GL Hearn
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Implications of 2014-based Population and Household Projections for Housing Need in Derbyshire Dales

Derbyshire Dales District Council

February 2017

Prepared by

GL Hearn
280 High Holborn
London WC1V 7EE

T +44 (0)20 7851 4900
glhearn.com

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Part of Capita Real Estate

Contents

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DATE	ORIGINATORS	APPROVED
February 2017	Nick Ireland Planning Director	

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1 INTRODUCTION

1.1 GL Hearn prepared a Housing and Economic Development Needs Assessment (HEDNA) for Derbyshire Dales District Council, published in September 2015. This considered how the need for housing, how the economy was expected to perform, and employment land needs over the period to 2033 to inform preparation of the Derbyshire Dales Local Plan. It also included assessment of employment land supply and provided advice on policies relating to employment land provision. This report informed the Draft Derbyshire Dales Local Plan.

1.2 In May 2016 the Office for National Statistics (ONS) published new 2014-based Sub-National Population Projections (SNPP) and in June 2016, ONS published 2015 Mid-Year Population Estimates (MYEs). In July 2016, the Department for Communities and Local Government (CLG) published new 2014-based Household Projections, based on the 2014-based SNPP. This report considers whether there are any implications of the new data releases on the Objectively Assessed Housing Need (OAN) for Derbyshire Dales District as considered in the HEDNA Report.

The HEDNA Report

1.3 The HEDNA Report considered development needs for housing and employment in Derbyshire Dales to 2033. It identified that the District's geography cut across a number of housing and functional economic market areas, with areas in the southern part of the District (including Ashbourne and Wirksworth) falling within a Derby Housing Market Area (HMA) and Functional Economic Market Area (FEMA); with the northern part of the District (including Bakewell and Hathersage) falling within a Sheffield-focused HMA/ FEMA. The central area fell within an area of overlap, with influences from Sheffield, Chesterfield and Derby. Given that there needs to be a consistent evidence base regarding development needs across the plan area, and that key information such as demographic and economic forecasts are not published below local authority level, the HEDNA considered needs across the District as a whole, including areas within the Plan area, and in the Peak District National Park.

1.4 Housing needs were assessed following the approach set out in Planning Practice Guidance. This used the then latest official demographic projections – 2012-based population and household projections – as the starting point; with adjustments then made to take account of employment trends, market signals and the need for affordable housing.

1.5 The ONS 2012-based Sub-National Population Projections indicated population growth of 8.4% over the 2013-33 plan period. Applying household formation trends from 2012-based Household Projections to these, and an allowance for vacant and second homes within the housing stock, this

would require 244 homes per year. This provided the starting point for the assessment of housing need following the approach in Planning Practice Guidance.

1.6 The report assessed the District's economic characteristics and growth potential. It found that the District had a high number of businesses, but low wages, an above average representation of part-time jobs and employment in public administration, tourism/ hospitality, mining/quarrying and agricultural-related activities. There was a low representation of economic sectors which were expected to perform strongly in the medium/ longer-term.

1.7 The HEDNA assessed economic growth potential informed by analysis of the economic base, economic forecasts, commercial market conditions, and a business survey. Forecasts from Oxford Economics and Cambridge Econometrics indicated employment growth of 900 and 3000 jobs respectively over the 2013-33 period; however, interrogation of the forecasts indicated that because of data anomalies the Cambridge Econometrics forecasts over-estimated the growth in employment in public administration that could be expected. The balance of evidence pointed to a reasonable, evidence-based assessment of employment growth of 1,700 jobs over the plan-period. Taking account of people moving into retirement, a higher level of net in-migration into the District would be required than seen historically with the HEDNA identifying that 301 homes pa would be required to support economic growth.

1.8 The HEDNA Report also considered whether adjustments would be needed to address market signals and/or to increase the delivery of affordable housing.

1.9 The Study identified that 93 households would require support each year in meeting their housing need: this represented 38% of the demographic-led projections based on the 2012 household projections, and 31% of the need derived from the economic-led projections. It identified that there was therefore some basis for adjusting upwards the housing need to increase delivery of affordable housing.

1.10 The analysis of market signals indicated a median house price of £218,500. House prices had remained relatively static since 2007. Rental costs however had grown by 8% since 2011, which was above inflation. Lower quartile house prices were 9.3 times earnings of younger households.

1.11 The market signals and affordable housing evidence indicated that affordability pressures had contributed to a fall in household formation amongst households in their 20s and early 30s. An improvement in affordability would support an increased ability of younger households to form, with the HEDNA calculating that an upward adjustment of 21 homes per annum to the economic-led projections (of 301 dpa) would be needed to achieve this. This resulted in an objectively assessed

housing need for 322 dwellings per annum across the District, which was 32% above the 'starting point' demographic projection.

This Report

1.12 This report considers whether what the latest evidence would suggest regarding the Objectively Assessed Need (OAN) for housing.

2 TREND-BASED POPULATION PROJECTIONS

2.1 ONS issued 2014-based Sub-National Population Projections on 25th May 2016. These are based on projecting forward trends in births, deaths and migration principally over the previous five years. Trends in international migration at a local level over the previous six years are considered but constrained at a national level to the assumptions on international migration in the ONS 2014 national population projections.

2.2 At a national level ONS expect net international migration to the UK to fall from 329,000 in 2014/15 to 185,000 in 2020/21, which is then maintained thereafter. The projections are thus assuming that international net migration falls.

2.3 This section sets out the projected population growth in the 2014-based SNPP and compares the findings to the 2012-based SNPP figures. The section also considers an alternative scenario based on migration trends over the past 10-years. Finally, the section moves on to look at the household growth implied by the population projections (as shown in 2014-based Household Projections) and levels of housing need (including a vacancy allowance). Trend-based population and household projections provide a starting point for considering objectively assessed housing needs.

Overall Population Growth

2.4 Table 1 shows projected population growth from 2013 to 2033 in Derbyshire Dales and a number of comparator areas. The data shows that the population of Derbyshire Dales is projected to grow by around 3,200 people. This is a 4.4% increase – notably below the projected increase in the county, region and nationally.

Table 1: Projected Population Growth (2013-33) – 2014-based SNPP

	Population 2013	Population 2033	Change in population	% change
Derbyshire Dales	71,266	74,435	3,169	4.4%
Derbyshire	776,160	843,172	67,012	8.6%
East Midlands	4,598,431	5,200,699	602,268	13.1%
England	53,865,817	61,490,635	7,624,818	14.2%

Source: ONS

2.5 Figure 2 compares the 2014-based SNPP with the previous 2012-based SNPP. The latest projections show a lower level of population growth (2,600 people fewer – about 45% lower growth) over the 2013-33 period.

