Note on the impact of updated demographic baseline data on objectively assessed housing need

Introduction

1.1 The Craven SHMA Update 2017 set out the calculations of objectively assessed housing need in accordance with Planning Practice Guidance. The analysis drew upon demographic analysis prepared by Edge Analytics using 2014-based population and household projections for Craven district. The OAN calculation considered:

- the demographic starting point;
- adjustments for migration, household formation rates and market signals; and
- a consideration of the housing needed to support economic growth.

1.2 The purpose of this note is to consider the impact of the latest demographic data available on the demographic starting point and the wider calculation of objectively assessed housing need.

1.3 Edge analytics have updated the demographic evidence[1] to take account of:

- Revisions to the 2012- 2016 mid-year population estimates;
- 2016-based ONS sub-national population projections, with fertility, mortality and migration assumptions; and
- 2016-based sub-national household projections, with revised household representative rate assumptions.

Demographic starting point

1.4 PPG Paragraph 2a-015 states that plan makers should make use of the household projections published by DCLG as the starting point estimate of housing need. The starting point reported in the 2016 SHMA update was a need for **141** dwellings each year under the SNPP-2014-Rebased scenario which took account of the 2014-based household projections and population change in 2015 and 2016.

1.5 Under 2016-based household projections, the starting point would be adjusted upwards to **161** dwellings each year over the 2012-32 plan period.

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[1] Craven Updating the Demographic Evidence – 2016-based population and household projections

Further adjustments

1.6   The PPG recommends adjustments be made to the household projections with reference to local demographic trends, future jobs, past delivery and market signals and other local circumstances not captured by past trends. The SHMA update 2017 presented evidence relating to short- and long-term migration trends and alternative headship rate assumptions. The long-term migration scenario provided a balanced perspective on migration both before and after the financial crisis of 2007/08. This uplifted the OAN to 199 and a further headship rate adjustment (to make an allowance for potential supressed household formation in the 25-39 age group) uplifted the OAN to 202. A final adjustment for market signals resulted in a final OAN figure of 242 dwellings each year across Craven district.

1.7   Under 2016-based projections, the population growth over the plan period is lower *but* higher household growth is evident. This is due to higher Household Representative Rates (HRRs) in the younger age groups and a greater reduction in the average household size – meaning more younger people are forming households in Craven. This contrasts with national trends and means a further adjustment to compensate for suppressed household formation is not necessary.

1.8   A comparison between the long-term migration scenarios is therefore key to analysing the impact of 2016-based projections on the OAN calculation. The PG Long Term (X) scenario establishes a need for 203 dwellings each year, virtually the same as the 202 reported in the 2017 SHMA update. Applying the same market signals uplift (20%) would result in an OAN of 244 for Craven district.

Conclusions

1.9   Having reviewed the new demographic statistics, it can be concluded there is no substantial variation from the evidence presented in the 2017 SHMA update. Therefore, the objectively assessed need calculation presented in the 2017 SHMA update remains appropriate for Craven district and the Local Plan housing target for Craven based on this evidence remains sound.

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