



The uncertain drivers of change in the new projections at the local authority level

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Planning for housing: an exercise in managing uncertainty?

➤ Uncertainties that need managing:

- How many people will we need to house?
- How will those people live i.e. how will they group themselves into households?

➤ Are we asking the right question?

- How many households will there be if recent trends continue?
- How many households are there likely to be?
- How many homes should we plan for?



Planning for housing: an exercise in managing uncertainty?

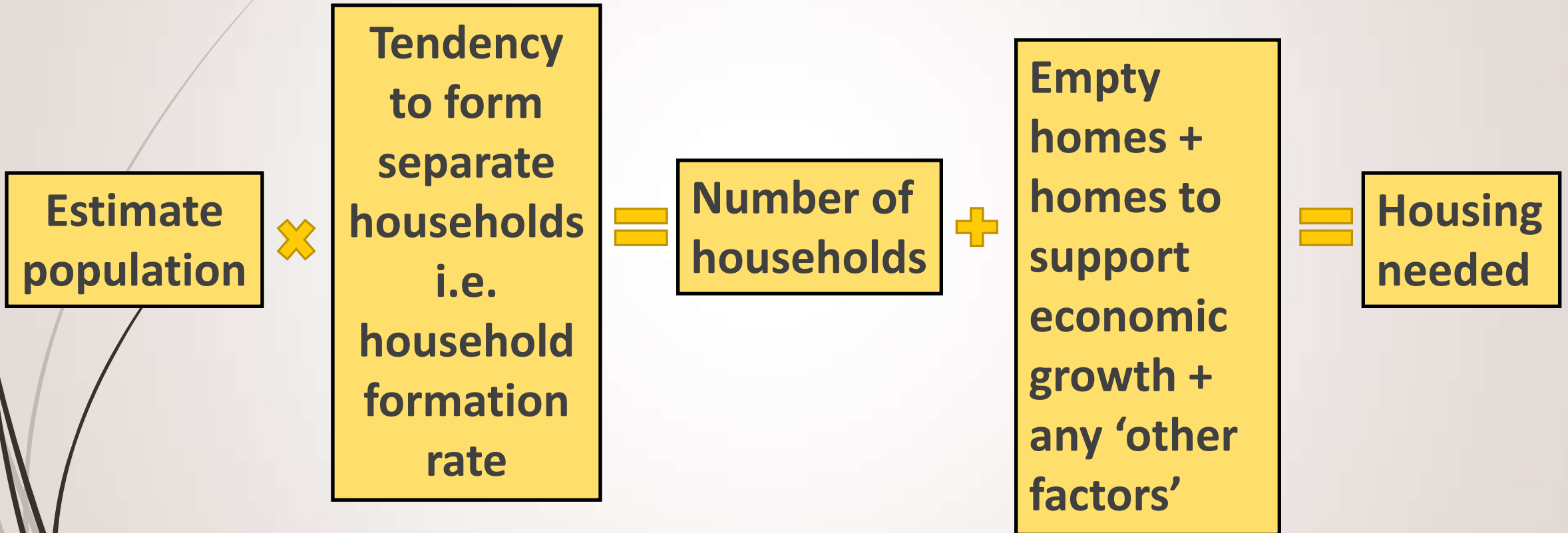
➤ **Are the numbers right?**

- A brief survey of the uncertainties in the local level projections

➤ **Are the numbers answering the right question?**

- How many households will there be if recent trends continue?
- How many households are there likely to be?
- How many homes should we plan for?

How housing requirements are estimated



How different are the new projections: England?