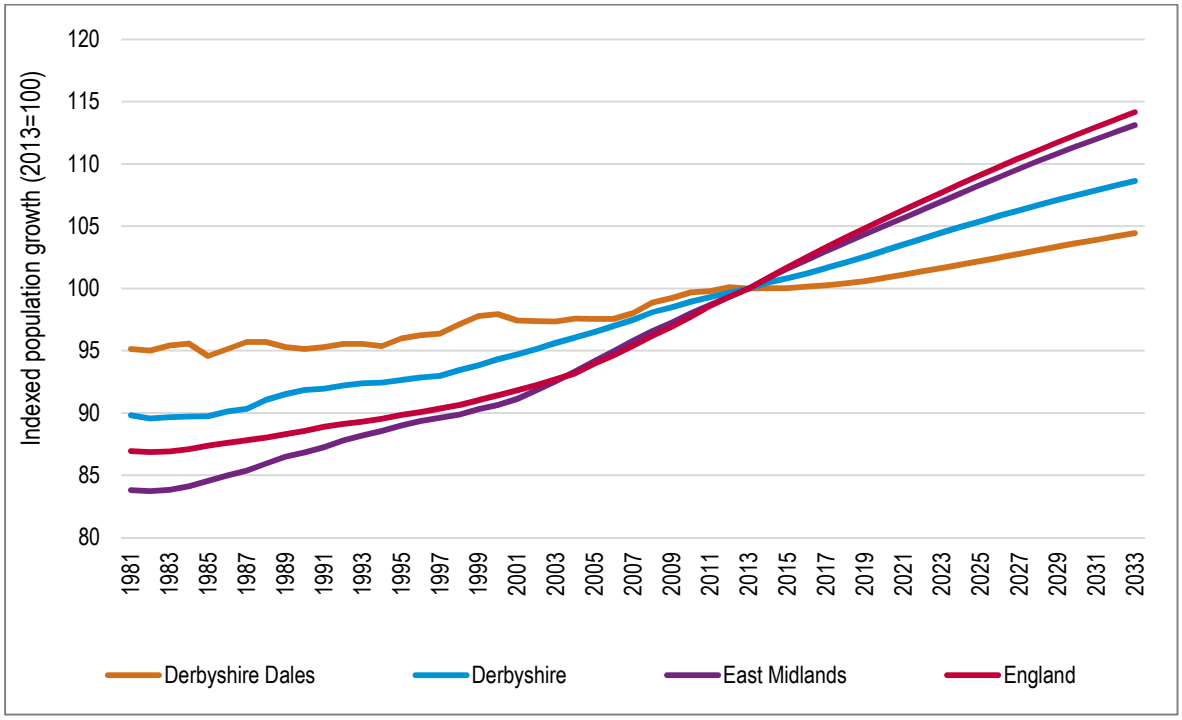
Table 2: Projected Population Growth (2013-33) – Comparing Projection Releases

	2012-based SNPP	2014-based SNPP	Difference
Derbyshire Dales	5,808	3,169	-2,639

Source: ONS

2.6 Figure 1 plots past and projected population growth in the period 1981 to 2033. Figures have been indexed to 100 for 2013. For Derbyshire Dales, the data shows relatively weak population growth relatively to wider benchmarks since 1981 – this seems to be reflected in the projections moving forward, which are some way below projections for other locations.

Figure 1: Indexed Population Growth (1981-2033)

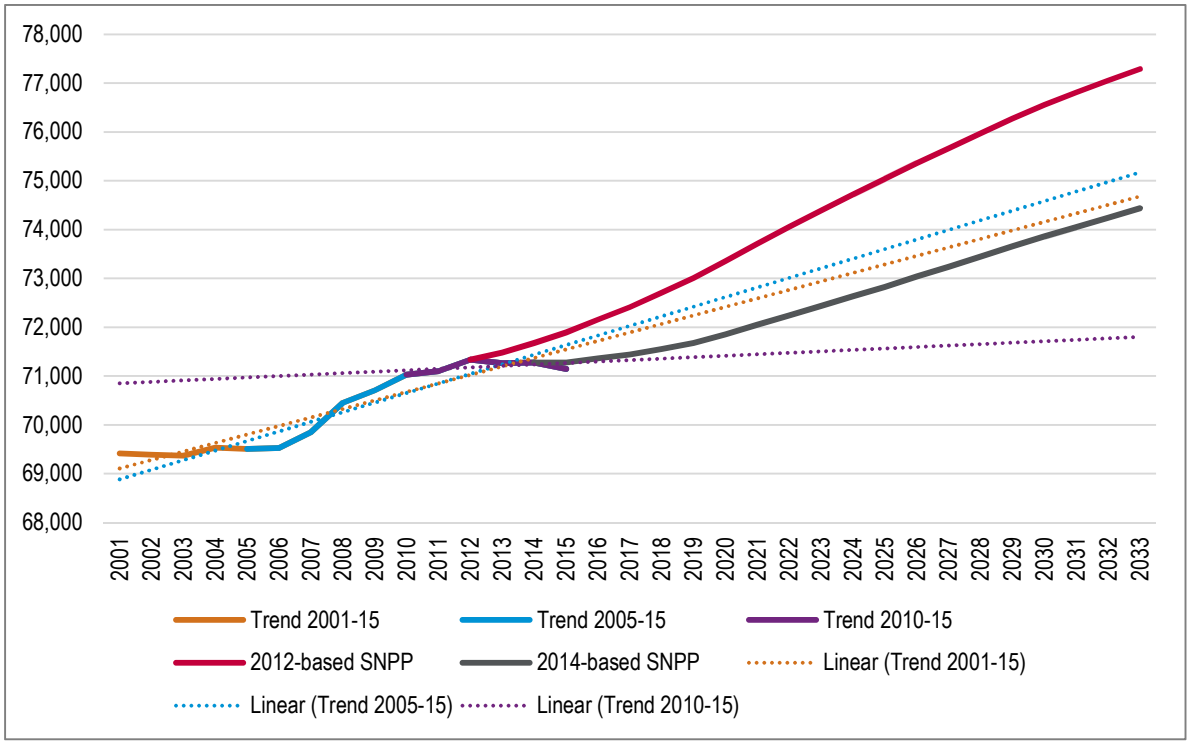


Source: ONS

2.7 It is also worthwhile to focus this data on the more recent period since 2001, for which there is reliable data. This is shown in the figure below. The figure also includes the trend from the 2012-based SNPP. The data also plots linear trend lines considering overall population growth for the past 5-, 10- and 14-years (a 5-year period is broadly the trend period used by ONS when constructing the SNPP). The data shows that the population is expected to grow at a rate which is slightly lower than longer-term trends (past 10- or 14-years) but at a level some way above the more recent trends – ONS mid-year population estimates (MYE) show virtually no population growth over the past 5-years. The 2012-based SNPP, in contrast, shows a projected level of population growth which is some way above past trends (regardless of the period studied). Taking all the data in the round, the analysis shows a reasonable fit between past trends and the

projection; however it is notable that lower population growth will see a stronger ageing of the population structure and affect workforce growth.

Figure 2: Past and Projected Population Growth (2001-2033) – Derbyshire Dales



Source: ONS

Components of Population Change

2.8 Of the 3,169 projected increase in the population over the 2013-33 period from the 2014-based SNPP, it can be seen that this is driven by internal net migration (i.e. people moving from another part of the Country). There is a notable level of negative natural change (more deaths than births) whilst international net migration is negligible.

2.9 When compared with equivalent data from the 2012-based SNPP, it is clear that internal net migration is projected to be lower (by about 120 people per annum), with natural change also falling by about 25 people each year – there is little change in the projections of international migration[1].

