Harlow Local Plan EiP

Response to the Inspector's Further Question about the 2018 projections

"The Inspector would advise the Council that the ONS have today published the 2018 based household projections. The Inspector has requested that the Council's consultants review the information and update the note they previously prepared on the 2018 based population projections?

It would be helpful if this work could be completed as soon as possible please."

1. The ONS published the 2018-based household projections on 29 June 2020, and these now provide the starting point estimate of overall housing need based on the PPG which accompanied the 2012 NPPF.[1] The overall growth projected by the ONS 2018-based household projections for the Housing Market Area (HMA) over the 22-year Plan period 2011-2033 is summarised below in Figure 1.

Figure 1:   Household growth 2011-2033 based on ONS 2018-based household projections

	Household Growth 2011-2033				
	East Herts	Epping Forest	Harlow	Uttlesford	TOTAL
ONS 2018-based Household Projections					
Principal projection (2-year migration trend)	11,982	6,616	3,094	10,837	32,529
Alternative internal migration variant (5-year trend)	13,397	7,708	3,783	10,169	35,056
10-year migration variant (10-year trend)	13,840	8,792	4,447	10,241	37,320

2. The principal projection identifies an overall growth of 32,529 households for the HMA over the 22-year period 2011-2033. This is considerably lower than previous CLG household projections: the 2012-based projection (the starting point for the Original SHMA) identified a growth of 49,638 households and the 2014-based projection (the starting point for the SHMA update) identified a growth of 50,697 households for HMA over the same period.

3. However, both the Original SHMA and the SHMA Update adopted alternative household projections based on 10-year migration trends. These projections showed lower rates of growth: the Original SHMA identified a growth of 36,899 households and the SHMA Update identified a growth of 43,759 households. These are still higher than the 2018-based principal projection, but that is based on 2-year trends for internal migration, and the 10-year migration variant identifies a growth of 37,320 households.

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[1] PPG reference ID 2a-015-20140306

4. The Council's response to the Inspector's Original Questions explained why the use of a 10-year migration trend was justified and to be preferred to the 5-year trend used for the CLG 2012-based and 2014-based household projections. For the same reasons, the 10-year migration variant from the 2018-based household projections provides the most appropriate scenario from the latest official projections when considering housing need – and the growth projected by this scenario is marginally higher than was projected by the Original SHMA (37,320 cf. 36,899 households).

5. Figure 2 summarises the household growth from the range of different projections together with the associated household projection-based housing need (which provides an allowance for vacant and second homes), the total population projected to be resident in the HMA and the average household size in 2033.

Figure 2:   Key outputs from the household projections and adjusted scenarios from the original SHMA

Projection		Household growth 2011-2033	Housing need 2011-2033	Total population 2033	Average household size in 2033
CLG household projections	2012-based	49,638	51,627	522,748	2.296
	2014-based	50,697	52,728	530,347	2.320
ONS 2018-based projections	Principal projection	32,529	33,830	489,756	2.340
	Alternative internal migration	35,056	36,458	496,339	2.343
	10-year migration	37,320	38,813	501,142	2.340
Original SHMA household projection		36,899	38,382	490,194	2.311
SHMA interim update household projection		43,759	45,507	512,274	2.311

6. As noted in our response to the Inspector's original question about the 2018 projections, a lower starting point estimate of overall housing need would not necessarily mean a change to the housing number given that a number of other factors would also have to be considered.

7. Considering the population projections from the SHMA Update, whilst these are considerably lower than the 2014-based projections (which provided the starting point for that analysis) they are broadly in line with the average of the four official projections that are now available as summarised in our response to the original question. This suggests that the 10-year migration trends are having the intended consequence of smoothing out any peaks or troughs that are evident within the cycle.

8. The SHMA Update concluded (para 2.26, emphasis added):

> *The updated projections identified a growth of 43,759 households and a housing need of 45,507 dwellings over the 22-year period 2011-2033 with net migration averaging a gain of 2,040 persons each year. **This population would provide sufficient workers to align with the jobs forecast, therefore <u>no uplift was needed</u>.***

9. Therefore, we would still conclude that the SHMA Update projections continue to provide an appropriate basis for determining the Objectively Assessed Need for housing, given that the figures are clearly in line with recent official projections when considered collectively, and provide alignment between jobs and workers without any adjustment being needed.

10. Whilst the ONS 2018-based household projections identify a lower rate of household growth, this follows from a change to the household formation method. The Original SHMA and the SHMA Update projections were based on the previous CLG household formation method (Original SHMA paras 3.64-3.77) which used Census data covering the period 1971 to 2011. The new ONS household formation method only uses data from the 2001 and 2011 Census, so recent trends such as the reduction in young households being able to form in some local authority areas following the 2008 recession and associated credit crunch can have a significant impact on the future projection. The projected average household size provides an indication of the impact of this methodological change.

11. The Original SHMA and the SHMA Update both projected that household sizes would reduce to 2.311 persons on average by 2033, and the uplifts that were applied in response to market signals would have allowed a further reduction to 2.289 persons, so the proposed market signals response led to the average reducing by 0.022 persons (SHMA Update Figure 4). In contrast, the ONS 2018-based projections suggest an average of 2.340 persons, which is 0.051 persons higher than had been allowed for by the OAN. As a consequence, a higher uplift would be needed in response to market signals despite the starting point from the 2018-based projection being lower.

12. PPG recognises *"there is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need"* [ID 2a-005-20140306] and whilst the latest official projections suggest a lower level of growth than was identified by previous projections, **the Objectively Assessed Need for housing of 51,700 dwellings established by the SHMA Update remains appropriate.** Nevertheless, the changes in the official projections do suggest that the identified OAN should now be considered as a robust upper-end estimate of overall need for the HMA over the 22-year period 2011-2033.