, reflecting Shropshire's needs and linked to the delivery of the spatial strategy; The Inspector who conducted the examination of the Core Strategy, concluded that the housing figure of 27,500 new homes 'is essentially Shropshire's own target, geared to meet Shropshire's future housing needs, and supported by a robust evidence base, including a SHMA & SHLAA'.

2.4 2008-based CLG household projections, published at the end of the Core Strategy hearings, pointed to slower growth than the 2006-based projections that had informed the Cambridge Centre's research: the new projections showed household growth of 23,500 between 2006 and 2026. Nevertheless, the Core Strategy's higher targets were retained and endorsed by the Inspector as soundly based and appropriate. The Inspector noted that the proposed level of housing provision was supported by most house-builders and developers and that there was little pressure for a higher target. The Inspector concluded that 'an overall level of housing provision expressed as around 27,500 homes is soundly based and appropriate';[EV83].

2.5 The Core Strategy's housing target provides a robust basis for this SAMDev Plan. Nevertheless It has been considered important to keep the housing requirements under review. The Council has considered the implications of changes since the adoption of the Core Strategy both in national planning policy and guidance and in evidence relevant to housing needs. This evidence will help consideration of the case for a future review of the Core Strategy.

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[1] EV6c: "Housing demand and need in the West Midlands: 2009 revision to regional estimates for 2006 to 2026" Alan Holmans and Alex Fenton, Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge, April 2009

National Policy Context

2.6 Since the adoption of the Core Strategy, the Regional Strategy has been revoked. Government has issued new policy guidance, notably the National Planning Policy Framework (NPPF) and National Planning Policy Guidance (NPPG). Paragraph 47 states:

"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, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;" (continues)

2.7 NPPF goes on to state in paragraph 159 that:

> "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);
> - caters for housing demand and the scale of housing supply necessary to meet this demand"

2.8 National Planning Guidance (NPPG) states

"Wherever possible, local needs assessments should be informed by the latest available information. Local Plans should be kept up-to-date, and a meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued." (Paragraph: 016 Reference ID: 2a-016-20140306)

2.9 The next section summarises the new and changing sources of evidence relevant to the assessment of need.

Changing Evidence Base

2.10 Since the Core Strategy was adopted there have been several important releases of relevant official statistics, including: the 2011 Census, three sets of ONS sub-national population projections, revised and updated population estimates and CLG household projections.

2.11 In-house work has included a local housing market assessment; publication of an updated Shropshire Viability Study (May 2013.). An update to the 2008 SHMA[EV3a] was published on 12th March 2014 [EV3b], using the latest information at the time of publication of the pre-submission draft of the SAMDev Plan.

2.12 Paragraph 1.5 of the SHMA update [EV3b] referred to further evidence that would become available before the Plan was submitted. EV3b also referred to additional analysis that would help to assist in the assessment of need

2.13 The latest evidence includes

ONS' 2012-based sub-national population projections (http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Sub-national+Population+Projections)

ONS' mid-year population estimates for 2013 (http://www.ons.gov.uk/ons/dcp171778_367167.pdf).

2.14 The 2012 projections are particularly significant as they are the first to take full account of the evidence on population trends that has been revised in the light of the 2011 Census results.

2.15 Further work has been carried out in-house to consider the more recent population evidence and to model the implications for household change. The household formation rates in the period after 2021 have been recalculated to provide more consistency across Shropshire.

2.16 Economic forecasts were commissioned jointly with Herefordshire and Telford and Wrekin Councils in June 2014, and additional in-house work has been carried out on labour supply.

2.17 This new and revised evidence is reported in an addendum to the SHMA update, and published in July 2014 [EV3c]. Note that Chapters 6 and 7 in EV3c replace those in EV3b

3. The Housing Market Area

3.1 NPPG (Paragraph: 007 Reference ID: 2a-007-20140306) states that

"Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries.

Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time."

3.2 Key strategic cross-boundary issues such as housing numbers and employment land allocations have already been addressed through active engagement with neighbouring local authorities in developing the Core Strategy. This level of co-operation has been maintained during the preparation of SAMDev Plan by engaging actively and constructively, on an on-going basis, with neighbouring authorities to identify, analyse and address potential strategic cross boundary issues. Formal consultation at all stages in the preparation of the Plan has allowed comment on both the Plan and supporting documentation such as the Sustainability Appraisal. In addition, detailed discussions have been undertaken in relation to the impact of the proposed growth. Issue based discussions have therefore been ongoing throughout the preparation of the Plan.

3.3 Evidence regarding this engagement process is reported as part of the Duty to Co-operate Statement

3.4 For timetabling and other reasons the unitary authorities of Shropshire, Herefordshire, Telford & Wrekin, Cheshire East, Cheshire West and Chester and Powys have all completed their latest SHMAs independently. Nevertheless cooperation between the authorities has been good on housing and other fronts, and regular cross-boundary discussions have continued as part of fulfilling the statutory Duty to Cooperate.