Table 3: Projected Components of population change – 2012- and 2014-based SNPP

	2012-based SNPP		2014-based SNPP	
Natural Change	-257	-89%	-282	-180%
Internal Migration	552	191%	436	278%
International Migration	-5	-2%	3	2%
Total Change	290	100%	158	100%

[1] It should be noted that the figures in the table do not quite add up; this is due to inclusion of 'other' changes in the 2011-14 period and small adjustments made by ONS (to ensure consistency with national projections) from 2014 to 2033.

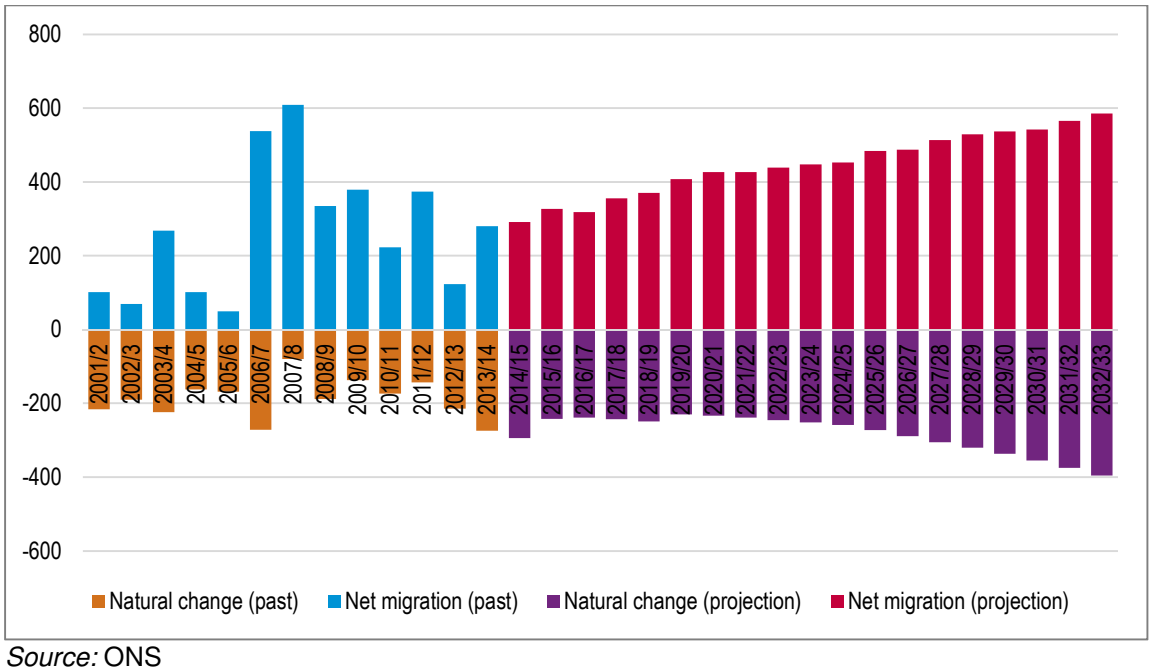
Source: ONS

2.10 Figure 3 below brings together data about migration (both past trends and the future projection) along with information about natural change. This shows that natural change is expected to increase slightly until about 2021 (become less negative) and then start to fall as the projection works through to 2033 – this reflects age structure changes. Net migration is generally projected to increase over time, which (as with natural change) will be driven by changes to the age structure – out-migration is projected to fall slightly due to the ageing population (and older people being less likely to migrate) whilst in-migration increases (as populations in areas from which people might move increase). Given the demographic structure of the District, an increase in net migration is a reasonable expectation.

2.11 Over the whole projection period (2014-33) the level of natural change is projected to be -283 per annum, with net migration averaging about 450 people each year, starting from around 300 in 2014/15 and increasing to nearly 600 by 2033.

2.12 It should be noted that ONS has now published 2015 Mid-Year Population Estimates (MYE) – these show a lower level of population growth than was projected by the 2014-based SNPP (population decline of 136 people rather than 3 people). The difference is largely driven by a 'special change' made by ONS rather than notable differences to either natural change or migration. The ONS data does not specify what the special change is related to, although it is usually due to changes in military personnel, prison populations or school boarders.

Figure 3: Past and Projected Components of Change (2001-2033) – Derbyshire Dales

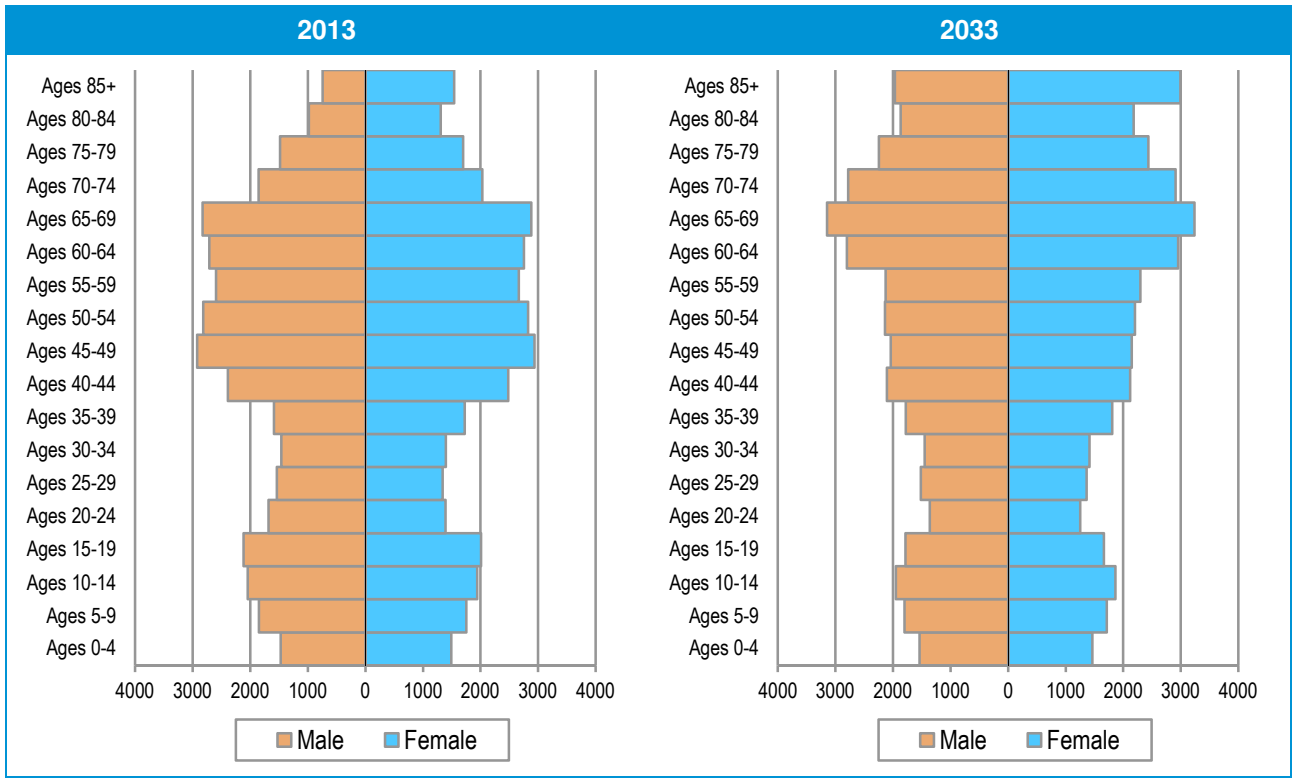


Source: ONS

Age Structure Changes

2.13 With the overall change in the population will also come changes to the age profile. Figure 4 below shows population pyramids for 2013 and 2033. The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over. In particular, the oldest age group (85+) shows an increase from 2,300 people to nearly 5,000. A growing population towards the top of the pyramid reflects improving life expectancy.

