

COMPARISON OF THE HOUSHOLD PROJECTIONS UNDERLYING THE GREATER NOTTINGHAM CORE STRATEGIES AND THE CLG 2012-BASED HOUSEHOLD PROJECTIONS

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Purpose and main findings of this Paper:-

This paper compares the household projections underlying the Core Strategies covering Greater Nottingham with the latest 2012-based CLG Household Projections.

It concludes that there is a good match between the Core Strategies' projections and the 2012-based projections.

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

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

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

COMPARISON OF THE HOUSHOLD PROJECTIONS UNDERLYING THE GREATER NOTTINGHAM CORE STRATEGIES AND THE CLG 2012-BASED HOUSEHOLD PROJECTIONS (HHPS)

Introduction

- 1 The Core Strategies covering Greater Nottingham¹ (but not including Ashfield District, which is preparing a Local Plan for the whole of its area) collectively aim to meet the full objectively assessed housing need of the housing market area as a whole. Together they provide for a minimum of 49,950 new homes between 2011 and 2028.
- 2 The starting point for assessing the objectively assessed housing need was the government's 2008-based household projections, but reflecting local factors such as different headship rates than those used in the projections, and the findings of the 2011 Census. Factors such as vacancy rates for housing were also applied to translate household need into housing provision. The Core Strategy projections were also checked against the 2011-based interim household projections, and found to be broadly consistent with them.
- 3 Nonetheless, the Inspectors at the examinations thought it prudent to include safeguards in the Core Strategies, and so they all include undertakings for the review of their housing provision if the 2012-based Household Projections indicate the assumptions underlying housing provision in the Core Strategies are wrong². The 2012-based Household Projections were published in February 2015 and it is therefore necessary to examine them to see if they indicate a significantly different housing provision for Greater Nottingham is warranted.

Core Strategy Household Projections

- 4 The Core Strategies are underpinned by household projections undertaken specifically for that purpose, commissioned by the Councils from Edge Analytics. Edge Analytics used local demographic data to adjust the 2008-based Household Projections to provide tailored projections for use in the Core Strategies, principally using local headship rates for Nottingham, Broxtowe and Rushcliffe. The projections were 'dwelling led' and resulted in an assumed reduction in in-migration over the projection period.
- 5 Following the publication of the 2011 census, the headship rate data used in the projections was checked against the census results. As a consequence, adjustments were made to increase the housing

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

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

provision by 2,829 to make up for the fact that the original projections had overstated the level of rescaling of headship rates. See “Aligned Core Strategies Housing Background Paper Addendum 2014” (available [here](#)) for more detail.

Comparison of Household Projections

- 6 For Greater Nottingham the 2012-based household projections can be compared to the household projections underlying the Core Strategies (the “ACS projections”) as follows:-

Nottingham Core	2011	2021	2028
2012 Official projection	316,285	341,745	359,884
ACS projection	318,481	345,423	364,281

- 7 This shows that the ACS projections have 4,397 more households than the 2012-based household projections at 2028. However, this does not mean that the Core Strategies are over providing housing by that amount because the 2011 figures (ie the starting point) is different between the two sets of projections. The difference between the two sets of projections at 2011 is 2,196, the ACS 2011 figure being higher than the 2012 HHPs.

- 8 For the Greater Nottingham housing provision, it is the difference between the 2011 and the 2028 figure which is important. To compare the change over the 2011 and 2028 period, the ACS projections can be adjusted to have the same starting figure as the 2012-based projections, allowing the change over the period to be directly compared.

- 9 To have the same starting figure, the difference of 2,196 can be subtracted from the ACS projection figures:

Nottingham Core	2011	2021	2028
2012 Official projection	316,285	341,745	359,884
Adjusted ACS projection	316,285	343,227	362,085

- 10 The difference between the projections is now reduced at 2028, with the ACS projections figure being 2,201 higher than the 2012-based projections.

- 11 The TCPA paper “New Estimates of Housing Demand and Need in England 2011 to 2031” (Alan Holmans, 2014³) looked at the interim 2011-based HHPs, and concluded that the reason they were much lower than the 2008-based HHPs was due to two factors:-

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

³ No equivalent work for the 2012-based HHPs has been undertaken.