3.5 Details of the approach to defining housing market areas in Shropshire are set out in paragraphs 1.8 to 1.17 of the March 2014 SHMA Update [EV3b]. Charts 2.2 and 2.3 show that Shropshire is relatively self-contained in terms of journeys to work; nearly 78% of working residents have a job located within Shropshire, and 79% of local jobs are filled by Shropshire workers.

3.6 Migration from other parts of the UK is the prime source of population growth in Shropshire (Charts 5.11, 5.13 and Map 5.1 [EV3b]). There is no predominant source, although about 12% of migrants to Shropshire come from Telford and Wrekin. The proportion going the other way is similar; there has been an annual net inflow of about 160 persons from Telford and Wrekin during the period 2008-2012.

3.7 The SHMA for Telford and Wrekin did not identify a requirement for additional housing in Shropshire to meet its needs. (http://www.telford.gov.uk/info/1004/planning_policy/1830/strategic_housing_market_assessment_for_telford_and_wrekin_2014) The Duty to Co-operate Statement confirms that neither Council seeks to accommodate its housing need in the other's area.

4 Demographic and Household Trends

Introduction

4.1 National Planning Policy Guidance states:

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. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. (ID 2a-015-20140306 Last updated 06 03 2014)

4.2 Over the long-term, demographic change exerts a powerful influence on the number of households. Demographic change can be broken down into

Natural changes (births and deaths)
Ageing (age structure momentum)
Migration: to and from the rest of the UK (internal)
Migration to and from other countries (international)
Household formation (household representative or headship rates)

4.3 These factors interact with each other; for example, migration alters the age structure and in turn this affects future numbers of births and deaths

Official Population Estimates and Projections

4.4 The Census provides the most authoritative source of population data, although its results are partly based on estimation for persons and households who did not respond to the Census survey

4.5 Estimates of the population at mid-year (MYE) in local authorities are published annually by the Office for National Statistics (ONS). These are based on the most recent population Census, updated for changes in births, deaths, migration and ageing.

4.6 Information on population change, particularly migration is not perfect, so estimates are subject to a degree of uncertainty. In recent years, ONS has made several changes to its methods to try and improve the accuracy of estimates. In April 2013, the historical estimates for 2002-2010 were revised to be brought into line with the 2011 Census results.

4.7 Trend-based sub-national population projections for local authorities in England (SNPP) are published by the Office for National Statistics (ONS). Projections are usually published every two years, using trend data from recent annual mid-year population estimates (MYE).

4.8 The population projections, adjusted for the population living in communal establishments, form a crucial input into the household projections produced on behalf of the Department for Communities and Local Government (CLG). . Household projections are discussed in a later section

4.9 The table below sets out the official projections that have been released since the adoption of the Core Strategy. The 2012-based population projections, released in May 2014, are particularly significant as they are the first to be based on a dataset fully revised to reflect the results of the 2011 Census.

Table 4.1 Recent Official Projections

Base Year	Period	Population	Households	Notes
2010	2010-2035	Yes	No	Methodology changes.
2011	2011-2021	Yes	Yes	Base population reflects 2011 Census. Trends unrevised (as 2010)
2012	2012-2037	Yes	No*	Published May 2014 Base population reflects 2011 Census Trends revised to reflect Census Methodology changes * Expected late 2014

4.10 Differences between the population projections reflect

- Updating of trends to reflect the new base date; most trends are based on the five years preceding the base date.

- Changes in methodology and revisions to historical trend data.

4.11 ONS has made successive changes to its methods for estimating migration to and from local areas, particularly flows of international migrants. Each set of recent projections has been affected by changes in methodology and revisions of the trend data. Given this, it is difficult to make inferences about the extent to which differences between projections reflect changes in the underlying trends over time, and the extent to which differences reflect changes in method.

4.12 The 2010-based projections were based on revised historical trend data on flows of international migrants to and from local authorities, using new sources of evidence.

4.13 Immediately following the first release of 2011 Census population and household counts, the Office for National Statistics (ONS) published interim 2011 based sub-national projections for the period 2011-2021. These applied unrevised historical trend data, from the 2010-based SNPP, to a 2011 population estimate based on the Census. Consequently they were labelled as 'interim' and ran only to 2021.

4.14 In May 2014, the Office for National Statistics (ONS) published the 2012 based sub-national projections to 2037. They are the most up to date projections, but, more importantly, are the first projections to use demographic trend data that has been fully revised after the 2011 Census. They should inform CLG's 2012 based Household Projections which should be available towards the end of 2014.

4.15 Table 4.2 compares the 2010 and 2012 ONS population projections for the period 2011-2026. The interim 2011 projections are not shown as they only extend to 2021 and have been replaced by the recent projections.