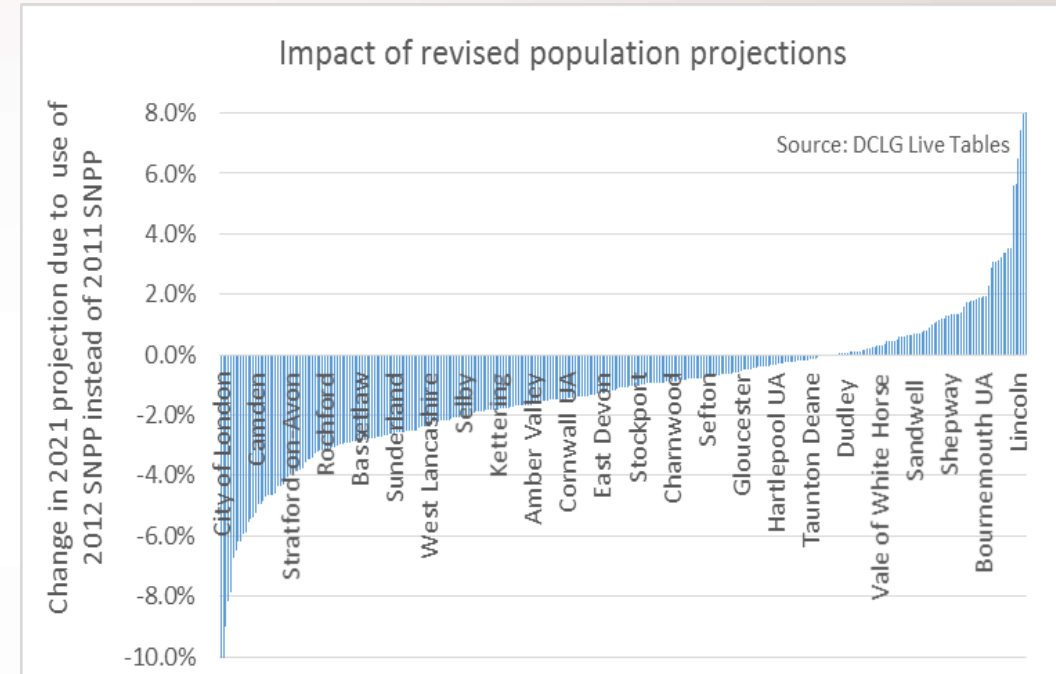
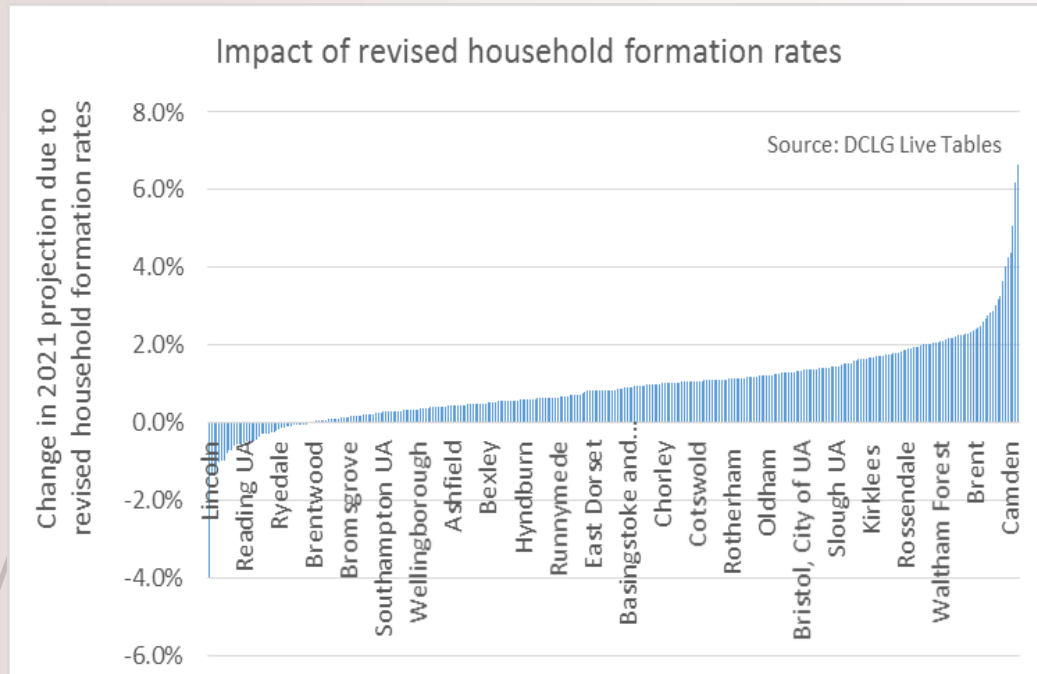
- Headline numbers little different:
 - 2011-based: 221,000 p.a. extra households 2012-21
 - 2012-based: 220,000 p.a. extra households 2012-21
- **But:**
 - Lower population projections reduce household growth by 9%
 - Revised household formation rates increase household growth by 9%

