



# GBSLEP JOINT STRATEGIC HOUSING STUDY

July 2014



# PART 1 OBJECTIVELY ASSESSED NEED



# Defining the HMA

# What we're looking for

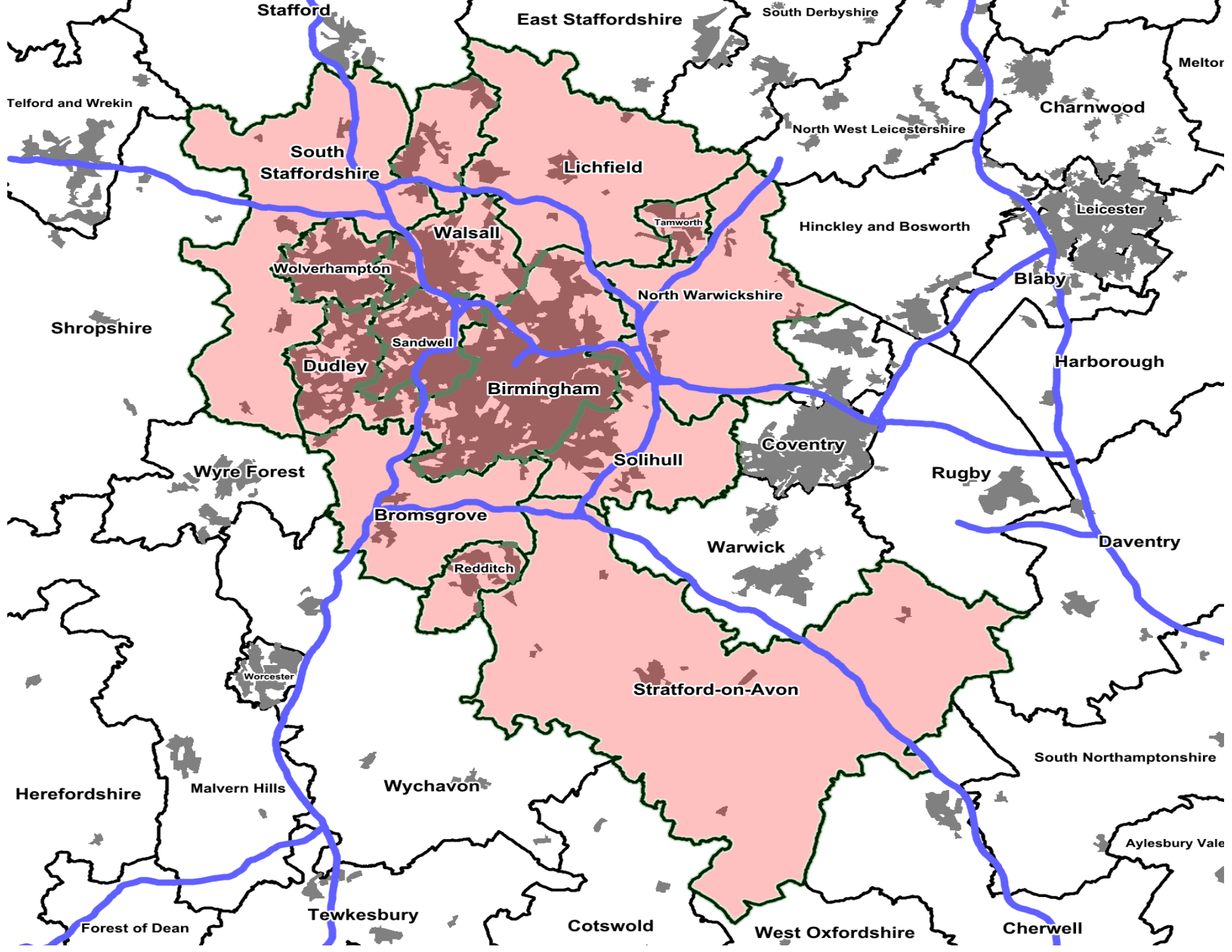
- Starting point is to define the HMAs
  - As per NPPF
  - And PG
- An HMA is a reasonably self-contained area
  - Migration and commuting are mainly within the area

# In practice

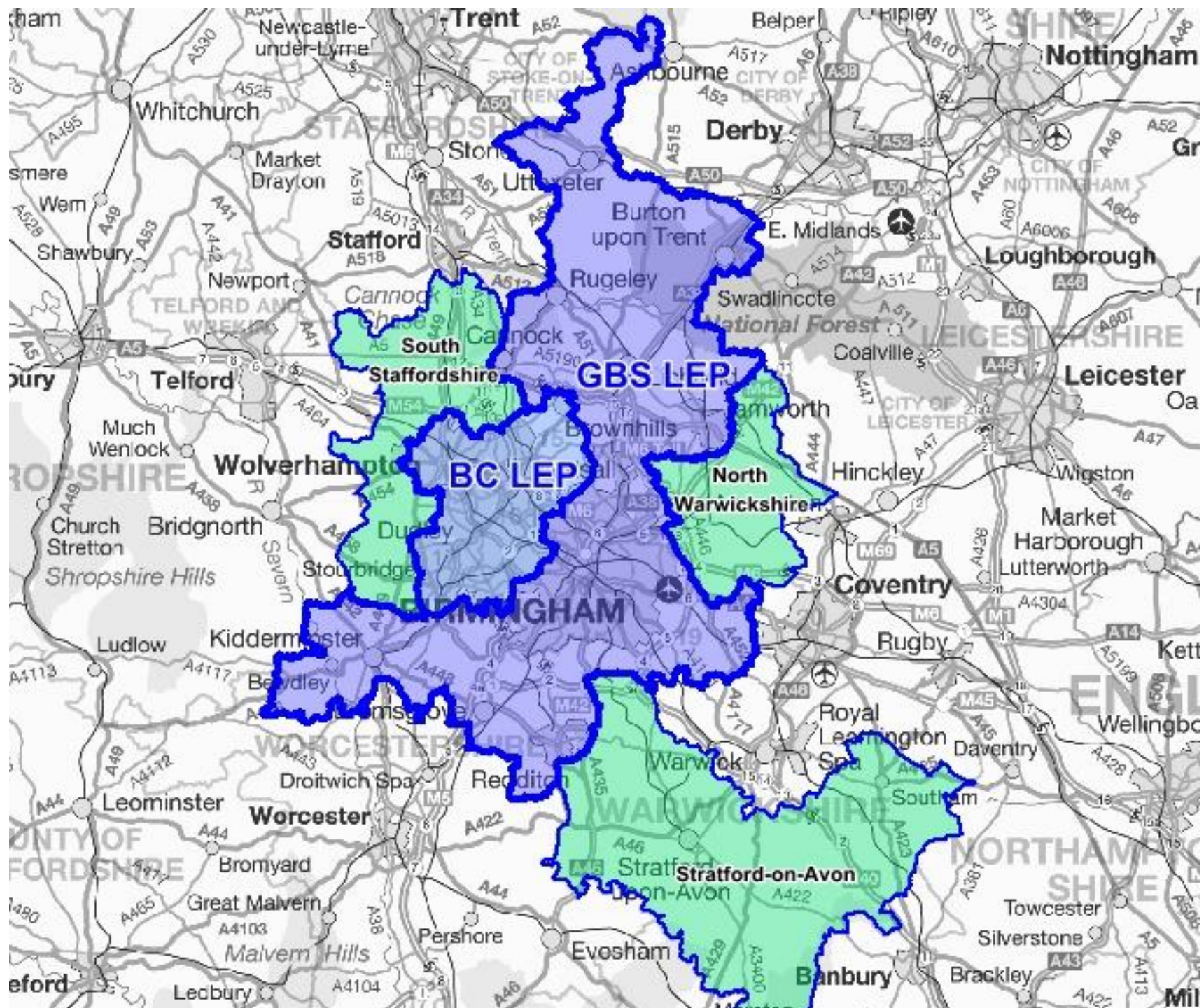
- We have to settle on a best fit
- No area is perfectly self-contained
- Our area less so than most
- Birmingham is very large attractor of national migration
  - Students migrating to study
    - (Many stay on after graduation)
  - Workers following job opportunities
  - Lifestyle / bright lights