Table 4.2: ONS population projections for Shropshire 2011-2026

Base data	Population Change	Natural Change	Net UK migration	Net International Migration
2010	+27,500	-3,500	+24,400	+7,700
2012*	+19,100	-4,800	+22,800	+1,400

Adapted from data from the Office for National Statistics licensed under the Open Government Licence v.1.0.
Figures summed from data rounded to nearest 100. Totals may differ from sum of components
*2011-2012 based on mid-year population estimates

4.16 The table shows considerable variations in projected growth. In terms of overall change, the 2010-based projection is noticeably higher. Despite the differences, the projections consistently show that Shropshire's population would fall without inward net migration.

4.17 Internal migration, within the UK is the main driver of growth. Projected flows into Shropshire from the rest of the UK are influenced by projected population change in the areas where migrants come from, as well as recent trends of migration to Shropshire. The projected average annual net internal migration into Shropshire in the 2012 projections is slightly below that in the 2010 projections. Nevertheless the projected net inflow is above the average recorded in the five years leading up to 2012(EV3b, Chart 5.11).

4.18 The main contributor to the difference between the 2010 and 2012 projections is the lower level of international migration gain in the 2012-based projection. This arises from

- less net international migration into the UK in the national projections.
- less net international migration to Shropshire (SHMA update chart 5.10, page 56)
- revisions to historical migration trend estimates, after the 2011 Census

4.19 The tables illustrate the degree of instability in trend-based population projections, and the dangers of undue reliance on one set of results. However, the 2012-based projections have particular weight, not only because they reflect recent trends, but more crucially because they are based on the 2011 Census. These projections provide the best benchmark for assessing the demographic and household implications of the Core Strategy housing provision.

4.20 Paragraph 2.4 noted that the 2008 projections pointed to less growth than that provided for by the Core Strategy. This remains the case with the 2012-based SNPP, suggesting that the Core Strategy is robust.

4.21 ONS' Mid-Year Population Estimate for 2013 is now available. The overall net gain from migration in 2012-13 is slightly lower than the 2012 projection figure, while loss through natural change has been slightly greater. However, the projections reflect longer-term trends and it is unwise to conclude that the 2012 projections are too high.

4.22 More detailed analysis of the 2012 projections and Mid-Year Estimates is contained in the addendum to the SHMA update [EV3c]

In-house population projections

4.23 The 2012-based projections were not available in time for the SHMA update of 12th March 2014. To fill the gap, Shropshire Council prepared five interim population; household and labour force projections (projections A and B), based on the 2011 Census.

4.24 The 2012-based SNPP have now been published. Chapter 6 of the SHMA Update Addendum [EV3c] contains the results of all the projections, replacing the equivalent chapter in EV3b. The projections were produced in-house using the 'industry-standard' POPGROUP forecasting software; summary results are in Table 4.3, which follows. The natural change and nil-migration estimates were included for illustrative purposes to show that population growth in Shropshire depends on net in-migration.

Table 4.3: In-house Population Projections

Projection:	Year		Change 2011-2026	
	2011	**2026**	**Number**	**% Change**
Natural Change	307,100	302,100	-5,000	-2%
Nil Migration	307,100	305,500	-1,600	-1%
Projection A	307,100	322,100	+15,000	+5%
Projection B	307,100	331,900	+24,800	+8%
ONS2010 SNPP	306,300	333,900	+27,600	+9%
ONS2012 SNPP	307,100	326,200	+19,100	+6%

Source: Table 6.17 [EV3c];

4.25 "ONS 2010 SNPP" uses trends from the published ONS projection, but its starting population is rebased to match the revised post-Census population estimate for 2010; for this reason it has a different 2011 population to the others, which start from the 2011 Mid-Year Estimate.

4.26 Projection A and projection B are based on alternative migration trends. Projection A used a linear trend, based on data for years leading to 2012. Projection B used the migration assumptions from the 2010-based SNPP.

4.27 Population growth in ONS2010 SNPP and Projection B is similar, because they share many assumptions. Both are much higher than in Projection A, which is based on more recent trends.

4.28 Paragraph 7.2 of the SHMA update indicated that Projections A & B were produced as an interim measure pending the release of the 2012 sub-national projections. The 2012-based projection shows growth of 19,100, about mid-way between projections A & B.

Age Structure

4.29 Changes in the age structure of the population are important for many reasons, not least because the propensity to form households varies by age. Generally, the household representative rates, used by CLG to project household numbers, are higher in older age groups. Older people are less likely to be living with children, and many old people live alone after the death of a spouse or partner.

4.30 Shropshire has higher proportion of older persons and numbers have been increasing rapidly, and are projected to continue to rise (SHMA Update, pages 51- 53[EV3b]). The increases stem from the ageing of the current population, increasing longevity and migration. Many migrants into Shropshire are aged 65 or older or are in the pre-retirement age groups (Chart 5.12, SHMA Update [EV3b]).