How different are the new projections: local authorities?

➤ Very different story at local authority level

- 50 planning authorities for which household increase is more than 20% higher
- 66 authorities for which household increase is more than 20% lower
- 32 authorities for which the difference is more than 50% up or down!

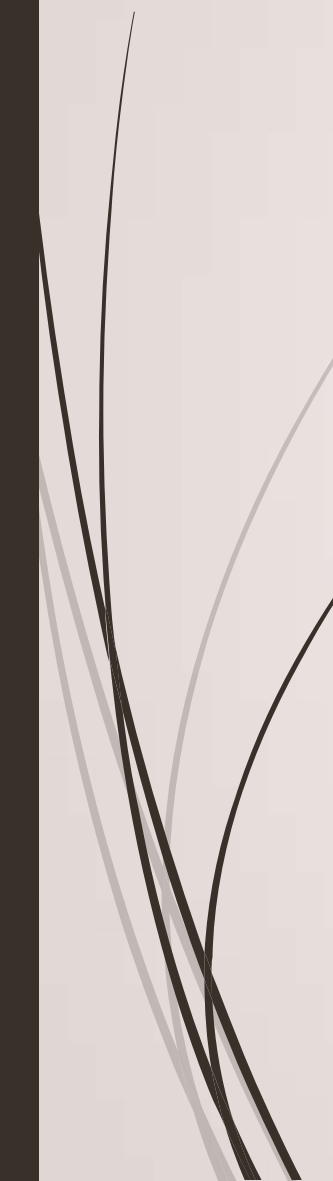
Causes of the changes



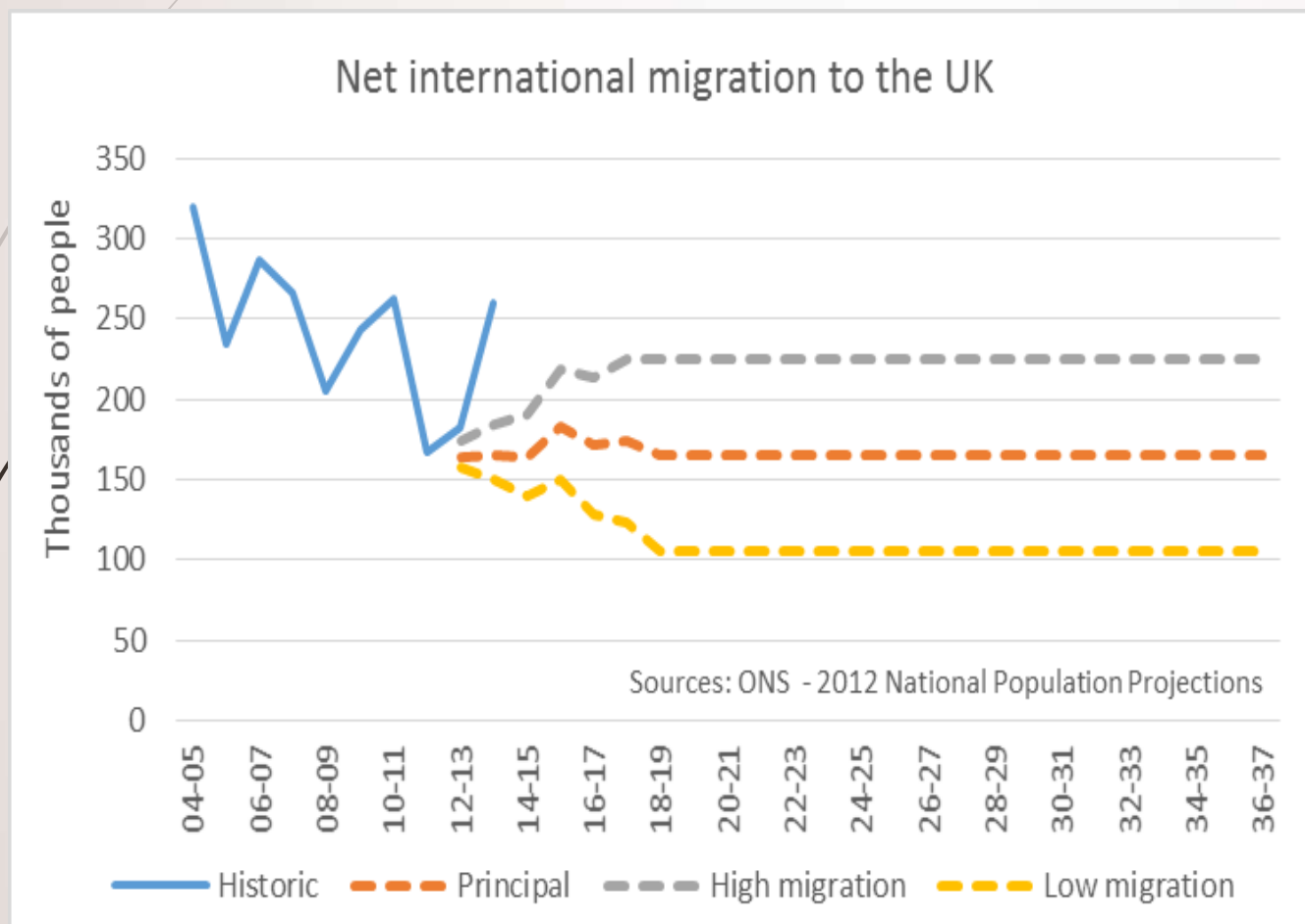
- Revised household formation rates largely increase projection
- Population changes mostly reduce projection
- Net change depends on interaction of two effects



Planning for housing: an exercise in managing uncertainty?