Figure 4: Distribution of Population 2013 and 2033 – Derbyshire Dales



Source: ONS

2.14 Table 4 summarises the findings for five-year age groups. The largest growth will be in people aged 65 and over. In 2033 it is projected that there will be 25,800 people aged 65 and over. This is an increase of 8,400 from 2013, representing growth of 48%. The population aged 85 and over is projected to increase by an even greater proportion, 117%. Looking at the other end of the age spectrum the data shows that there are projected to be around 2% fewer people aged under 15 with decreases also shown for many other age groups.

Table 4: Population Change 2013 to 2033 by five-year age bands – Derbyshire Dales

Age group	Population 2013	Population 2033	Change in population	% change from 2013
Under 5	2,963	3,007	44	1.5%
5-9	3,601	3,513	-88	-2.5%
10-14	3,990	3,814	-176	-4.4%
15-19	4,129	3,449	-680	-16.5%
20-24	3,076	2,618	-458	-14.9%
25-29	2,879	2,881	2	0.1%
30-34	2,858	2,866	8	0.3%
35-39	3,311	3,585	274	8.3%
40-44	4,872	4,227	-645	-13.2%
45-49	5,857	4,190	-1,667	-28.5%
50-54	5,646	4,342	-1,304	-23.1%
55-59	5,257	4,425	-832	-15.8%
60-64	5,470	5,759	289	5.3%
65-69	5,710	6,384	674	11.8%
70-74	3,888	5,690	1,802	46.4%
75-79	3,181	4,682	1,501	47.2%
80-84	2,292	4,046	1,754	76.5%
85+	2,286	4,961	2,675	117.0%
Total	**71,266**	**74,435**	**3,169**	**4.4%**

Source: ONS

2.15 It is notable that the population between 15-64 is expected to decline by over 5,000 persons between 2013-33 in the 2014-based SNPP.

2.16 It is also useful to compare the age structure projections from the 2014-based SNPP with similar figures in the 2012-based version. The simplest way to compare the figures is to look at the age structure in 2033. This is shown in Table 5 below. This analysis shows that all age groups (apart from 20-24) are projected to see lower growth; the age groups with the biggest differences are those aged over 85 and younger age groups (aged below 20). The findings will potentially have some impact on household growth as the older age group has the highest household representative rates (i.e. people in this age group are most likely to be the 'head' of a household).

2.17 It is also notable that the 2014-based Projections will see a greater reduction in the workforce. This means that stronger upward adjustments will be necessary to balance growth in housing and employment in the District.

Table 5: Difference in age structure in 2033 (2012- and 2014-based SNPP) – Derbyshire Dales

Age group	2012-based	2014-based	Difference	% difference from 2012-based
Under 5	3,120	3,003	-117	-3.7%
5-9	3,748	3,505	-243	-6.5%
10-14	4,179	3,703	-477	-11.4%
15-19	3,765	3,332	-433	-11.5%
20-24	2,504	2,538	34	1.4%
25-29	2,808	2,758	-50	-1.8%
30-34	2,830	2,754	-76	-2.7%
35-39	3,589	3,485	-104	-2.9%
40-44	4,376	4,128	-248	-5.7%
45-49	4,411	4,107	-304	-6.9%
50-54	4,546	4,283	-263	-5.8%
55-59	4,578	4,380	-198	-4.3%
60-64	5,926	5,728	-198	-3.3%
65-69	6,456	6,354	-103	-1.6%
70-74	5,772	5,662	-110	-1.9%
75-79	4,781	4,608	-173	-3.6%
80-84	4,214	3,851	-363	-8.6%
85+	5,687	4,201	-1,486	-26.1%
Total	**77,288**	**72,377**	**-4,911**	**-6.4%**

Source: ONS

10 Year Migration Trend Projection

2.18 The SNPP, described above, is based on migration data over the past 5- or 6-years (5-years for internal migration and 6-years for international migration). It has become common practice in studies of this nature to also consider the potential implications of looking at alternative trend 'reference periods' with data over the past 10-years being commonly used.

2.19 Whilst modelling a scenario based on 10-year trends is arguably a simple process, it is slightly complicated by there being alternative way of looking at how to translate past trend data into future modelling. For example, it would be possible to roll forward the level of migration seen over the past decade or alternatively model a scenario where migration is variable based on changes to the age structure (a rates based approach). It is also possible (and probably sensible) to include the most recent mid-year population estimates (MYE) into the 10-year reference period – this notes that since the 2014-based SNPP were published, ONS have released new MYE for 2015 and this data effectively 'trumps' the projected population for the same period.

2.20 The table below shows average net migration from 2005 to 2015 (i.e. the last 10-years for which data is available). The table also shows the average for the last 10-years and also how this differs from the level of migration in the period feeding into the 2014-based SNPP (which is data for 2009-14 for internal migration and 2008-14 for international migration). The analysis shows that net migration in the 2005-15 period was around 40 people per annum higher than in the period feeding into the SNPP and hence 10-year trends are likely to suggest a higher level of population and household growth.

2.21 When modelling internal migration, the approach taken is to adjust the SNPP by the difference between migration over the past 10-years and migration in the SNPP reference period. For international migration the approach differs slightly and takes account of the national share of migration (for in- and out-migration separately) in each of the reference periods being studied. An alternative scenario has also been developed where migration is held constant at 10-year trends levels (i.e. internal migration of 322 people per annum and 1 person for international net migration).

Table 6: Net migration to Derbyshire Dales (2005-15)

	Internal migration	International migration	Total net migration
2005/6	86	-37	49
2006/7	553	-15	538
2007/8	568	41	609
2008/9	299	36	335
2009/10	400	-21	379
2010/11	258	-35	223
2011/12	399	-25	374
2012/13	162	-39	123
2013/14	229	51	280
2014/15	269	58	327
SNPP average	290	-6	284
10-year average	322	1	324
Difference	**33**	**7**	**40**

Source: ONS

2.22 The table below shows that with 10-year trends (and a variable level of migration) that population growth would be projected to be slightly stronger (3,700 additional people – a 5.2% increase). However, with a fixed migration approach, there would be projected to be negligible population growth (an increase of just 0.5% over the 20-year period to 2033). For the purposes of taking this analysis forward into an assessment of household growth (and housing need) it is assumed that a 'rates based' approach is most appropriate (i.e. the scenario that shows the higher figures of the two scenarios developed).