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

- 12 The first of these was considered to be a permanent demographic change whilst the second was a temporary effect, likely to be reversed as the economy improved. Accordingly, the paper adjusted the 2011 HHPs based on judgments as to the scale and timing of these demographic effects, and extended them from 2021 (the end date) to 2031. It did this on an England basis and on an East Midlands basis.
- 13 Greater Nottingham is not directly comparable to the East Midlands, so any comparison can only be tentative⁴. However, this analysis can be replicated for the 2012-based HHPs by applying the East Midlands ratio from the Holmans paper to the 2012 HHPs for Greater Nottingham:-

Nottingham Core	2011	2021	2028
2012 Official	316,285	341,745	359,884
TCPA modified trend projection (em ratio)	316,285	341,745	363,505
Adjusted ACS	316,285	343,227	362,085

- 14 Making this change results in the TCPA modified 2012 HHPs being 1,420 households higher than the ACS HHPs. It is worth noting that at 2021 the ACS figure is 1,482 higher than the TCPA modified 2012 HHPs, due to the gradual 'return to trend'.
- 15 Because the ACS housing figures were adjusted upwards to take account of the fact that the ACS HHPs on which they were based overstated the affect of using different headship rates (see paragraph 3 above), a similar adjustment to the ACS projections is required to get a better comparison with the 2012-based HHPs. The ACS housing figure was increased by 2,829 homes. This can be converted to households by removing the vacancy allowance of 3% included in the housing figure, giving 1,889 households.
- 16 By adding this 1,889 households to the ACS HHPs changes the difference between the two sets of projections, with the ACS projections being 469 higher than the TCPA modified 2012 projections.
- 17 469 households is only around 1% of the difference between the adjusted ACS HHPs at 2011 and 2028 (difference being 45,800 households).

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

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

Conclusion

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

Technical Appendix

Official 2012 based household projections, and Aligned Core Strategy forecasts, by Nottingham Core Local Authority.

	CLG/ONS 2012-based Household Projections					Change 2011- 2028
	2011	2012	2021	2022	2028	
<u>Households</u>						
Broxtowe	46,930	47,360	50,672	51,028	53,114	6,184
Erewash	48,760	49,122	52,765	53,141	55,268	6,508
Gedling	49,491	49,721	53,008	53,376	55,540	6,049
Nottingham	125,212	126,626	135,073	135,877	142,699	17,487
Rushcliffe	45,892	46,195	50,227	50,657	53,263	7,371
Nottingham Core HMA	316,285	319,024	341,745	344,079	359,884	43,599
	Aligned Core Strategy forecasts					Change 2011- 2028
	2011	2012	2021	2022	2028	
<u>Households</u>						
Broxtowe	47,727	48,080	51,258	51,609	53,721	5,994
Erewash	48,520	48,878	52,101	52,459	54,600	6,080
Gedling	49,819	50,234	53,976	54,392	56,881	7,062
Nottingham	126,447	127,426	136,244	137,224	143,105	16,658
Rushcliffe	45,968	46,556	51,844	52,432	55,974	10,006
Nottingham Core HMA	318,481	321,174	345,423	348,116	364,281	45,800
	Difference between ACS & 2012 Official					
	2011	2012	2021	2022	2028	
<u>Households</u>						
Broxtowe	797	720	586	581	607	
Erewash	-240	-244	-664	-682	-668	
Gedling	328	513	968	1,016	1,341	
Nottingham	1,235	800	1,171	1,347	406	
Rushcliffe	76	361	1,617	1,775	2,711	
Nottingham Core HMA	2,196	2,150	3,678	4,037	4,397	

Effect of 'rebased' the Aligned Core Strategy forecasts to the 2011 household figure in the official 2012 based household projections.

	ACS forecasts REBASED using 2011 from 2012					Change 2011- 2028
	Official projections					
	2011	2012	2021	2022	2028	
Households						
Broxtowe	46,930	47,283	50,461	50,812	52,924	5,994
Erewash	48,760	49,118	52,341	52,699	54,840	6,080
Gedling	49,491	49,906	53,648	54,064	56,553	7,062
Nottingham	125,212	126,191	135,009	135,989	141,870	16,658
Rushcliffe	45,892	46,480	51,768	52,356	55,898	10,006
Nottingham Core HMA	316,285	318,978	343,227	345,920	362,085	45,800