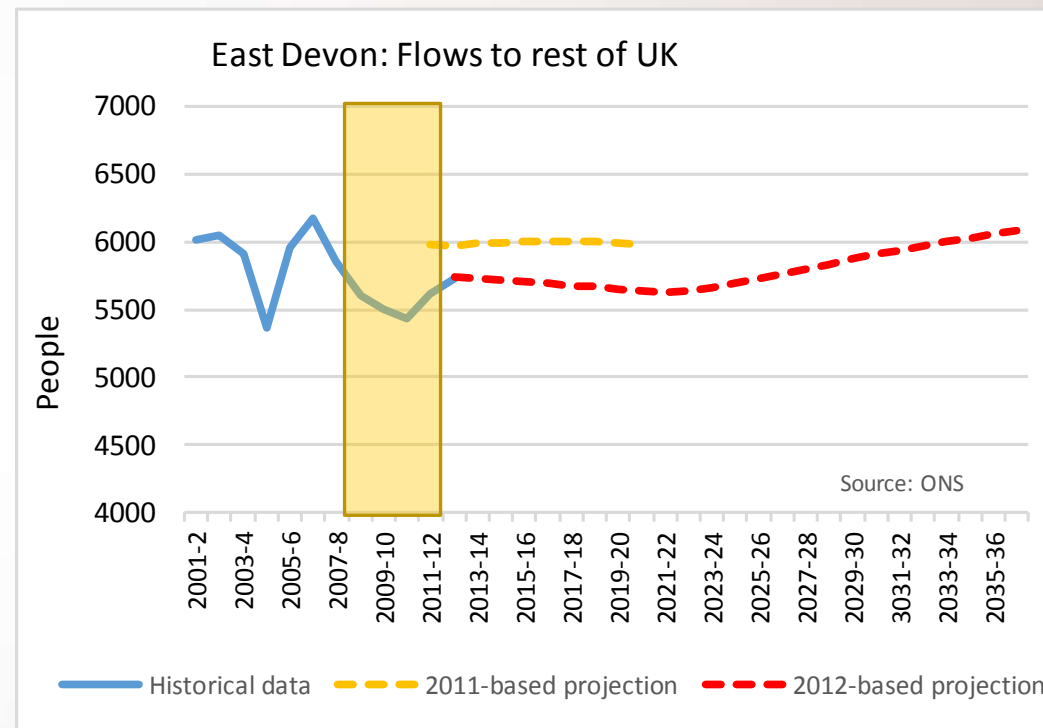
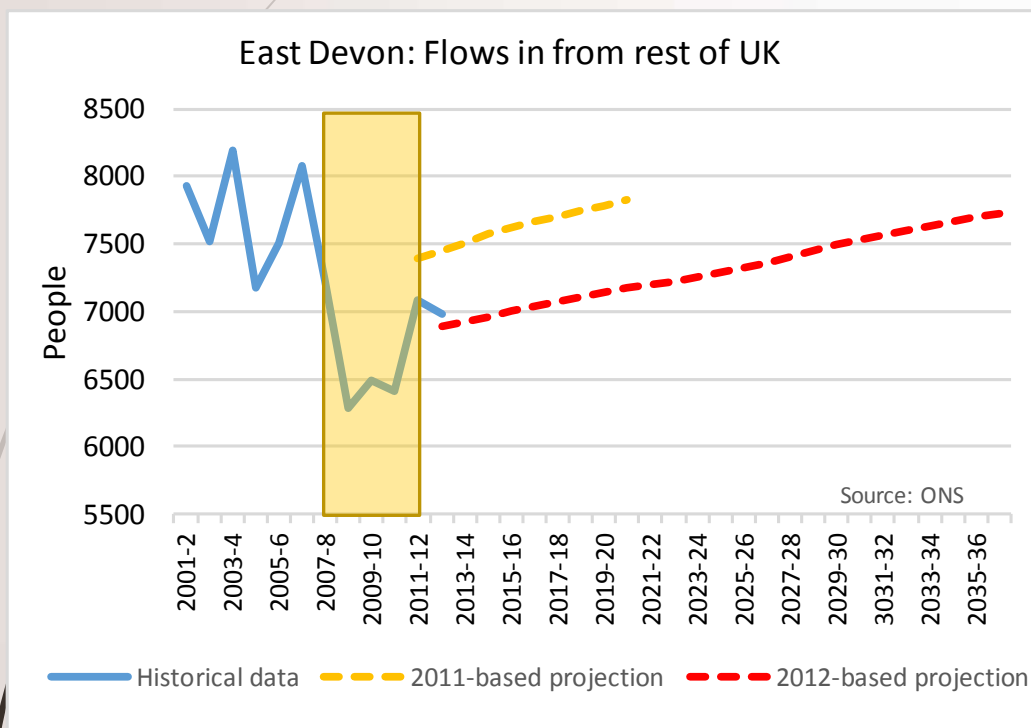
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- Are we planning for the right number of people?
 - Are we making the right assumptions about household formation patterns?