Household trends and projections

Official CLG Household Projections

4.31 Unfortunately, there are at present no recent official household projections that cover the period 2011-2026. Although 2012-based population projections cover the period to 2037, matching CLG household projections have not yet been published. 2008-based are the most recent but use population and household trend data that predate the 2011 Census. The Census showed that this trend data did not accurately measure population and household change since 2001.

4.32 CLG published interim household projections based on initial results from the 2011 Census and ONS' interim population projections. The latter have been superseded by ONS' 2012-based sub-national projections. Furthermore the projections only run to 2021. NPPG advises that

> *"The 2011-based Interim Household Projections only cover a ten year period up to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods."*
> *ID 2a-016-20140306 Last updated 06 03 2014*

4.33 The published outputs from these CLG's projections are now of limited value. However, the underlying data about household formation trends is the best currently available and has been used, in conjunction with the projections in table 4.3, to produce in-house projections of change in household numbers. As noted earlier, the standard approach to projecting household numbers is by applying projected household representative rates to the population projections, after adjusting for the population in communal accommodation.

4.34 For many years, average household size has been decreasing as a result of the changing age structure of the population and an increasing propensity to form separate households. The latter trend reflects economic and social changes.

4.35 Paragraph 5.7 in the SHMA update of March 2014 [EV3b] shows that household growth between 1991 and 2011 was relatively more rapid than population growth: 24.1% compared with 14.7% over the 20 years. Household rates were increasing, leading to falls in average household size.

4.36 However, Table 5.3 in the SHMA update [EV3b] also shows that population growth was more rapid between 2001 and 2011 than between 1991 and 2001. In contrast the number of households grew at a slower rate in the latter decade. Household size fell between 2001 and 2011 but to a lesser extent (Table 5.15, SHMA Update [EV 3b]).

4.37 The methodology report for CLG's 2008-based projections noted that survey data suggested that household formation trends since 2001 were not following the path suggested by earlier projections.

"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. If these shifts in household formation behaviour are sustained in the longer term, and this can only be truly assessed once the 2011 Census results are available, the household projections using the method as in the 2006-based and previous projection rounds would turn out to be too high." Page 10 in "Updating the Department for Communities and Local Government's household projections to a 2008 base: Methodology" *https://www.gov.uk/government/collections/household-projections*

4.38 In CLG's projections, the 2008 base year household figures were adjusted to reflect the post-2001 slowdown but projections for subsequent years were based on the long-term trends between 1971 and 2001.

4.39 The 2011 Census confirmed that changes in household representative rates since 2001 had not followed the trajectories assumed in CLG's 2008-based projections. The differences were largest in the 25-44 age groups, and particularly among those living alone.

4.40 The post 2001 slowdown in household formation influenced the household formation trends in CLG's 2011-based interim household projections

"The 2008-based projections used data from the 1971, 1981, 1991 and 2001 Censuses to project household representative rates by demographic group. In consultation with the Steering Group, it was agreed that it would add great value to the interim projections if the 2011 Census was included in the estimation process to produce the 2011-based projections"
Page 10 in Updating Department for Communities and Local Government's household projections to a 2011 base: Methodology Report
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

.
4.41 The household trends in the 2011-based projections have the advantage of information from the 2011 Census, the most recent authoritative source of data on household characteristics. However they have limitations because they:

- are based on limited Census data available at the time of production
- only run to 2021;

4.42 Furthermore some commentators argue that the 2011-based trends are not a reliable long-term guide, being unduly influenced by short-term factors, including recent waves of immigration, the recession, and worsening affordability). The same authors concede

"… *it is by no means inevitable that the availability of mortgage finance will return to the position that existed before 2007. Given the changes to the regulatory regime, the general view is that a degree of structural change has been "hard wired" into the way the system operates (Wilcox, 2013) and that* *this will have an impact upon access to mortgages and thus to home ownership. However it is not clear at this stage what the scale of these impacts will be …")*[2]

4.43 Furthermore other socio-economic factors may be leading to long-term changes in household formation, particularly among younger people. A recent paper from the Centre for Population Change at Southampton University has identified a number of possible factors.[3]

In-house Projections

4.44 The future trajectory of household trends is an important matter which merits further expert and academic research. CLG's forthcoming projections should offer authoritative figures on longer term trends. For the purposes of the in-house projections, the method adopted follows CLG's 2011-based household trends to 2021; thereafter household formation rates revert to catch up with those in the 2008-based projections. Any backlog in household formation since 2008, would be fully cleared by 2026.This is an optimistic assumption

4.45 These rates are applied to population scenarios from Table 4.3, after adjustment for the population that does not live in households: see paragraphs 6.28 to 6.30 of the SHMA Update Addendum [EV3c].