Table 7: Projected Population Growth (2013-33) – range of scenarios – Derbyshire Dales

	Population 2013	Population 2033	Change in population	% change
2014-based SNPP	71,266	74,435	3,169	4.4%
10-year trends (variable)	71,266	74,938	3,672	5.2%
10-year trends (fixed)	71,266	71,604	338	0.5%

Source: Demographic projections

Household Growth Projections

2.23 Having studied the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

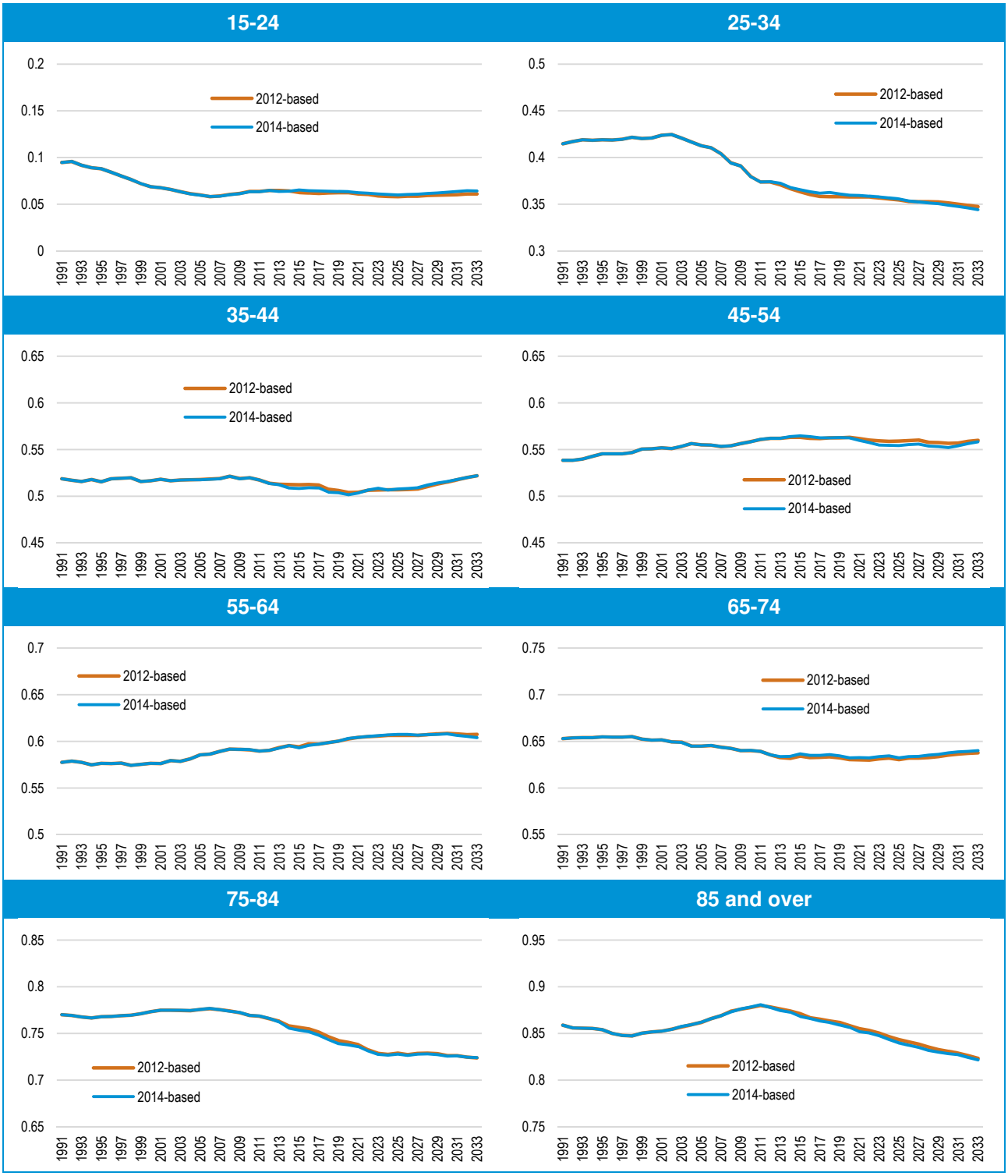
2.24 On the 12th June 2016, CLG published a new set of (2014-based) Household Projections. The projections contain two core analyses. The Stage 1 household projections project household formation based on data from the 1971, 1981, 1991, 2001 and 2011 Censuses with outputs for age, sex and marital status. For younger age groups greater weight was given in the CLG projections methodology to the dampened logistical trend than the simple logistics trend; the effect of which is to give greater weight to the shorter-term trends.

2.25 The Stage 2 household projections considered household types and the methodology report accompanying the projections is clear that these projections are based on just two points – the 2001 and 2011 Censuses. Overall outputs on total household growth are constrained to the totals from the Stage 1 Projections. This means that both sets of projections show the same level of overall household growth (when set against the last set of SNPP) but some of the age specific assumptions differ. Differences can however occur between the Stage 1 and 2 headship rates when modelled against different population projections (due to differences in the age structure and therefore applicable to alternative scenarios).

2.26 Overall, it is considered that the Stage 1 projections should be favoured over the Stage 2 figures for the purposes of considering overall household growth. This is for two key reasons: a) the Stage 1 figures are based on a long-term time series (dating back to 1971 and using 5 Census data points) whereas the Stage 2 figures only look at two data points (2001 and 2011) and b) the Stage 2 figures are constrained back to Stage 1 values, essentially meaning that it is the Stage 1 figures that drive overall estimates of household growth in the CLG household projections themselves. The analysis to follow therefore looks at the Stage 1 figures.

2.27 It is useful initially to interrogate how the projections differ for different age groups and the figure below shows a summary of the headship rates used in the analysis (the actual data uses 5-year age bands for males and females separately). It is evident from the analysis that household formation amongst households in their late 20s and early 30s fell over the 2001-11 decade although the projections show some slowing down of this falling rate. The figure below also compares the figures from the 2012- and 2014-based household projection releases (for Stage 1 figures). As can be seen there is very little difference between the figures in each of the releases.

Figure 5: Projected household formation rates by age of head of household – Derbyshire Dales



Source: Derived from CLG data

2.28 By applying the above headship rates, it is possible to estimate the projected household growth and this is shown in Table 8 below. It should be noted that the analysis also takes account of the

institutional population and information about this has also been drawn from the 2014-based CLG household projections (other than for the 2012-based SNPP scenario which uses data from the 2012-based CLG household projections). The analysis shows a growth in households of around 3,300 over the 20-year period (163 per annum) using the 2014-based SNPP/ Household Projections, a slightly higher figure of about 169 households per annum is found when using 10-year migration trends (with variable migration). Both of these figures are lower than the equivalent figure in the 2012-based SNPP (household growth of 222 per annum).

Table 8: Projected Household Growth 2013-33 – range of scenarios and 2014-based CLG headship rates

	Households 2013	Households 2033	Change in households	Per annum
2014-based SNPP	31,028	34,296	3,268	10.5%
2012-based SNPP	31,167	35,601	4,433	14.2%
10-year trends (variable)	31,028	34,412	3,384	10.9%
10-year trends (fixed)	31,028	33,196	2,168	7.0%

2.29 The 2014-based SNPP is therefore suggesting a 26% lower increase in households, despite the population projections being 45% lower. The lower proportionate decrease in households is due to age structure differences between the projections.

Housing Need

2.30 As well as providing estimates of household growth under different scenarios it is also possible to make estimates of the number of additional homes this might equate to. To do this a vacancy allowance is included in the data. For consistency with previous work, an allowance for vacant and second homes has been made drawing on 2011 Census data, which is applied to occupied homes. For Derbyshire dales, the vacant/ second home allowance is set at 8.9%.