Planning for the right number of people: the total figure



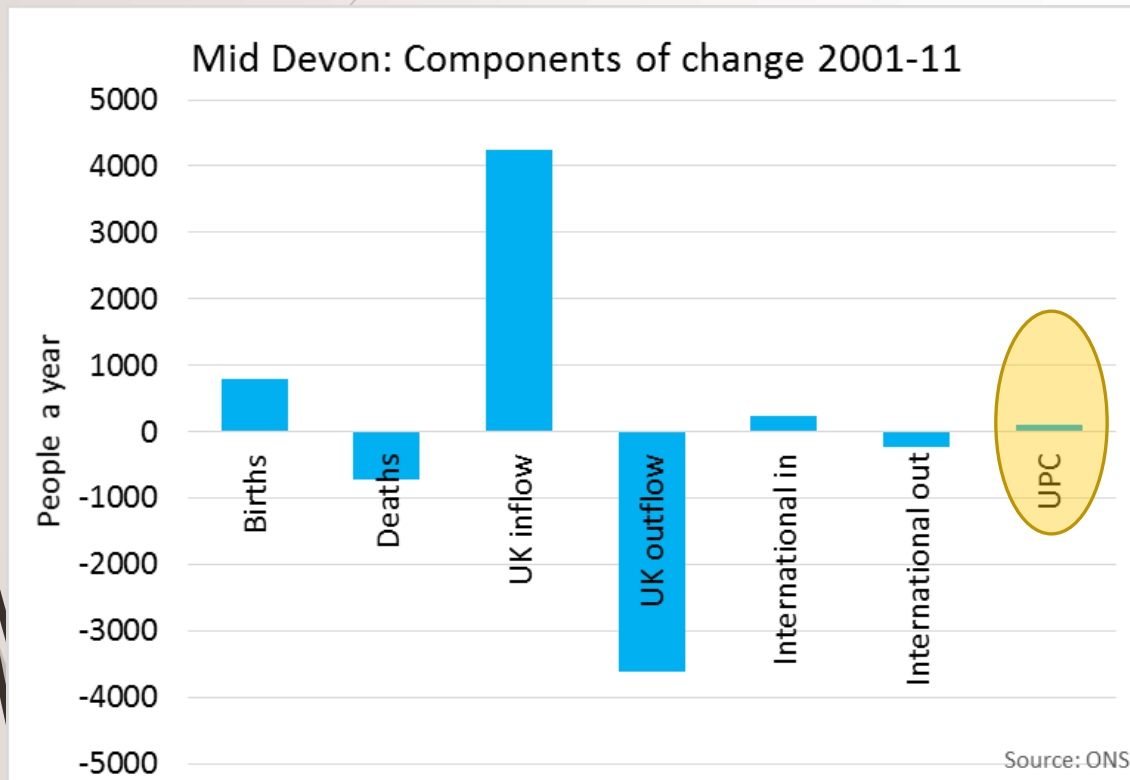
- ▶ New projections based on principal estimate – the only one for which ONS produce LA projections
- ▶ Principal projection below any flow seen in last 10 years – but the trend is down....

Planning for the right number of people: are the assumptions about where people will be right?



- Internal migration flow rates estimated from 2007-12 are unhelpful

Unattributable population change



- At England level UPC is within confidence limits for census results and migration stats
- 91 LAs for which UPC is more than 50% of population change between censuses
- 85 LAs for which UPC is more than twice the 95% confidence interval for 2011 census totals
- Need for sensitivity analysis