# GBSLEP

- GBSLEP is not a perfect HMA
- But is a reasonable starting point
- Some exceptions:
- East Staffs is related to it
  - But not well
  - Part of the Derby HMA
- Wyre Forest is also related
  - But not very well with GBSLEP
  - However with BC included
  - Becomes a much better fit
- North Warwickshire is part of the HMA
  - But not part of the LEP
- Stratford is mixed
  - Again not part of the LEP









# **GBSLEP demand Demographic projections**

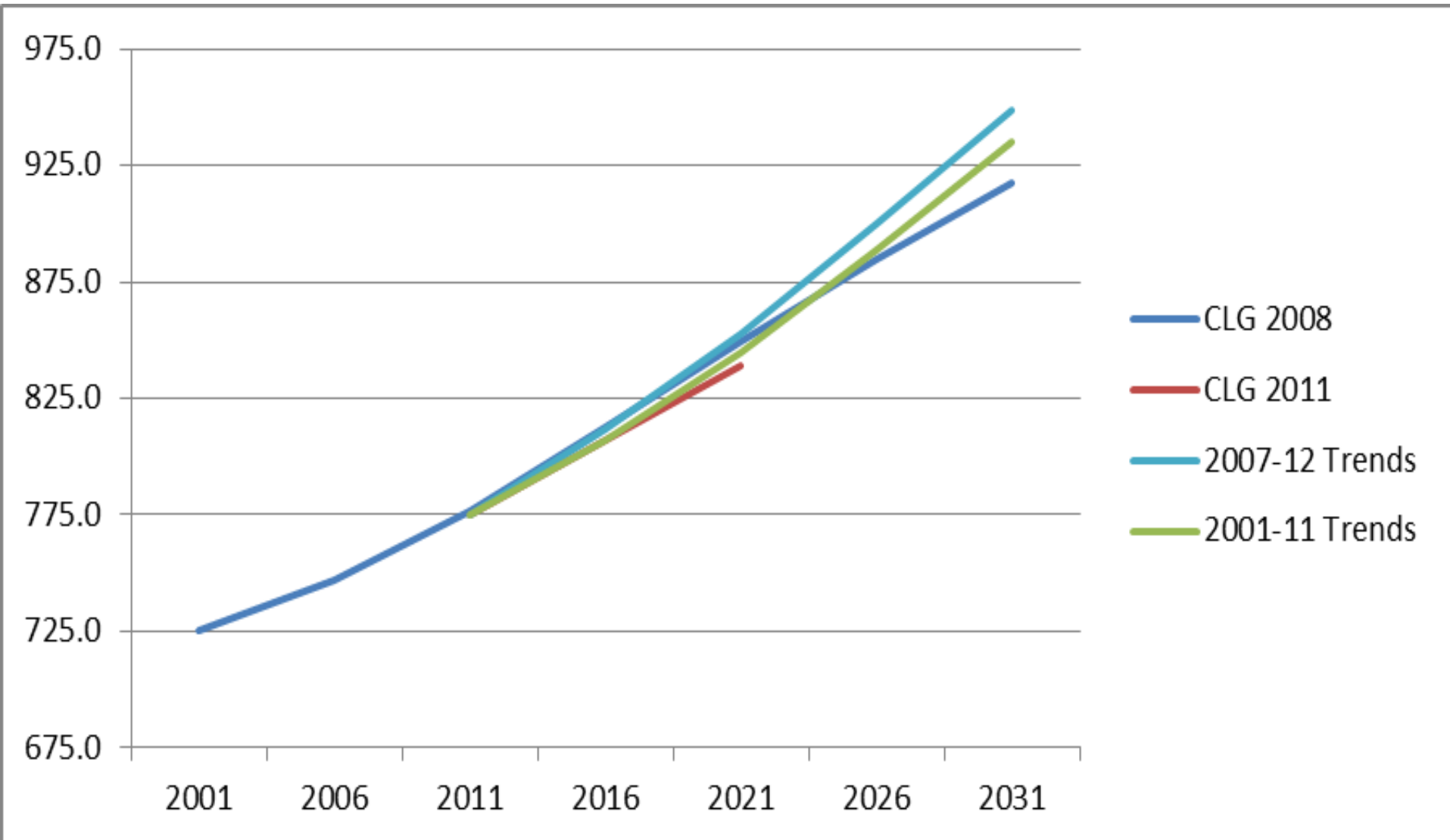
# GBSLEP

- We looked at the official projections
  - from ONS/CLG
- And created new PBA projections
- PBA Trends 2001-2011
  - Rolls forward the previous 10 years' domestic migration
  - Census to Census
- PBA 2007–2012
  - Rolls forward the previous five years' domestic migration
  - Mirrors the base period to be used in ONS 2012
  - And CLG 2012 household projections

# GBSLEP – net new households p.a.

- CLG 2008: 7,100 (2008 HRRs)
  - Trend migration 2003-2008
- CLG 2011: 6,500
  - 2011 HRRs
  - Trend migration 2006-2011
- PBA 2001-11 Trends: 8,000
  - 2008 / 2011 HRRs (blended)
  - Trend migration 2001– 2011
- PBA 2007-12 Trends: 8,700
  - 2008 / 2011 HRRs
  - Trend migration 2007-12