Table 4.4: In-house household projections

Population Variant	**Year**		**Change 2011-2026**	
	2011	**2026**	**Number**	**% Change**
Projection A	130,000	146,600	16,600	13%
Projection B	130,000	153,000	23,000	18%
2010 SNPP	129,900	153,400	23,500	18%
2012 SNPP	130,000	149,600	19,600	15%

Source: Table 6.18 SHMA Update Addendum July 2014 [EV3c]

4.46 The household growth in the latest ONS 2012-based projections lies mid-way between projections A and B. More detailed results are presented in the SHMA July Addendum [EV3c] paragraphs 6.31 to 6.67; note that this content replaces paragraphs 6.30 to 6.66 in EV3b.

[2] RTPI Research Report "Planning for housing in England: understanding recent changes in household formation rates and their implications for planning for housing in England" by Neil McDonald & Peter Williams, University of Cambridge.

[3] Outlining a future research agenda for studies of young adults' transitions to residential independence Ann Berrington, Centre for Population Change Working Paper Number 38 http://www.cpc.ac.uk/publications/cpc_working_papers.php

4.47 The preceding paragraphs have shown that there is a degree of uncertainty about the future scale of pressure from changes in the size and composition of the population and from trends in household formation. As regards the latter, the analysis in this document has adopted an optimistic view about a return to past rates of household growth.

4.48 The next chapter relates these demographic indicators to the balance of The Core Strategy's housing target, provided for through the SAMDev policies.

Non-household accommodation

4.49 CLG's household projections are calculated by applying household representative rates to the population resident in households. This excludes people living in "communal establishments". The projections use data from the Census, which defines a communal establishment as managed residential accommodation. "Managed" in this context means full-time or part-time supervision of the accommodation, and includes care homes, barracks, student and nursing accommodation and the like.

4.50 The projections in Table 4.4 assume that numbers in establishments will remain at 7, 900, as recorded in the 2011 Census. In 2011 33% (2,600) of residents in establishments were aged 65 or older; 19% were aged 85 or older (2011 Census table DC4107).

4.52 The SHMA update of March 2014 (EV3b, paragraphs 3.25-3.30) states that nearly 2,000 additional care home places are required over the period 2010-2025. By assuming that numbers in care homes remains stable, the projections may overstate the growth in older households. The older population is projected to increase rapidly and will contribute significantly to the projected increase in households (Table 6.19 in SHMA update addendum [EV3c]).

4.53 Consequently, the provision of specialist accommodation will be monitored, both to ensure that specific needs of older people are met and to inform the monitoring and review of the overall housing target. This approach will achieve consistency between the projection of household growth and the monitoring of housing development.

5. The Housing Requirement

5.1 Policy CS1 in the adopted Core Strategy makes provision for around 27,500 net additional dwellings over the period 2006-2026. This is an ambitious target, requiring a step-change in delivery [EV79, paragraph 2.10].

5.2 Policy CS10 sets out phasing in five year time bands:

2006/2011 – 1,190 dwellings per annum;
2011/2016 – 1,390 dwellings per annum;
2016/2021 – 1.390 dwellings per annum;
2021/2026 – 1,530 dwellings per annum.

Past Performance and Future Provision

5.3 In the first five years of the Plan, between 2006 and 2011, there was slight under-performance reflecting the economic downturn after 2008: 5,695 dwellings were completed, 255 below the target of 5,950. This left 21,800 to be provided over the period 2011-2016. The economic downturn and the weakness in the housing market have continued to depress house-building after 2011.

5.4 The Housing Delivery Paper [EV79] sets out how the SAMDev Plan makes provision to deliver the Core strategy's target and make up for the backlog that has built up since 2006.

5.5 The next section compares the balance of the Core Strategy provision for the period 2011-2026 with the housing growth that would be required under each of the demographic scenarios. The balance makes provision for eliminating the 2006-2011 backlog.

Comparing Households and Dwelling Stock

5.6 Before the household projections can be compared with the dwelling provision in the Core Strategy, it is necessary to allow for

- housing stock not occupied by residents for various reasons
- demolitions and other losses to the housing stock

5.7 The 2011 Census (Table KS401) found that nearly 6,600 dwellings had no usual residents; this is 4.4% of the total stock of housing. This includes the categories below (unfortunately a breakdown by type is not available):

  - Vacant
  - Used as a second home
  - Occupied by short-term residents and visitors

5.8 According the Council's Empty Homes Strategy[4], in 2012 just under 3.5% of homes in Shropshire were empty. The number of registered empty properties was over 4,600 with over 1,700 of these being empty over six months and classified as long-term empty properties

5.9 Shropshire Council is committed to reducing the number of empty homes within the County, and to facilitate and assist the creation of good quality and affordable accommodation for local people. Bringing vacant property back into use has a number of benefits. If vacancy levels in the existing stock were to fall, this would help meet the need for additional new housing.

5.10 However, for the purposes of relating household numbers to dwellings in the projections, it has been assumed that the percentage of unoccupied dwellings in the housing stock will remain constant. This means that the number of unoccupied dwellings increases in line with the growing size of the housing stock. This is a conservative assumption, which allows for properties brought back into use being offset by others falling vacant.