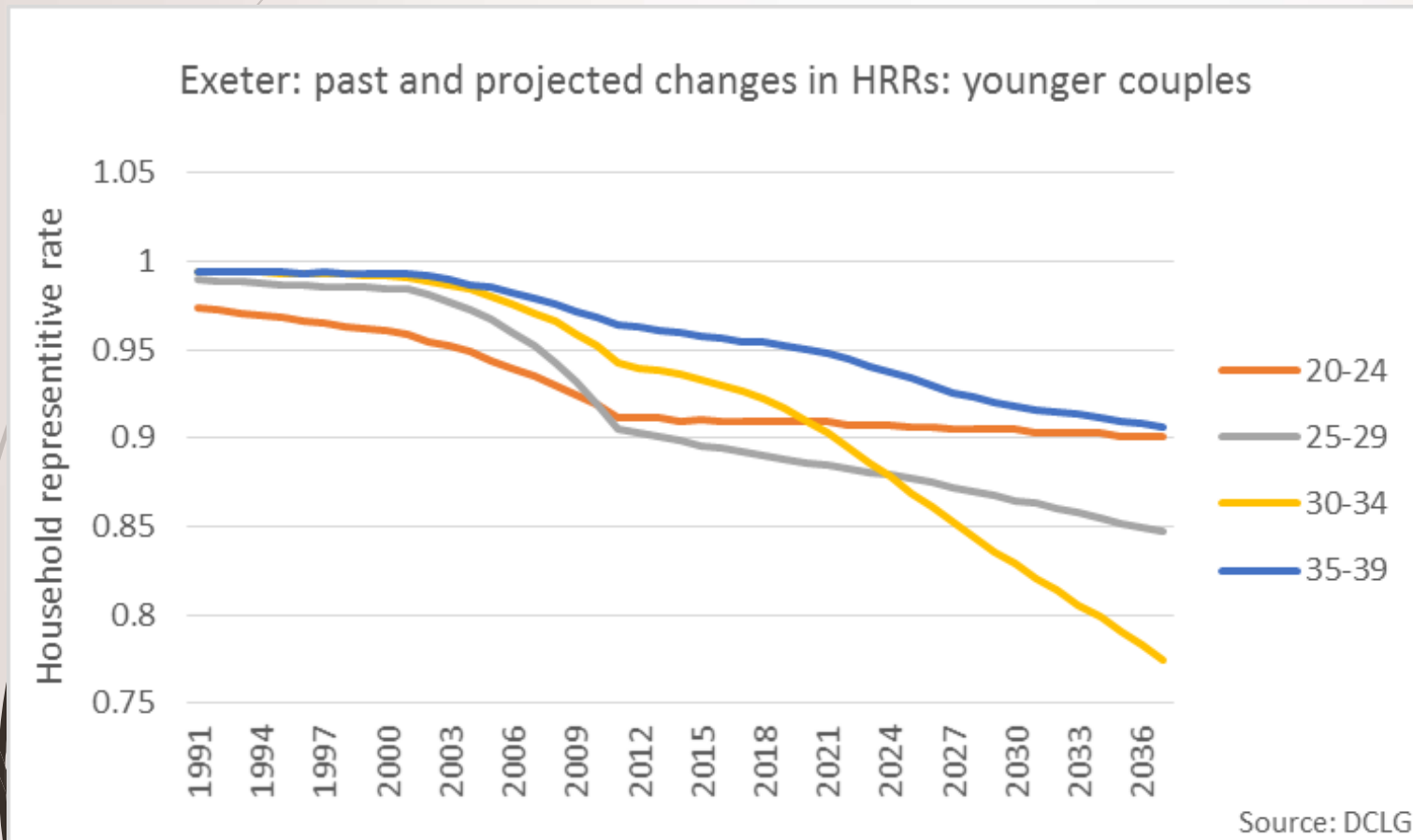
From population projection to household projection

- Input population projection by age and sex
- Split by relationship status: couple/married/previously married
- Subtract institution population to produce household population split by age/sex/relationship status
- Multiply by HRR to give households