# GBSLEP households



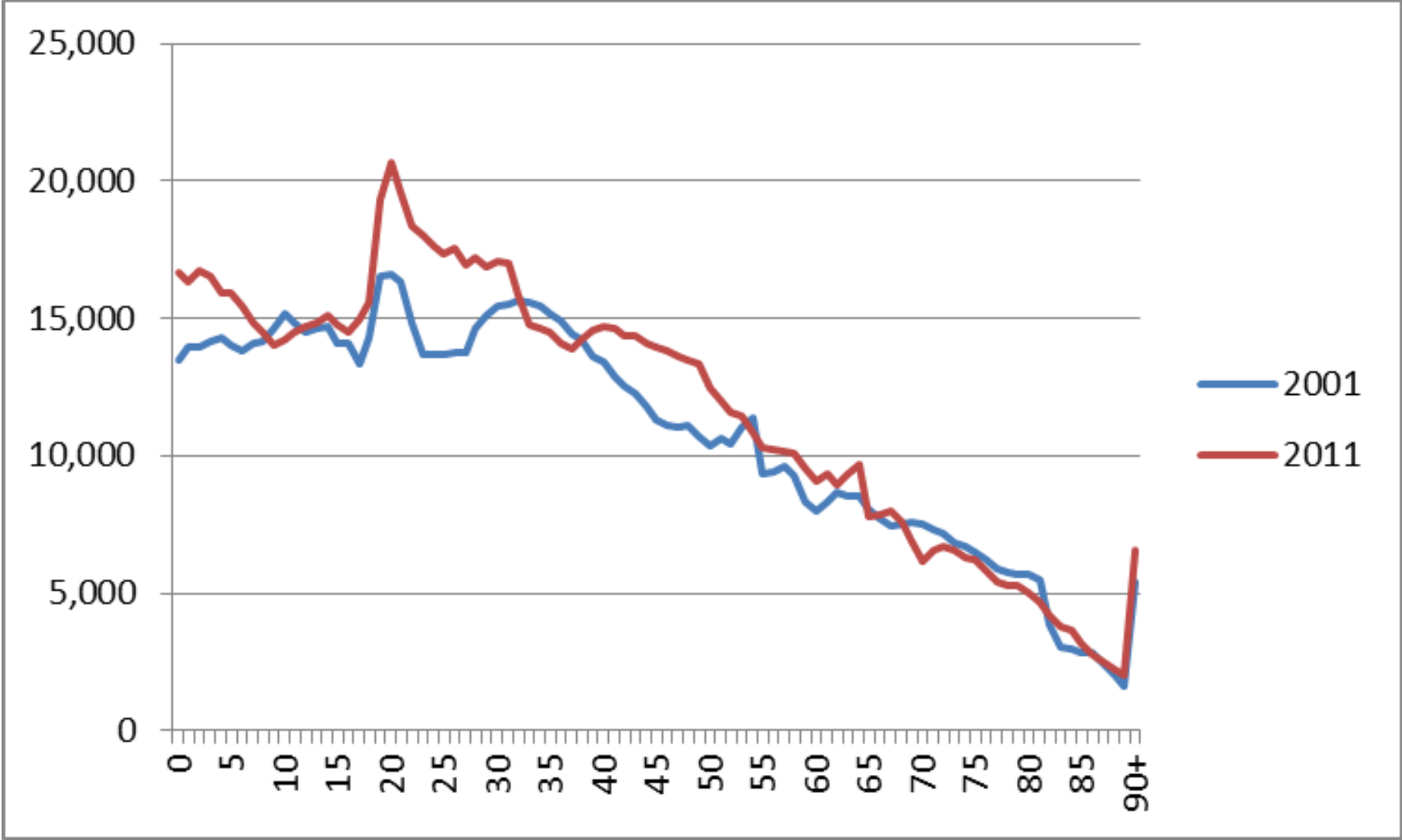
# Why have the projections gone up?

- Stage 1 found a range
  - From 6,500 households pa
    - CLG 2011
  - To 8,700
    - PBA 07-12 trends
- Newer PBA projections are higher
- Why?

# Two main reasons

- The Census found more people in GBSLEP than previously expected
  - Older projections underestimated net in-migration
    - More people were coming in or fewer leaving
- And a younger age profile than expected
  - And younger than 10 years ago
  - Especially at ages that have children and form households
    - 20–35 year olds
- These are facts
- They disprove the earlier official projections
- Projections are only past facts rolled forward
- So the projections also change
- Future migration into the GBSLEP is higher than earlier projections
- And so is household formation & natural change
  - (Natural change is the main component of growth)

# GBSLEP age profile





# More reasons

- The statistics don't tell the whole story
- Here's a working theory
  - Knitting together the known demographic facts
  - And other intelligence
- Positive explanations
  - Regeneration of the urban core has worked?
    - It's now a more attractive place for people to live
      - Especially younger families
    - In city centre / urban regeneration
    - Lots of flats?

# More reasons continued

- Birmingham has had very high household growth
  - Fuelled by natural change
  - And some international migration
- Even if some households wanted to move out
- They couldn't afford to
  - Falling real incomes
  - Lack of credit
- & the WM 'shires' stopped providing housing land for them
  - A policy choice
  - To focus new development into urban regeneration sites

# Implications

- However this happened
- The practical outcome is the same
- More and younger people are now living in GBSLEP
  - Especially Birmingham City
- Forming families
- Who will seek to form a household
  - Over the lifetime of the new development plans
- They need housing in the HMA
- Or elsewhere
- Otherwise there'll be more overcrowding
  - Something we return to