5.11 Policy CS1 relates to net additions to the housing stock. Consequently, the forecast of changes in the number of households can be made without making adjustments for losses to the housing stock. The monitoring of development records losses to the dwelling stock.

Comparison of Remaining Requirement and Demographic Projections

5.12 The following table compares the remaining Core Strategy dwelling requirement for 2011-2026 with the household projections from table 4.4

Table 5.1: Projections and Provision

	Change 2011-2026	
	Households	**Dwellings**
Core Strategy	**20,800**	**21,800**
Projection A	16,600	17,400
Projection B	23,000	24,100
2010 SNPP	23,500	24,600
2012 SNPP	19,600	20,500

Note: assumes constant 4.4% vacancy rate

5.13 The table shows that the housing target is more than sufficient to accommodate household growth in the most recent 2012-based ONS projections. It is also greater than that required under Projection A, which is based on recent migration trends. It is somewhat lower than projection B, and the 2010-based ONS projections, but these are based on trend data predate the revisions following the 2011 Census.

[4] Empty Homes Strategy 2014 – 2017, Shropshire Council
http://www.shropshire.gov.uk/media/131048/Empty_homes_strategy_.pdf

5.14 The table illustrates the degree of variation between trend projections. The planned provision lies midway in a range. Furthermore it exceeds the requirements of the 2012 projections, which are authoritative as they are based on ONS' revision of trends following the Census. The Core Strategy target remains robust, and is based on optimistic assumptions about the long-term recovery of household formation trends, combined with conservative assumptions about re-use of empty properties.

Unmet Need

5.15 In addition to considering growth pressures, assessments should also consider whether there are unmet housing needs that require additional housing.

5.16 National Planning Policy Guidance (NPPG) states:

> *"As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."*
> ID 2a-015-20140306 Last updated 06 03 2014"

5.17 Later it states that

> *"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…".*
> ID 2a-019-20140306 Last updated 06 03 2014

5.18 The SHMA update [EV3b] provides an analysis of Concealed Families in 2001 and 2011 and overcrowding (pages 70-74). The number and percentage of concealed households in 2011 are small (1,135, 1.3%), but numbers had increased from 677 in 2001.

5.19 The number of households in overcrowded accommodation increased by 2,031: from 3,191 in 2001 to 5,222 in 2011[EV3b, Table 5.16]. There may be an overlap between concealed families and overcrowding, but no data is available from the Census. Over the same period the number of households with 2 or more rooms above the room standard increased by 10,200. This suggests that there is sufficient stock of larger housing, but there is a mismatch in terms of household circumstances; see EV3b pages 17-18. The Housing Strategy [EV4] aims to assist households to downsize to more suitable accommodation, thus releasing housing more suitable for families. Paragraph 7.5 indicates that Welfare Reform is encouraging registered housing providers to reduce under-occupancy and release accommodation for families.

5.20 In the first quarter of 2014 there were 62 homeless households in temporary accommodation: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/326268/201403_ID_reported__Grossed_EnglandLonTOT_____19_June_2014.xls)

5.21 The inability to secure adequate housing creates severe problems for the individuals, households and families affected. However, in the context of the required scale of housing provision in Shropshire, the figures are modest. The following paragraphs indicate that the Core Strategy and the SAMDev Plan provide scope to meet any backlog that might arise from the overall balance of dwelling stock and households.

5.22 Paragraphs 5,3 has indicated that housing development since 2006 has not kept up with the requirements of the Core Strategy because of the recession and a sluggish housing market. The SAMDev Plan makes provision for the shortfall to be eliminated and the planned target achieved. This is a substantial challenge, especially given the depressed housing market in recent years, and requires the market to deliver at historically high rates of development.

5.22 The household projections presented in Table 5.1 assume that by 2026 household formation rates will have recovered to the levels in CLG's 2008-based projections. Consequently, if household formation has been suppressed since 2008, the resulting backlog will have disappeared by 2026. That table demonstrated that the Core strategy's housing requirement will exceed the household growth in all but the most optimistic of projections based on recent demographic trends.

6. Other Potential Growth Pressures

Return of military personnel from Germany

6.1 Core Strategy Policy CS 1 makes provision in East Shropshire for: 3,025 – 3,575 dwellings, together with additional housing provision of up to 1,000 dwellings, if required, for returning military personnel. Paragraph 4.14 states

"In East Shropshire, up to 1,000 additional homes may be required in the Albrighton, Shifnal and Telford areas for military personnel returning from Germany. These will be integrated with existing civilian communities, but will only be brought forward to meet the specific Ministry of Defence need."

6.2 On 5 March 2013 the Regular Army Basing Plan was announced and this will support the full implementation of the Army 2020 plan. The Basing Plan set out the location changes for the Army and also confirmed the drawdown of all units from Germany by 2020.The Basing Plan makes no reference to relocations to Shropshire. (http://www.army.mod.uk/structure/33834.aspx)

6.3 At present, there is no requirement for the SAMDev Plan to identify specific additional provision for accommodating returning military personnel. It should be noted that the international migration assumptions for ONS' 2012-based population projections include allowances for troops returning from Germany.