	Difference between REBASED ACS & 2012				
	Official projections				
	2011	2012	2021	2022	2028
Households					
Broxtowe	0	-77	-211	-216	-190
Erewash	0	-4	-424	-442	-428
Gedling	0	185	640	688	1,013
Nottingham	0	-435	-64	112	-829
Rushcliffe	0	285	1,541	1,699	2,635
Nottingham Core HMA	0	-46	1,482	1,841	2,201

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

England (thousands)	2011	2021	2031
2012 official	22,104	24,290	26,407
2011 official and TCPA extended	22,102	24,307	26,326
TCPA modified trend projection	22,102	24,332	26,593
<i>TCPA/2011</i>	<i>1.000000</i>	<i>1.001029</i>	<i>1.010142</i>
East Midlands (thousands)	2011	2021	2031
2012 official	1,897	2,062	2,200
2011 official and estimated	1,897	2,086	2,259
TCPA modified trend projection	1,897	2,086	2,282
<i>TCPA/2011</i>	<i>1.000000</i>	<i>1.000000</i>	<i>1.010062</i>

Effect of applying the change between the official projections and the TCPA modified trend projections to the Nottingham Core Local Authorities 2012 based projected figures.

Nottingham Core	2011	2021	2028
2012 Official	316,285	341,745	359,884
TCPA modified trend projection (EM ratio)	316,285	341,745	363,505
ACS	318,481	345,423	364,281

Nottingham	2011	2021	2028
2012 official	125,212	135,073	142,699
TCPA modified trend projection (EM ratio)	125,212	135,073	144,135
ACS	126,447	136,244	143,105

Broxtowe	2011	2021	2028
2012 Official	46,930	50,672	53,114
TCPA modified trend projection (EM ratio)	46,930	50,672	53,648
ACS	47,727	51,258	53,721

Erewash	2011	2021	2028
2012 Official	48,760	52,765	55,268
TCPA modified trend projection (EM ratio)	48,760	52,765	55,824
ACS	48,520	52,101	54,600

Gedling	2011	2021	2028
2012 Official	49,491	53,008	55,540
TCPA modified trend projection (EM ratio)	49,491	53,008	56,099
ACS	49,819	53,976	56,881

Rushcliffe	2011	2021	2028
2012 Official	45,892	50,227	53,263
TCPA modified trend projection (EM ratio)	45,892	50,227	53,799
ACS	45,968	51,844	55,974

Comparison of the 2012 based official household projections, the unofficial TCPA modified trend, and the 'rebased' Aligned Core Strategy forecasts.

Nottingham Core	2011	2021	2028
2012 Official	316,285	341,745	359,884
TCPA modified trend projection (EM ratio)	316,285	341,745	363,505
ACS	318,481	345,423	364,281
Rebased ACS	316,285	343,227	362,085
<i>Difference Rebased ACS-Modified Trend</i>	<i>0</i>	<i>1,482</i>	<i>-1,420</i>

Nottingham	2011	2021	2028
2012 official	125,212	135,073	142,699
TCPA modified trend projection (EM ratio)	125,212	135,073	144,135
ACS	126,447	136,244	143,105
Rebased ACS	125,212	135,009	141,870

<i>Difference Rebased ACS-Modified Trend</i>	0	-64	-2,265
Broxtowe	2011	2021	2028
2012 Official	46,930	50,672	53,114
TCPA modified trend projection (EM ratio)	46,930	50,672	53,648
ACS	47,727	51,258	53,721
Rebased ACS	46,930	50,461	52,924
<i>Difference Rebased ACS-Modified Trend</i>	0	-211	-724
Erewash	2011	2021	2028
2012 Official	48,760	52,765	55,268
TCPA modified trend projection (EM ratio)	48,760	52,765	55,824
ACS	48,520	52,101	54,600
Rebased ACS	48,760	52,341	54,840
<i>Difference Rebased ACS-Modified Trend</i>	0	-424	-984
Gedling	2011	2021	2028
2012 Official	49,491	53,008	55,540
TCPA modified trend projection (EM ratio)	49,491	53,008	56,099
ACS	49,819	53,976	56,881
Rebased ACS	49,491	53,648	56,553
<i>Difference Rebased ACS-Modified Trend</i>	0	640	454
Rushcliffe	2011	2021	2028
2012 Official	45,892	50,227	53,263
TCPA modified trend projection (EM ratio)	45,892	50,227	53,799
ACS	45,968	51,844	55,974
Rebased ACS	45,892	51,768	55,898
<i>Difference Rebased ACS-Modified Trend</i>	0	1,541	2,099