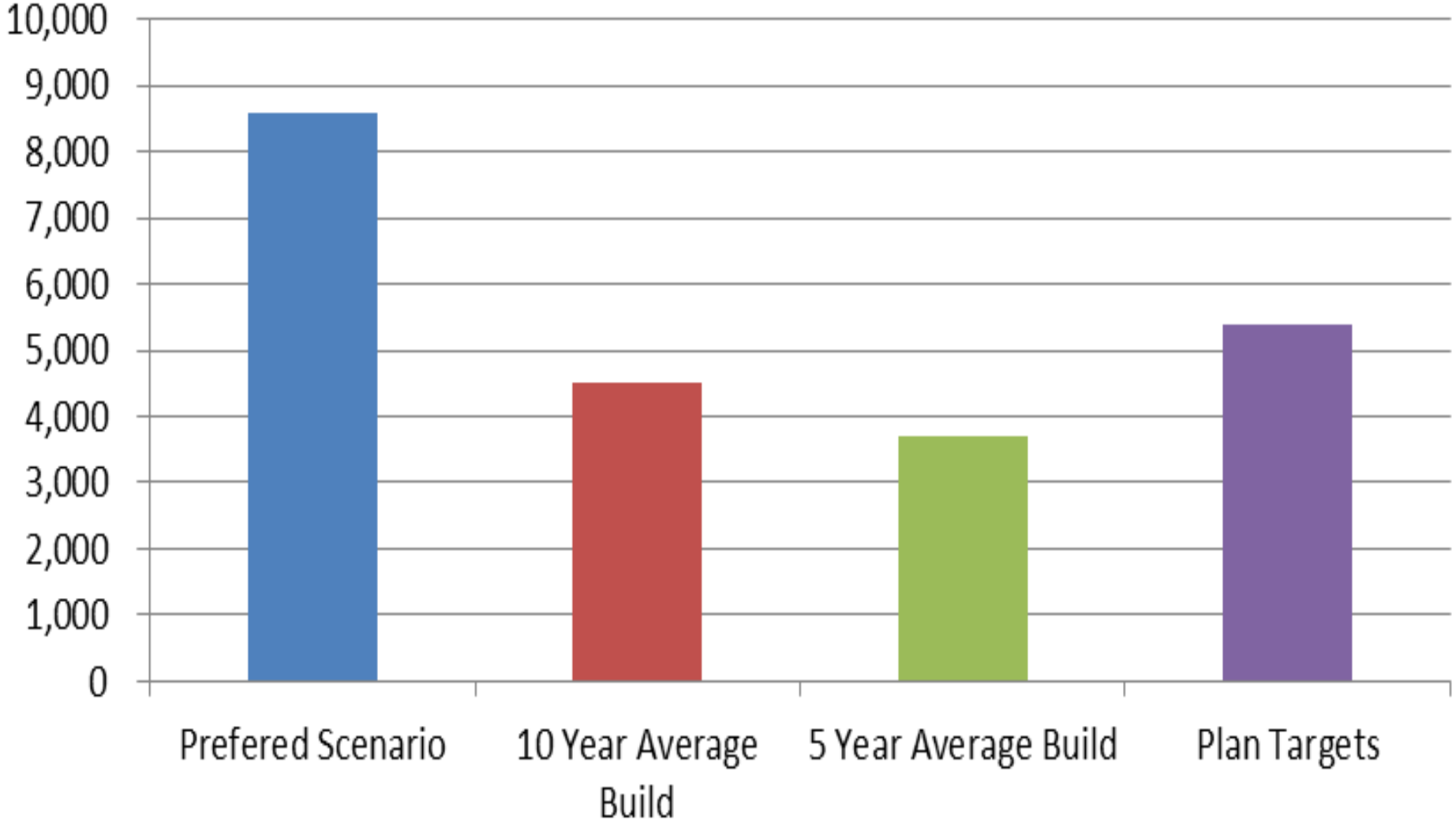
# A preferred demand scenario

- At Stage 1 we suggested a ‘preferred scenario’
- The PBA 2001–2011 projection
- Because
  - Census to Census minimises need to estimate
  - Spans an economic cycle
    - Though not perfectly
  - 10 year trend better to smooth peaks and troughs
- Estimated 8,000 households per annum
  - (8,250 dpa)
- This was further tested in Stage 2

# Testing the scenarios

## Past delivery & plan targets

# GBS LEP DPA



# Tested against past delivery

- Preferred scenario is roughly 1/3<sup>rd</sup> above existing plan targets
- More than double past rates of delivery



# Unattributable change

# The facts

- The Census found more people than projected earlier
- And more people than estimated in MYEs
- In GBSLEP
  - Estimated population was 1.90m people
  - From 2008 projections
  - Census population was 1.95m people
  - Roughly 43,000 more people
  - Mostly in Birmingham

# More facts

- Population growth in GBSLEP
  - Expected to be 90,000
    - 2001–2011 (CLG 2008)
  - Was 135,000
  - So 50% higher
- In the new projections we roll this forward
- That's partly why the new projections are higher

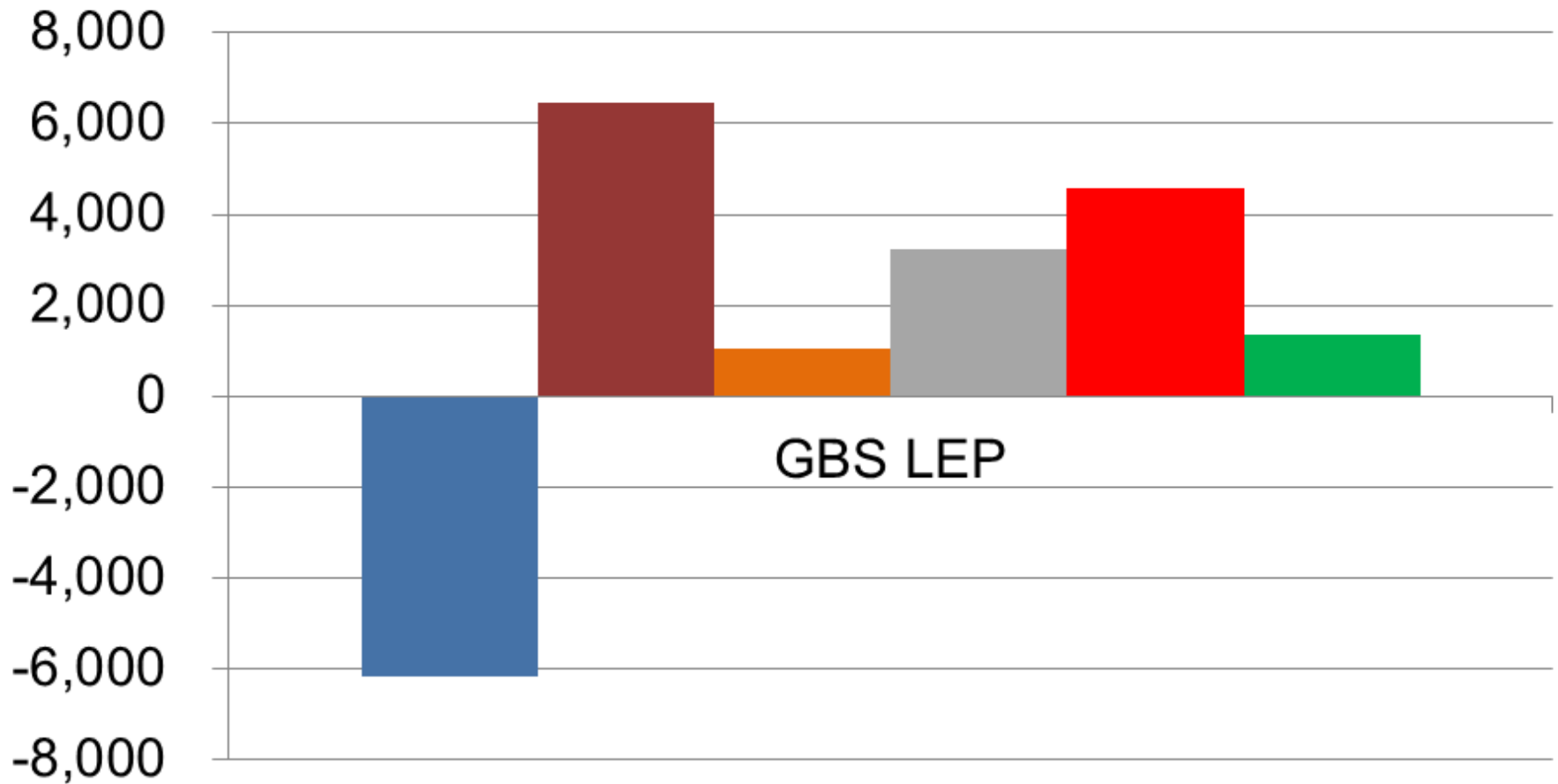
# Why did the ONS miss so much?