Emerging long-term issues

6.4 The housing target is robust when compared with a range of trend-based indicators of demographic growth. In the longer term there are emerging issues that will need consideration in a future review of the Local Plan.

6.5 The i54 major employment site is located in South Staffordshire adjacent to the M54, close to the M6 motorway and north of Wolverhampton. This development is a joint venture partnership between Staffordshire County Council and Wolverhampton City Council. It is a 91 hectare (226 acre) strategic site, and has Enterprise Zone status. It is currently under development, with Jaguar Land Rover as the headline occupier.

6.6 Potentially this development could have impacts over a very wide area, including Shropshire. Publicity material claims

> *"Access to a workforce of over 550,000 people within a 30 minute drive time. There are over 3 million people of working age within a 20 mile radius" http://www.i54online.com/i54*

6.7 At present it is difficult to quantify the likely long-term impact on Shropshire. However, the scale of housing provision in the Core Strategy and the SAMDev Plan provides scope for development to accelerate to meet higher demand over the medium term. Longer term implications will be addressed in the review of the Local Plan.

University College

6.8 Shropshire Council and the University of Chester are working together to deliver a new, high quality university that will be unique, distinctive and will develop Shropshire's economy whilst also having significant national and international relevance.

6.9 At a meeting of full Council on 17 July 2014, councillors gave their backing to the next stage towards establishing the new university, including work to bring a range of sites forward for detailed consideration.

6.10 It is proposed that the university college would start operation in autumn 2015. The business plan envisages student numbers rising from nearly 500 in the first year to 2,500 by 2021-22, This is an ambitious plan.

6.11 To this end the Council is actively exploring the scope for developing the first phase of purpose-built accommodation for around 300 students on Council-owned land. In the longer term, it is intended to develop a wider masterplan, which will take account of the full range of implications for Shrewsbury.

6.12 If successful, the development of a university could have long-term effects on the economy and demography of Shrewsbury and Shropshire .The SHMA update (EV3b paragraph 5.13) drew attention to out-migration of young people to study in other areas. The new university should reduce these outflows and attract students from the rest of the UK and overseas. If graduates remain in Shropshire after study this could boost the size and skills of the workforce. In turn this would have implications for housing, beyond the need for student accommodation.

6.13 These issues are of long term significance and will need to be addressed in the review of the Local Plan,

Economic Trends and the Labour Force

6.14 The recession has affected housebuilding in recent years, leading to under-delivery against the Core Strategy's housing requirement. The SAMDev Plan makes provision for the resulting backlog to be eliminated, so that the Core Strategy long-term targets are achieved.

6.15 Core Strategy CS 13 takes a positive approach to sustainable economic development. However, the Plan is not jobs-led, and the housing target is not based on a precise matching of jobs and workforce.

6.16 In 2011 the number of economically active residents in Shropshire was 27,200 greater than the number of jobs in the county [Paragraph 6.116, EV3c]. The difference comprised net commuting from Shropshire to workplaces elsewhere and unemployed residents seeking work.

6.17 The SHMA Update Addendum [EV 3c] contains updated analysis of projected increases in the county's labour force, together with a trend-based projection of employment growth in Shropshire. The employment projection was produced by Cambridge Econometrics, and was commissioned jointly with the Councils of Herefordshire and Telford and Wrekin, partners with Shropshire in the Marches LEP

6.18 The employment projections point to a possible increase of 13,000 jobs in Shropshire over the period 2011 to 2026. [EV 3c paragraphs 6.113-6.115] Projected growth in numbers is greatest in Accommodation and Food Services (+4,000), Government Services (3,800) Transport and Storage, Construction and Finance and Business Services. These projections are from a reputable forecasting agency but economic trends are volatile and difficult to forecast accurately. Furthermore, the quality of data available for local areas could be improved.

6.19 Labour force projections were prepared using combinations of different population scenarios and different assumptions about participation in the labour market (economic activity rates)

6.20 The population projections were Projections A and B, and ONS's 2012-based sub-national projection (Table 4.4 of this report). For economic activity, one variant assumed that rates remained constant at the 2011 levels. However, the state pension age for men and women will increase to 66 by 2021, and it is likely that activity rates will rise in the age groups affected. As Shropshire has an ageing population, it is important to explore the implications of these changes. [EV3c paragraphs 6.68-6.112]

6.21 The projections range from a decrease of 4,300 to an increase of 7,400 depending on the combination of population and activity rate assumptions.

6.22 The labour force and employment projections were compared. The gap between the labour force and jobs shrinks to between 10,000 and 21,600, but Shropshire would continue to be a net supplier of workers to other areas.