2.31 The analysis shows an annual need for 178 dwellings when using the 2014-based SNPP and 184 with 10-year migration trends. For the full projection period, these figure represent a need in the range of 3,600 to 3,700 dwellings.

Table 9: Estimated housing need including vacancy allowance – per annum

	2014-based SNPP	10-year trends (variable)	10-year trends (fixed)	2012-based SNPP
Derbyshire Dales	178	184	118	241

Table 10: Estimated housing need including vacancy allowance – 2013-33

	2014-based SNPP	10-year trends (variable)	10-year trends (fixed)	2012-based SNPP
Derbyshire Dales	3,560	3,687	2,362	4,829

3 ECONOMIC-LED SCENARIOS

3.1 The HEDNA Report considered two econometric forecasts – from Cambridge Econometrics and Oxford Economics. The Cambridge Econometrics forecasts indicated employment growth of 3,000 jobs over the 2013-33 plan period; however interrogation of these forecasts indicated that they over-estimated growth in public administration (with growth of 1,300 jobs expected in this sector alone (1.4% pa), in comparison to an expected decline in employment in the Oxford forecasts). Interrogation of the data indicated that past employment growth in this sector in the District looked to be over-estimated in the Cambridge model, and this had influenced the forecasts moving forwards. Adjusting the Cambridge forecasts to take this into account, employment growth of 1,700 jobs was expected. The HEDNA concluded that it was reasonable to expect employment growth of 1,700 over the 2013-33 plan period in the District.

3.2 Evidently given the UK's vote to leave the EU there is an enhanced degree of uncertainty regarding future economic performance. In the short-term it seems likely that there is a potential downside impact to 2015 forecasts; with economic performance in the longer-term difficult to predict. However, there is not an evidential basis on which to reliably adjust the forecasts at this point.

Economic Forecasts

3.3 Table 11 below shows the estimated number of jobs forecast for each of the baseline forecasts and those adjusted to take account of the wider factors to be provided on average each year in the 2013-33 period. These show a range of between 900 and 3,000 additional jobs.

3.4 Analysis in the HEDNA identified a preferred scenario for growth of 1,700 jobs (2013-33) and this is also shown. This reflects adjustments made to the Cambridge Econometrics (CE) baseline forecasts to provide a more realistic assessment of performance of public administration and defence.

Table 11: Job growth (2013-33) – a range of economic forecasts

Scenario	Jobs (2013)	Jobs (2033)	Change (2013-33)	% change from 2013	Per Annum Change
Oxford Economics	43,085	43,989	904	2.1%	45
CE Baseline	39,641	42,628	2,987	7.5%	149
Preferred Economic Scenario	39,641	41,353	1,712	4.3%	86

Source: Experian, Oxford Economics

3.5 To convert jobs into growth in the labour-force, overall population growth and hence housing need is not a simple process and the analysis takes account of:

- Commuting patterns

- Double jobbing (i.e. the number of people with more than one job)
- Changes to employment rates (e.g. as a result of reducing unemployment or people working longer).

3.6 The diagram below sets out how these factors are brought together in considering what level of housing provision might be necessary to support expected growth in jobs.

Figure 6: Relating Housing and Economic Growth

3.7 The process essentially looks at what additional economic migration might be necessary to support the expected jobs growth, taking account of what proportion of people might have more than one job, the commuting balance, and how employment rates might change in the future – in particular through people working for longer.

Commuting Patterns

3.8 The District sees a small level of net in-commuting for work. Overall there are around 4% more people who work in the District than live in the District (and are working).

Table 12: Commuting patterns in Derbyshire Dales (2011)

	Derbyshire Dales
Live and work in District	14,107
Home workers	6,559
No fixed workplace	2,719
Out-commute	11,861
In-commute	13,172
Total working in District	36,557
Total living in District (and working)	35,246
Commuting ratio	0.96

Source: 2011 Census

3.9 In translating the commuting pattern data into growth in the labour-force it is assumed that the commuting ratio remains at the same level as shown by the 2011 Census (i.e. assumes that 4% (net) of additional resident workers will in-commute). This essentially means that there would be expected to be a lesser increase in working residents for a given number of jobs.

Double Jobbing

3.10 As well as commuting patterns we can also consider that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in each District divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests that around 6.1% of workers have a second job (data averaged from data for the 2004-15 period to recognise relatively high error margins associated with data for individual years). This gives a double jobbing ratio of 0.939 (i.e. the number of jobs can be discounted by 6.1% to estimate the required change in the workforce).

3.11 Hence to work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs – this is shown in the table below.

Table 13: Jobs Growth and Change in Resident Workforce (2013-33)

	Change in jobs	Adjustment factor	Change in resident workforce
Oxford Economics	904	0.905	819
CE Baseline	2,987	0.905	2,704
Preferred Economic Scenario	1,712	0.905	1,550

Source: Economic forecasts, NOMIS and 2011 Census

3.12 The analysis indicates that a growth in residents in employment of 1,550 persons would be required between 2013-33 to support growth in employment (jobs) of 1,700 across the District. This reflects evidence that some people (around 4%) have more than one job, and of commuting dynamics.

Changes to Employment Rates

3.13 As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Over the past few years there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2033.

3.14 The figure below shows the age/sex specific rates assumed in the analysis. These have been based on consideration of a range of different forecasting houses forecasts and also take account of the 2011 Census and trends over the period since 2001. It should be stressed that these figure reflect what we would consider to be a reasonable set of assumptions although there would be a case for alternatives (both in an upwards and downwards direction). The figures presented below are the same as were used in the HEDNA Report.

Table 14: Employment Rates by Age and Sex – Derbyshire Dales

Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 and over
Male	2013	61.2%	86.7%	90.2%	78.3%	19.5%
	2033	61.2%	86.9%	91.1%	82.3%	19.7%
Female	2013	63.9%	82.7%	85.0%	66.9%	10.1%
	2033	63.9%	87.8%	89.9%	75.4%	11.3%

Projection Outputs

3.15 The outputs from the jobs-led projections are as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require between 234 and 302 homes per annum to be delivered across Derbyshire Dales District, between 2013-33 using the 2014-based Headship Rates. The preferred economic scenario shows a need for 260 dwellings per annum.

Table 15: Supporting Expected Employment Growth

	House-holds 2013	House-holds 2033	Change in house-holds	Per annum	Dwellings (per annum)
Oxford Economics	31,028	35,323	4,295	215	234
CE Baseline	31,028	36,574	5,546	277	302
Preferred Economic Scenario	31,028	35,808	4,780	239	260

3.16 The level of housing provision required to support the Preferred Economic Scenario (5,200 dwellings over the plan period) is 13% below that set out in the HEDNA Report.

4 AFFORDABLE HOUSING NEED

4.1 This section provides an update to the affordable needs assessment contained in the September 2015 HEDNA. The methodology has not been substantially changed and the update is simply to reflect additional data that has become available. A summary of the methodology can be found in the original HEDNA report.

4.2 For clarity, the key additional data analysed in this report and used to update the analysis is as follows:

- Updated information about housing costs (predominantly in relation to the Private Rented Sector with data in the year to the end of March 2016 now available);
- Updated information about local incomes (from ONS);
- Updated information about the supply of affordable housing (through relets) from CoRe with data up to 2014/15 now available; and
- Updating of estimates of the number of newly forming households (drawn directly from the demographic projections in this report).