- Maybe the 2001 Census undercounted
  - I.e. the missing people were always there
  - They were an undercount in the 2001 Census
- If so they should not be counted as migration
- And that migration not rolled forward into projections
- The ONS has tried to audit their data backwards
  - Make their sums add up
  - But they cannot
  - There remains an element of 'unattributable' population change
- I.e. people they think arrived between the Censuses
- But they don't know how

# Excluding the unattributable

- Unattributable change (UPC) is large
- It changes the flow or pattern of migration
  - Total net = 1,351 per annum
- But UPC is 3,200 per annum
  - So total net = 4,500 per annum

# Population change 01–11 p.a.



■ Domestic migration

■ International migration

■ Asylum

■ UPC

■ Net with UPC

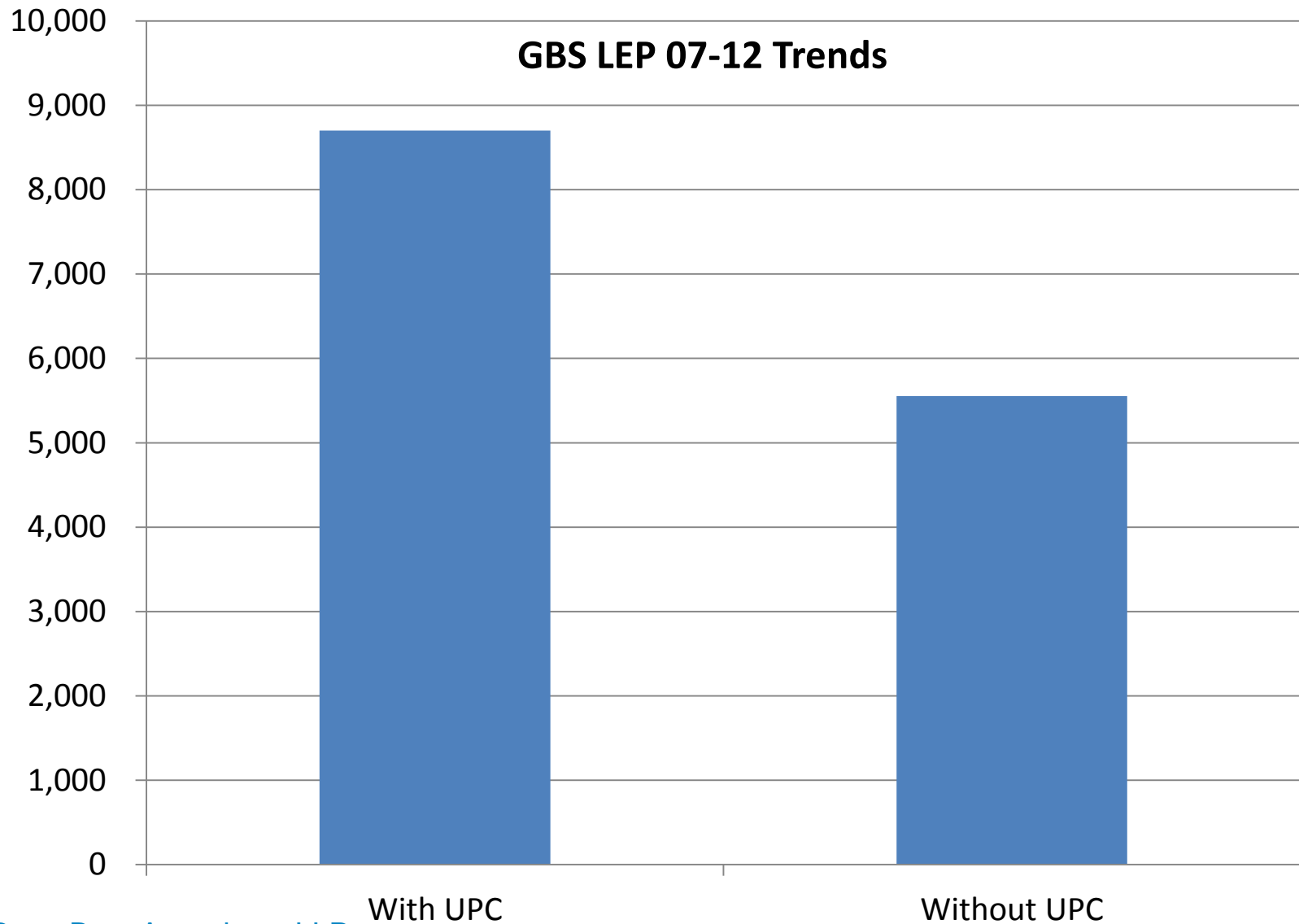
■ Net without UPC

# The projections without UPC

- We have run a illustrative scenario
- To show the effect of excluding the UPC
- We have used our 2007-12 Trends scenario
- Because it mirrors the ONS / CLG 2012 projections
  - (Forthcoming)
- But we don't know how those will treat the UPC
  - We have asked around
  - No one knows



# Projected dpa with and without UPC



# Excluding UPC

- Excluding UPC makes a very large difference
- But we don't recommend removing it
- For two reasons
- Firstly removing them questions the validity of the Census
  - Not a helpful path to follow
  - Everything relies on the Census
- Secondly ONS may have found many of the missing people
  - International migrants missed from the official surveys

# Daily Telegraph 11 April

- The ONS said the mistake occurred because it used “inadequate sampling” in a crucial survey at airports which is used to estimate net migration-the difference between the number of people arriving in Britain and those emigrating.
- It said most of the migrants who were omitted from the International Passenger Survey (IPS) were from Poland and other former Communist states which joined the European Union in 2004, known as the “EU8” countries.