6.23 Were local employment levels to increase to the extent projected, this could stimulate higher rates of economic activity among the resident population. Furthermore as the pension age rises, the ability of people to retire early in their fifties might diminish. More people could work locally, reducing the net outflow of commuters. This would be in line with the Core Strategy's aim to accommodate growth in such a way that it helps make more sustainable, balanced, vibrant and self-reliant places in which to live and work. Growth might also stimulate migration, and trends will continue to be monitored.

7. Distribution of Growth, Affordability, House Types

Distribution of Housing

7.1 The rationale for the spatial distribution of housing is described in detail in the Technical Background Paper of March 2014[EV77].

Affordable Housing

7.2 The overall affordable housing provision target in Core Strategy Policy CS1 is for 9,000 of the 27,500 total (33%). This is the provision of affordable housing from all sources, including directly funded schemes, exceptions policy sites (including development under the Council's single plot scheme), as well as provision linked to open market housing development. This percentage was recognised as being an extremely demanding target but one that reflected the evidence of need (456 p.a. as a percentage of the annualised total target of 1,375 p.a.) and the high aspirations to tackle the issue. It was anticipated that the approach of seeking the Shropshire provision of affordable housing linked to all open market housing development and the Council's new policies for the rural areas would enable an increasing proportion of affordable housing to be achieved over the Plan period (compared to the 15% that had been achieved in the previous 5 years).

7.3 The SHMA Update of March 2014 [EV3b, Table 4.4 on page 45] estimates housing need to be between 469-997 p.a., equating to 34%-72% of the current Policy CS10 base requirement of 1,390 dwellings per annum (the low estimate is using those accepted as statutorily homeless to assess newly arising need, while the high estimate is using homeless applications). The report refers to the need for the target figure to be a balance between the objectively assessed need and deliverability, but concludes that the need remains high. Information on local need is set out in Appendix 2 of the Updatet, providing information from the Housing Register by parish at January 2014. Appendix 3 provides local housing market information for the SAMDev Plan towns and key centres.

Types of Housing

7.4 The SHMA Update 2014[EV3b] sets out high level information on housing needs of different types. As well as a growing population, Shropshire has an ageing population, and increasing numbers of one person households – all factors placing pressure on the existing housing stock. Pages 16 to 18 of EV3b provide information on house types, tenure and household size. It concludes that there is a degree of under-occupation by older households and there may be a need for smaller homes.

7.5 This need for smaller homes is mirrored by one of the effects of the welfare reform and in particular the restriction on HB for single under 35's and the reform known as the "Bedroom Tax". Previously Registered Providers (RP's) would seek predominantly 2 and 3 bed homes as the larger units were flexible enough to cater for a tenant's growing family needs and under occupancy was not a particular issue. These new restrictions based upon occupancy, has meant that the RP's now seek smaller 2 and 1 bed homes, to help mitigate potential tenant under occupancy and subsequent benefit restrictions.

7.6 As the population ages there will be growing demands for specialist accommodation and for services to support people in their homes. Paragraphs 3.35 to 3.30 of the SHMA Update provide details of these needs, and the programmes that will address them, including the provision of extra care housing.

7.7 The SHMA Update Appendix 3 contains for each of the 18 SAMDev Plan towns/key centres.

7.8 Paragraph 4.18 of the SAMDev Plan indicates that the Place Plans will play a key role in identifying needs for specific types of housing at the local level.

"*To reflect the emphasis that the NPPF places on ensuring a suitable mix of housing and apply Core Strategy policy CS11, the Shropshire Place Plans will provide information on the different types of housing required at a local level. In this manner the needs of different groups in the community will be identified, including for example the needs of older people, people with disabilities, service families, people looking for their first home, people unable to afford market housing, and people wishing to build their own homes.*"

7.9 Provision of gypsy and traveller accommodation is covered by the Housing Delivery technical Paper [EV79] and the Gypsy and Traveller Accommodation Assessment Update 2014 [EV84].

8. Conclusion

8.1 The SAMDev Plan provides for the full delivery of the housing requirements set out in the Core Strategy, which came into force in March 2011 following independent examination of its soundness.

8.2 At the end of the examination, new 2008-based household projections were released, pointing to a lower level of growth than that provided for in the Core Strategy. Nevertheless, the higher targets were maintained. This document has reviewed subsequent releases of demographic estimates and projections. It has found that there has been a degree of variation in the official trend-based projections. The results of the most recent 2012-based projections, the first to take full account of the Census, suggest that the Core Strategy target remains robust.

8.3 There is uncertainty about long-term trends in household formation. For the purposes of evaluation, the in-house projections assume a return to pre-recession growth rates. This is an optimistic approach in line with Government advice to boost significantly the supply of housing.

8.4 The strategic requirements in the Core Strategy required a step change in housing development in Shropshire compared to historic trends. The SAMDev Plan provides for this step change and for recovery from the effects of the recession.

8.5 The analysis has identified emerging issues that may affect growth in the longer-term. These will be addressed in a future review of the Local Plan.