Housing Costs and Incomes

4.3 Table 16 below shows lower quartile rents across the whole District and a comparison with the figures in the HEDNA. Generally, over the 18-month period there has been little change in rent levels, with the overall lower quartile figure remaining at £525 per month.

Table 16: Lower quartile private rents by size

Dwelling size	Monthly rent (HEDNA) – year to September 2014	Monthly rent – year to March 2016
Room only	-	-
Studio	-	-
1 bedroom	£395	£425
2 bedrooms	£495	£500
3 bedrooms	£575	£600
4+ bedrooms	£795	£775
All dwellings	£525	£525

Source: Valuation Office Agency

4.4 The average (mean) income (for 2015) has been estimated to be £38,000 (with a median of £28,900); this is slightly higher than the figure (for 2014) assumed in the HEDNA (mean of £36,900). This is an increase of 3% and is due to a combination of using more recent ONS income data along with the analysis being rolled forward for a year, from 2014 to 2015. The income measure used in this report is total (before tax) household income (from all sources) and is based on an estimate from households resident in the District.

Affordable Housing Needs Assessment

4.5 Table 17 below brings together the analysis to provide an overall assessment of affordable housing need, as in the HEDNA, and as updated in this report. The model compares the balance between newly-arising need (from newly-forming households and existing households falling into need) against supply (from re-lets of existing stock).

4.6 The analysis shows a need for 96 affordable dwellings per annum in this update, very slightly lower that the equivalent figure in the HEDNA (101 per annum). This difference between the figures is driven by a reduced level of gross need (which is in part due to changed income assumptions) although there is also a reduced level of estimated supply from relets of existing homes.

Table 17: Affordable Housing Need

		HEDNA	Update
A	Current Gross Affordable Need	472	460
B	Committed Supply of Affordable Housing	129	129
C	Total Net Current Affordable Need	343	331
D	Total Net Need per Annum to 2033 (C / 20)	17	17
E	Annual Need from Newly-Forming Households	188	174
F	Annual Need from Existing Households Falling into Need	117	115
G	Total Annual Gross Newly-Arising Need (E - F)	305	289
H	Annual Supply from Relets of Social & Affordable Rented Homes	210	206
I	Annual Supply from Relets of Intermediate Housing	11	4
J	Total Future Annual Supply from Re-Lets (H + I)	221	210
K	Annual Net Need for Affordable Housing (D + G - J)	101	96

Source: Census (2011)/CoRe/Projection Modelling/Housing Register and affordability analysis

4.7 The affordable housing need represents 54% of the projected housing need in the 2014-based SNPP, compared to 40% of the 2012-based SNPP. It represents 37% of the need arising from the Preferred Economic Growth Scenario.

4.8 The relevance of the affordable housing need to drawing conclusions on FOAN has been considered through a number of legal cases, most recently in Kings Lynn & West Norfolk v. SSCLG and Elm Park Holdings. In this Mr Justice Dove noted that the scale and mix of housing is *'a statistical exercise involving a range of relevant data for which there is no one set methodology, but which will involve elements of judgement'*. Crucially, in paragraph 35 of the judgment he says that the *'Framework makes clear that these needs [affordable housing needs] should be addressed in determining the FOAN, but neither the Framework nor the PPG suggest that they have to be met in*

full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice'. This is an important point, given the previous judgements in Satnam and Oadby & Wigston. And indeed in relation to Oadby and Wigston he notes that *'Insofar as Hickinbottom J in the case of Oadby and Wigston Borough Council v Secretary of State [2015] EWHC 1879 might be taken in paragraph 34(ii) of his judgment to be suggesting that in determining the FOAN, the total need for affordable housing must be met in full by its inclusion in the FOAN I would respectfully disagree. Such a suggestion is not warranted by the Framework or the PPG'*. Mr Justice Dove however went on to outline that the affordable housing need was a potentially important consideration in increasing the FOAN.

4.9 The Draft Plan sets a "at least" 30% target for delivery of affordable housing on schemes of 10+ dwellings/ 1,000+ sq.m (Policy HC4). This takes account of the level of need, and what level of affordable housing provision is realistically deliverable given residential development viability (33 – 40% being achievable across different value areas, but with viability also influenced by CIL tariffs). Some sites may fall below thresholds or not be able to achieve policy-compliant levels of affordable housing, however sites owned by Registered Providers and Rural Exception Schemes (under Policy HC5) will support additional delivery.

4.10 Within the National Park, the policy framework is explicitly focused on delivering affordable housing.

4.11 However it seems clear that a reduction in the housing target in the plan would reduce the delivery of affordable housing.

5 MARKET SIGNALS

5.1 Much of the analysis of market signals within the HEDNA Report remains valid. GL Hearn has sought to update selected key statistics where more recent data has been published.

5.2 CLG published data on residential land values per hectare for local authorities nationally in December 2015. These indicate that the typical value of a residential site in Derbyshire Dales in 2015 was 66% above the East Midlands average but 13% below the national average.

Table 18: Residential Land Values per Ha, 2015

	Residential Land Value per Ha
Derbyshire Dales	£1,835,000
East Midlands	£1,100,000
England (excl. London)	£2,100,000

Source: CLG Residential Land Values for Policy Appraisal

5.3 The median house price of properties sold in the District in 2014 was £225,000; marginally up on the median of £218,000 in 2014. Median prices by type are now as follows:

Table 19: Median House Prices by Type, Derbyshire Dales 2015

	Median House Price
Detached	£320,000
Semi-Detached	£190,000
Terraced	£170,000
Flat/Maisonette	£156,000
Overall	£225,000

5.4 These are marginally higher than those shown in the HEDNA Report, where the latest data considered indicated a median price over the 2013-2014 of £218,000; but showed a price in Q1 2014 of £229,000.

5.5 The lower quartile house price to income ratio in 2015 remains consistent to levels shown in 2013 (based on the recalibrated CLG data). With lower quartile house prices at 9.2 times incomes, it remains notably above levels at both an HMA level (c. 5.6 – 5.7) and nationally (7.0). The ratio has not however grown at a district level over the 2013-15 period in contrast to the trends shown at both HMA and national levels.

Table 20: Lower Quartile House Price to Income Ratios

	2013	2014	2015	PP Change
Derbyshire Dales	9.18	9.63	9.17	-0.01
North Derbyshire & Bassetlaw HMA	5.18	5.90	5.65	0.47
Derby HMA	5.32	5.56	5.60	0.28
England	6.66	6.95	7.02	0.36

Source: CLG Housing Statistics Table 576

5.6 The median house price to income ratio has also fallen marginally in the District over the 2013-15 period, in contrast to a growth witnessed at an HMA and national level. It still however stands, at 8.87 above HMA and national levels.