## Immigration from eastern Europe was massively underestimated, says official report

Office for National Statistics admits it missed an estimated 350,000 in net migration over a decade because of flaws in a key survey



The number of eastern European migrants who came to Britain in the last decade was far higher than previously thought because a crucial airport survey used “inadequate sampling” Photo: London News Pictures

# OAN- an alternative view

- On 29 May the ONS published new population projections
- They show much less population growth
- Based on this household growth would be
  - 6,800 in GBSLEP
- Around 7,000 dwellings p.a.
- Still a large uplift on the current targets
  - 5,500 dpa in plans
- So we're roughly 1,500 dpa short
  - Still because of Birmingham

# Why so low?

- Partly because expected international migration went down
  - UK- wide
- But the main reason is the 'Unattributable Population Change' (UPC)
  - People who were in xx place in 2011 but not in 2001 (or vice-versa)
  - But aren't accounted for by estimated births / deaths / migration
    - The national total is 103,700
    - Net balance of positives and negatives
    - In our study areas it was large and positive
  - It's probably unrecorded migration
  - But to everyone's surprise ONS 2012 ignores it
    - Leave it out of the migration trend
    - In effect they assume it never happened
    - I.e. one or both Censuses miscounted
  - This makes a big difference to the projections
    - Because in the past UPC was an important component of change
    - As I mentioned projections are only the past rolled forward
    - So projected future growth is also much lower



# Household Reference Rates

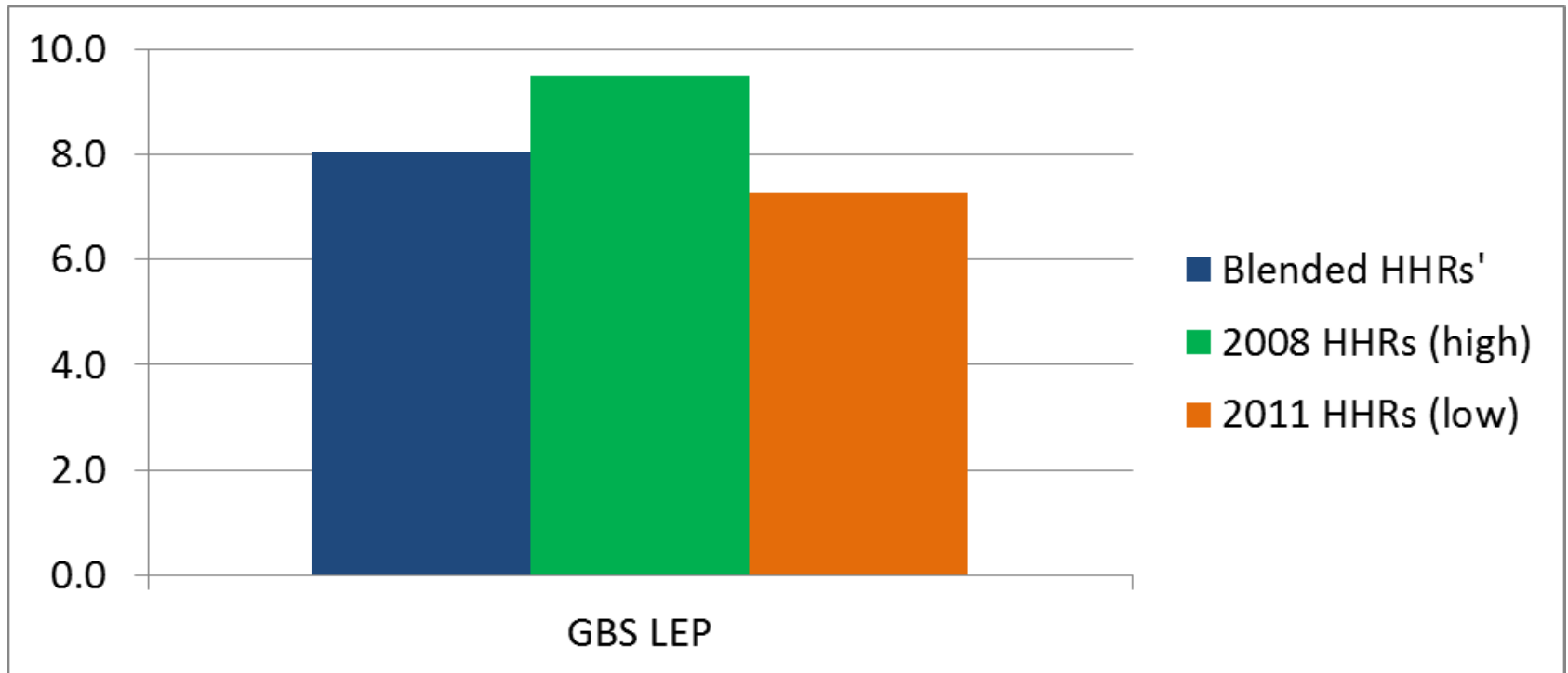
# HRRs

- All projections are very sensitive to HRRs
- HRRs are the factor used to turn population into households
- Two main sets available to use
  - 2011 ‘recession based’
  - 2008 ‘boom based’
- At Stage 1 we used ‘blended reference rates’
  - A mix of 2011 HRRs until 2021
  - Reverting to rate of change from the 2008 HRRs
- We still think this is best
- But as the economy improves
- Will be pressure to move from the 2011 set earlier
- So sensible to test

# Alternatives

- So we have tested our preferred scenario
- Using only 2008 HRRs from 2021 onwards
- And using only 2011 HRRs

## Households per annum





# Supply-constrained scenario

# Results

- GBSLEP
  - Trends
    - 8,250 dwellings pa
  - Targets
    - 5,500 dwellings pa
- Note
  - In practice households would get bigger
  - And the stock more overcrowded



# Conclusion

# Finally

- The preferred scenario shows 8,000 new households p.a.
- Around 8,250 dwellings
- A large uplift on the current targets
  - 5,500 dpa in plans
- So we're roughly 2,750 dpa short
  - Mainly due to Birmingham

# Caveats

- 55,000 dwelling shortfall over 20 years
- Long list of caveats
  - In summary
  - May be a high estimate
    - Because international migration may fall?
      - No evidence of this yet
      - And if this is to be taken into account at the local level
      - We would expect ONS or CLG to 'rule' to this effect

# Caveats continued

- The estimate may also be high
- Because developers may not be able to deliver this much
- For GBSLEP need is 1/3<sup>rd</sup> higher than existing targets
- For areas with capacity (fields) planned supply would need to triple
- Birmingham could not meet the shortfall
- Even if it redevelops each factory and warehouse
  - Stock of 6,500,000 sq m B2/B8 = 1,625 ha
  - @40 dpa = 65,000 dwellings

# Caveats continued

- The estimate maybe too low
- If the economy improves HRRs may go up
  - As more people can afford a home
- If related LPAs under provide
  - Or only provide 2011-based projections
  - (or similar low scenarios)
  - In that case the high natural change in GBSLEP
  - Some of which in the trends have migrated out
  - Will have nowhere to move to



# PART 2 LAND SUPPLY



# SHLAAs

- Our first analysis
  - Checked SHLAAs against Practice Guidance
  - Totalled SHLAAs in the study area
  - Identified the 'not currently developable' capacity
- We found the SHLAAs used different periods and methods
- Meaning the totals couldn't be easily compared
- So we asked authorities for revised numbers
  - On a more consistent basis
- And for information on main constraints holding back sites

# Revised supply estimates

- We asked authorities to recast their numbers
- Break down SHLAA supply into five-year periods
  - Deliverable (years 1-5)
  - Developable (years 6-10)
  - Developable (years 1-15)
  - Developable (years 16+)
- These sites should be
  - Suitable
  - Available
  - Achievable
- Anything outside these categories is 'not currently developable'

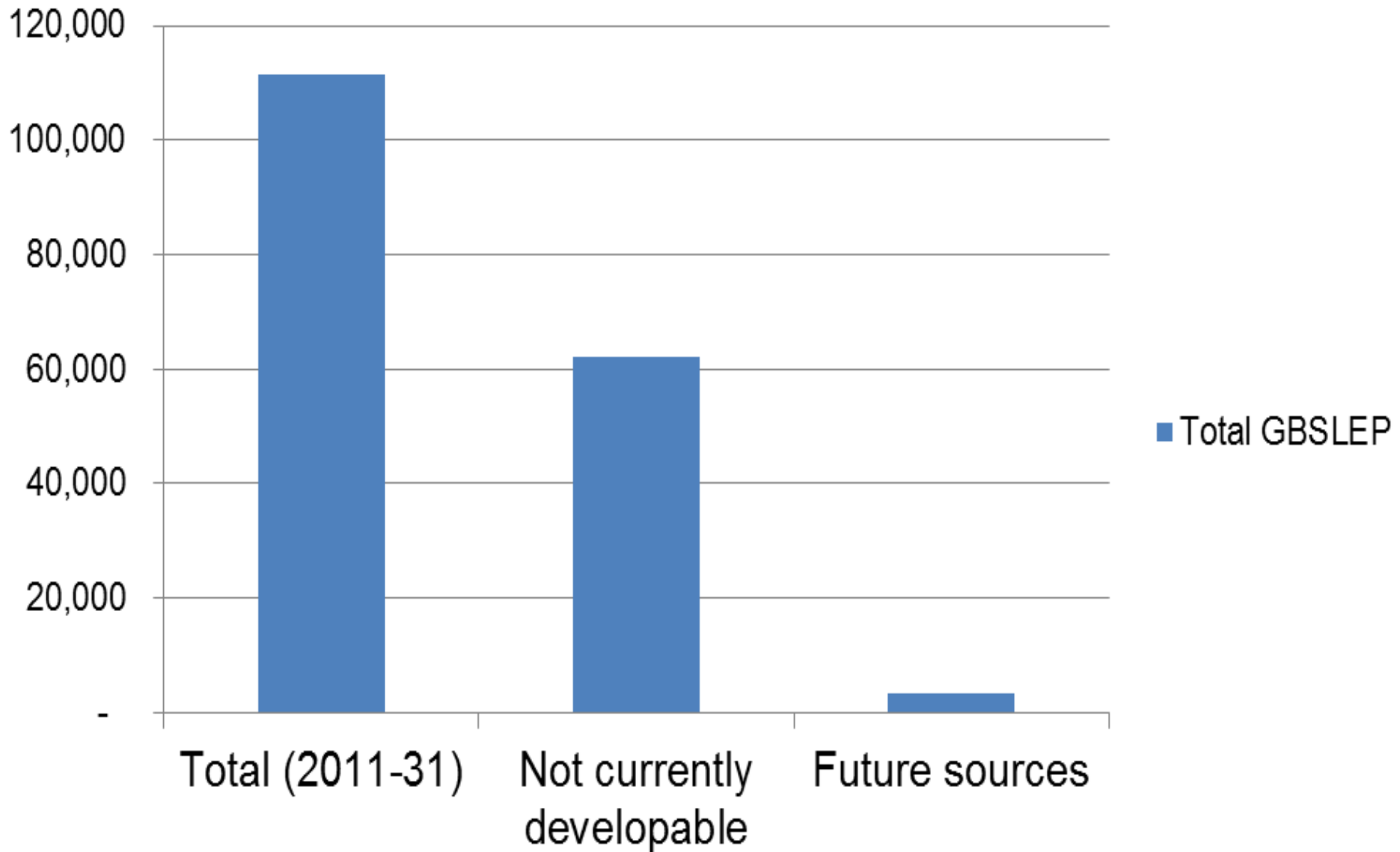
# Revised supply estimates continued

- For the sites ‘not currently developable’
- We asked what the main constraints were
  - What could make them developable in future
- We also asked about ‘future sources’
  - Possible sites not yet assessed