Table 21: Median House Price to Income Ratios

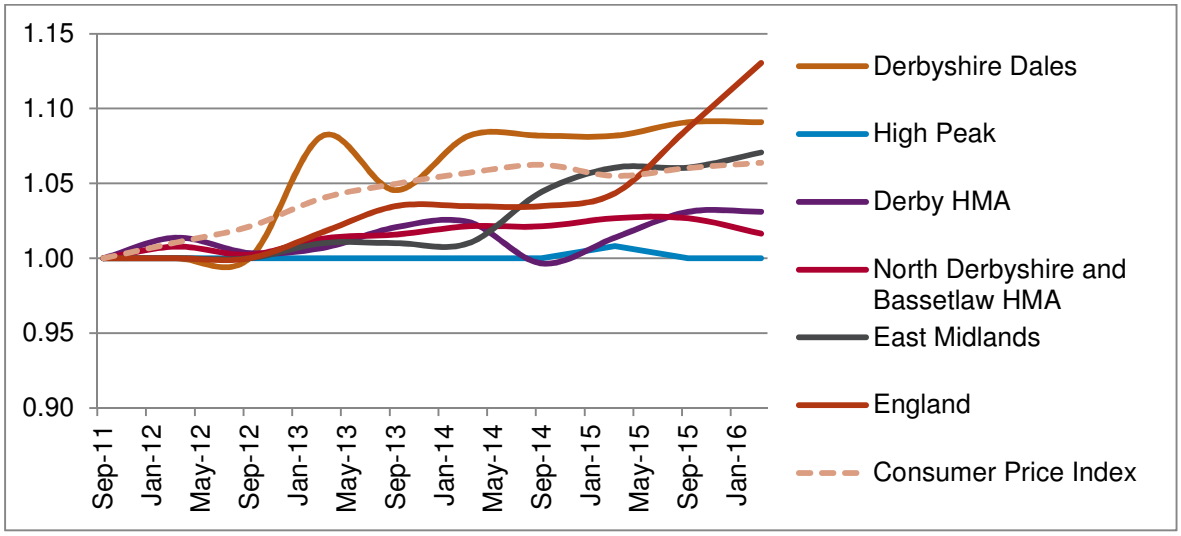
LQ Price	2013	2014	2015	PP Change
Derbyshire Dales	8.98	8.87	8.95	-0.04
North Derbyshire & Bassetlaw HMA	5.24	5.78	6.08	0.83
Derby HMA	5.02	5.30	5.36	0.35
England	6.92	7.25	7.49	0.56

Source: CLG Housing Statistics Table 577

5.7 The evidence indicates that house prices have remained fairly static relative to earnings in the District, whist across wider areas the situation has deteriorated.

5.8 Turning to consider rental costs, median rents in Derbyshire Dales have increased from £595 per month in the year to September 2014 by £5 per month to £600 pcm in the latest data for the year to March 2016. Rental costs continue to sit above those across the wider housing market areas, but there has been a narrowing of the difference relative to the East Midlands region and rental growth has been notably lower than that seen at a national level. The median rent in Derbyshire Dales is 13% above the regional average, but 8% below the national average.

Figure 7: Trends in Median Rents, 2011-16



Source: GLH Analysis of Private rental Market Statistics

5.9 Lower quartile rental costs, at £525 per month in the District, are equivalent to 37% of monthly gross earnings for individuals.

5.10 Overall, the updated analysis does not suggest a substantive change in the picture provided by the market signals from that set out in the HEDNA Report.

5.11 It is also important to remember that the base date of the HEDNA is 2013. Where there has been an under-delivery since this point and worsening of some market signals, it does not necessarily imply a need to change the need, but a need to boost supply. An under-provision over this period will be captured by a requirement (such as through five year land supply calculations) to boost supply moving forward.

6 ADJUSTMENTS TO IMPROVE AFFORDABILITY

6.1 Any upwards adjustments from the demographic starting point of 178 dpa will support additional delivery of market and affordable housing, and thus contribute to addressing affordable housing need and market signals. The economic-led scenario for 260 dpa represents would for instance represent an upward adjustment of 46% on the demographic-based need for 178 dpa.

6.2 In the HEDNA, GL Hearn modelled additional further adjustments to support improvements in affordability by considering adjustments to household formation rates, such that headship rates for those aged 25-34, returning these to 2001 levels by 2033. This is on the basis that the practical impact of an increase in supply and improvement in affordability – responding to the market signals and affordable housing evidence – would be to enable more younger households to form.

6.3 We have therefore run a sensitivity analysis on a similar basis, quantifying the implication of returning the household formation rates of the 25-34 age group back to 2001 levels (i.e. before the rate started to decrease) by 2033. This sensitivity in effect seeks to consider a scenario in which affordability and access to housing for younger households improves, and quantifies what level of housing provision might be associated with this, all other factors being equal. If achieved, the effect would be to reduce the proportions of shared households and persons within this age group living with parents.

6.4 The sensitivity analysis indicates that, all other things being equal, an uplift of around 20 homes per annum across the District would support further improvement in affordability and household formation rates amongst younger households. All of the alternative scenarios tested show similar levels of uplift from figures in the 2014-based CLG projections. When looking at the preferred economic scenario, the analysis suggests a need for up to 284 dwellings per annum.

Table 22: Housing need with a range of scenarios and uplifts to headship rates

	2014-based CLG headship	Uplift to 25-34 age group
2014-based SNPP	178	199
2012-based SNPP	241	261
10-year trends (variable)	184	205
10-year trends (fixed)	118	137
Oxford Economics	234	256
CE Baseline	302	327
Preferred Economic Scenario	260	284

7 IMPLICATIONS

7.1 This update to take account of 2014-based Sub-National Population and Household Projections points to a lower objectively assessed housing need (OAN) for Derbyshire Dales District as a whole.

7.2 The 2014-based Projections point to a need for 178 dpa which would be the relevant 'starting point' for considering housing need. This is notably below the 241 dpa shown in the 2012-based Projections. The differences relate almost entirely to lower assumed net internal migration to Derbyshire Dales. A 10-year migration trend (184 dpa) shows a reasonably similar level of housing need to the 2014-based SNPP.

7.3 The SNPP would result in a decrease in the size of the labour force in the District. Taking account of the Preferred Economic Growth Scenario in the HEDNA, for 1,700 jobs, provision of 260 dpa would be needed (based on 2014-based headship rates). This compared to a projection for 301 dpa in the 2015 HENDA Report.

7.4 A key reason for lower housing need shown in the latest (2014-based) projections is expected lower growth in the population of older persons, particularly in the highest age groups (85+). These groups have high headship rates, and thus population in these groups has a notable impact on the overall housing need. It is this lower growth in older persons in the latest ONS projections which accounts for the difference in the level of housing provision needed to support the Preferred Economic Growth Scenario.

7.5 The evidence from market signals and affordable housing need continued to point to affordability pressures in the District. The updated analysis points to 96 households per annum requiring support in meeting their housing need (in net terms). The evidence suggests little change in the evidence in respect of the scale of affordable housing need or severity of market signals.

7.6 GL Hearn note that the economic-led scenario represents an increase of 46% on the starting point demographic projection; and delivery of this would boost the supply of market and affordable housing as well as supporting workforce growth. Using a consistent approach to the HEDNA, this report then models an additional adjustment to support improvement in affordability – responding to the market signals and affordable housing needs evidence – based on adjustments to household formation amongst younger persons aged 25-34. This results in a further uplift of 20 dpa and a need for 284 dwellings per annum for the District as a whole.

7.7 This report therefore concludes that the updated evidence would point to an objectively assessed housing need for 5,680 dwellings over the 2013-33 plan period (284 dpa). This represents a robust assessment of housing need based on the latest evidence.