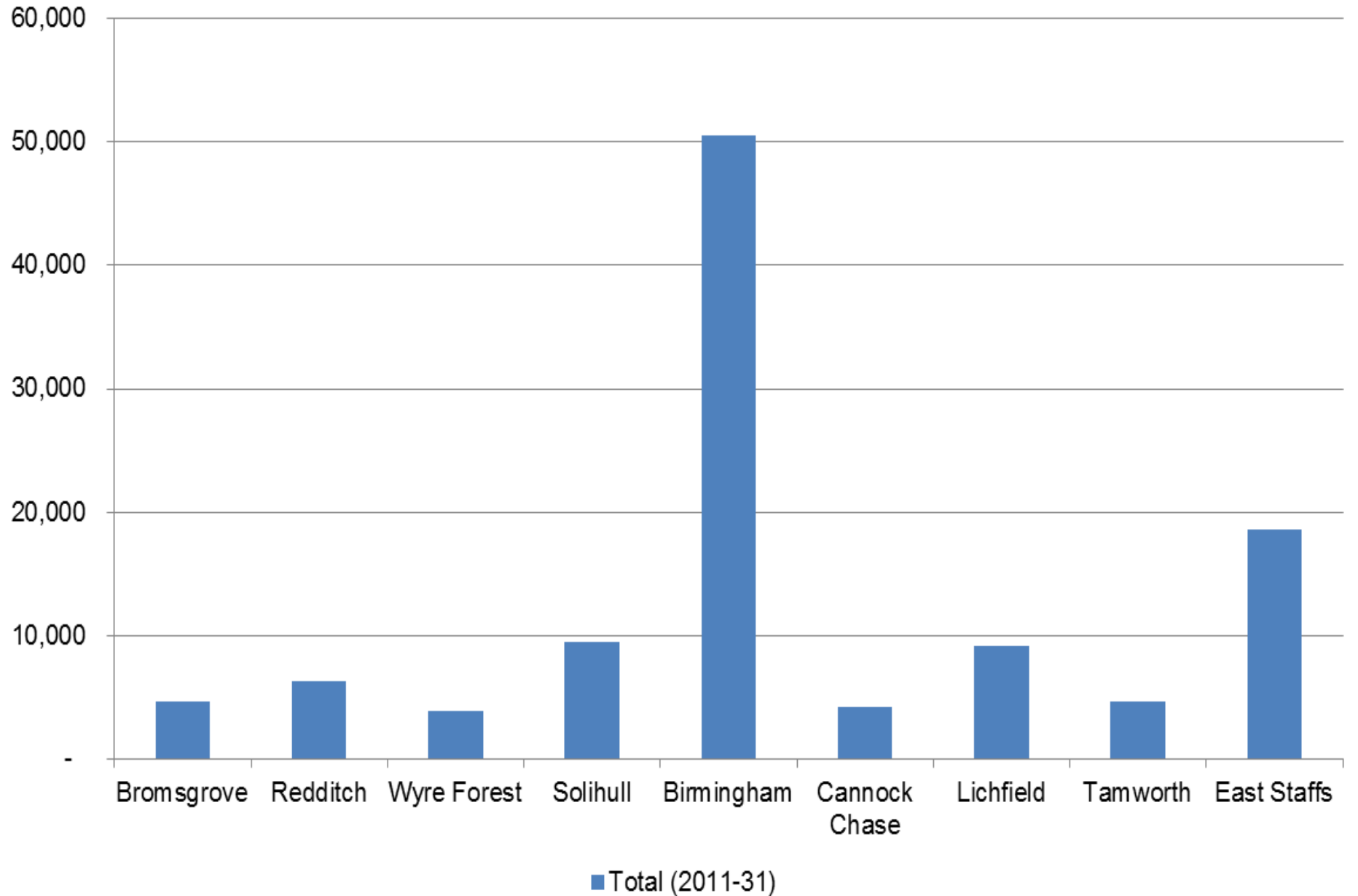
# Results

- Across the GBSLEP there is land for 111,500 dwellings
  - Between 2011-31
- Additionally 62,000 not currently developable
- And maybe 3,250 from 'future sources'
  - All this is heavily caveated
  - No thorough assessment undertaken
- Main constraints holding back the non-developable sites
  - Green Belt
  - Access and highways
  - Utilities infrastructure
  - Spatial policies
    - E.g. coalescence

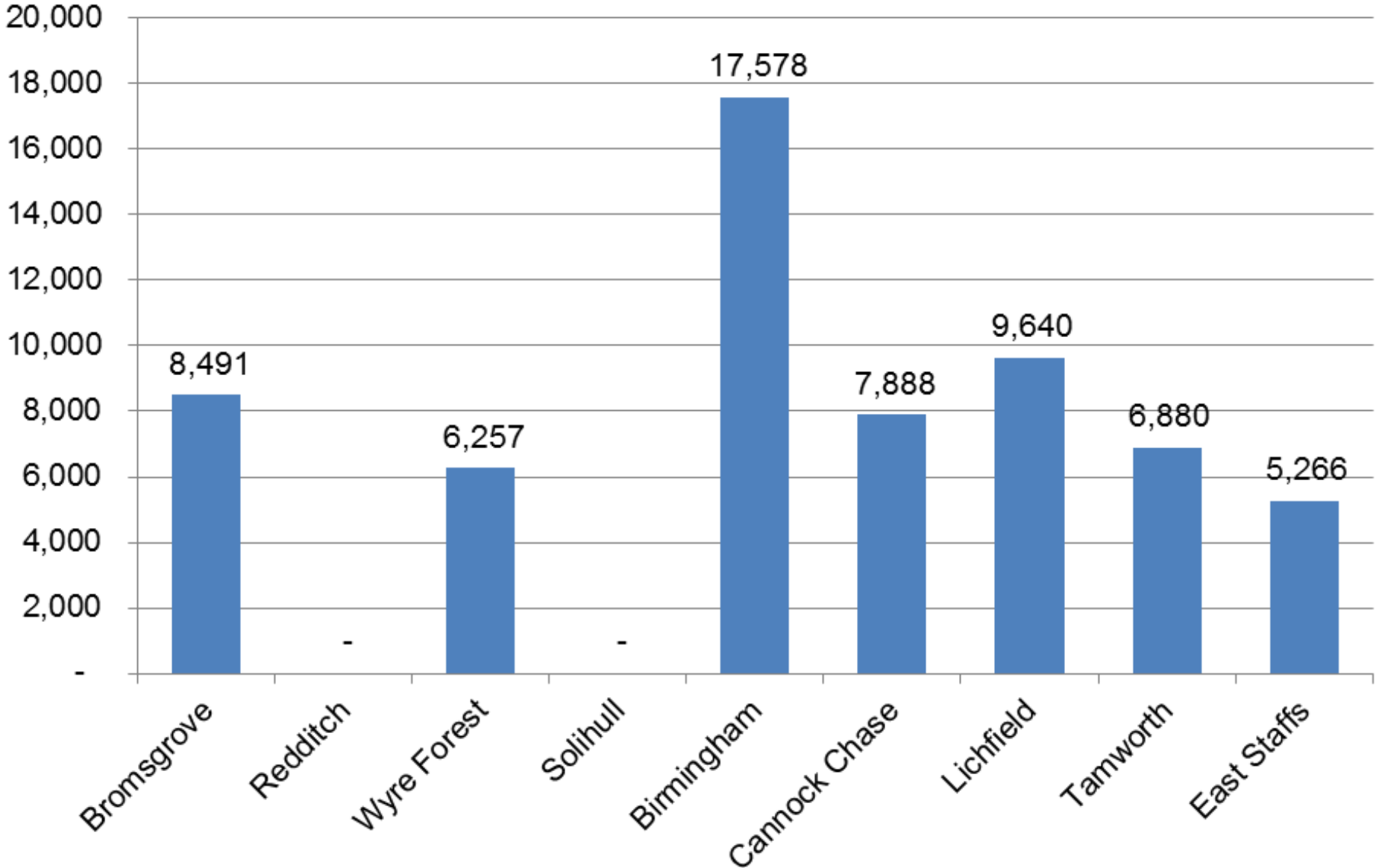
# Study area SHLAA totals



# Total (2011-31)



# Not currently developable





# PART 3 SUMMARY



# Across the GBSLEP - dwellings

- Objectively assessed need 2011-31
  - Our preferred scenario 165,000
  - ONS 2012 – 140,000
- Current / proposed plan targets 2011-31
  - 110,000
- Deliverable & developable capacity 2011-31
  - 111,500
- Not currently developable and future sources
  - 65,000