Example of changes between 2011 and 2021 projections

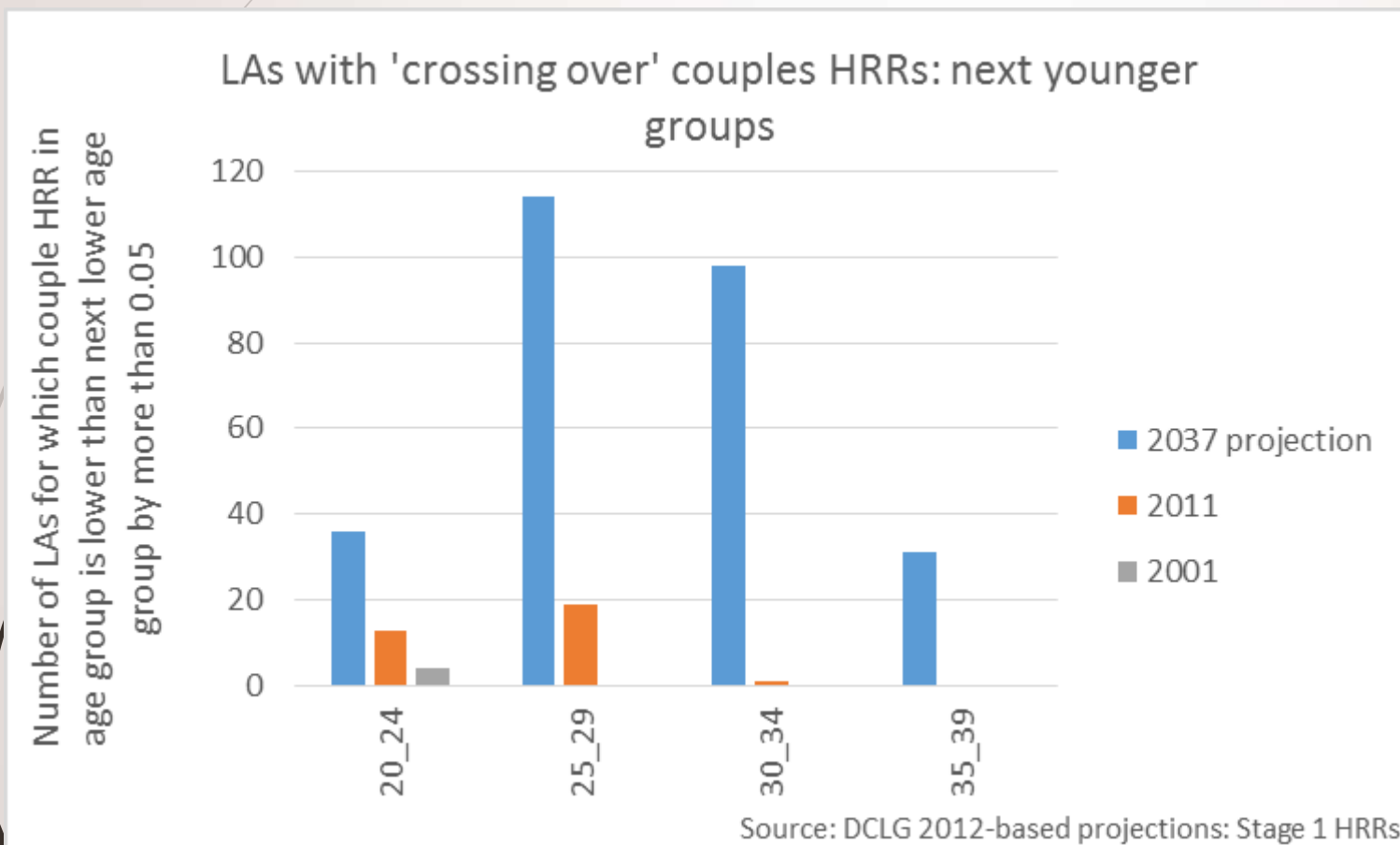
- LA X: 47,943 hhlds in 2011
 - 2011-based projection for 2021: 51978
 - 2012-based projection for 2021: 52376
 - Hhlds in 2021 0.8% higher in 2012-based projection; **change in hhlds increases by 9.2% - key for housing reqt.**
- Impact of different components on **hhld increase**
 - **Revised population projection: +8.4%**
 - **Revised relationship splits: -12.9%**
 - **Revised institutional population projection: 2.1%**
 - **Revised HRRs 13.3%**
- Note key role of relationship splits

LA level HRR projections



- Significant discontinuities in 2011
- 30-34 HRRs projected to be lower than both 20-24 and 25-29?

LA level HRR projections: how many LAs have 'cross overs'?



- Chart shows 'cross overs' by more than 0.05
- Many fewer in 2011 than in 2037 projection
- Hardly any in 2001



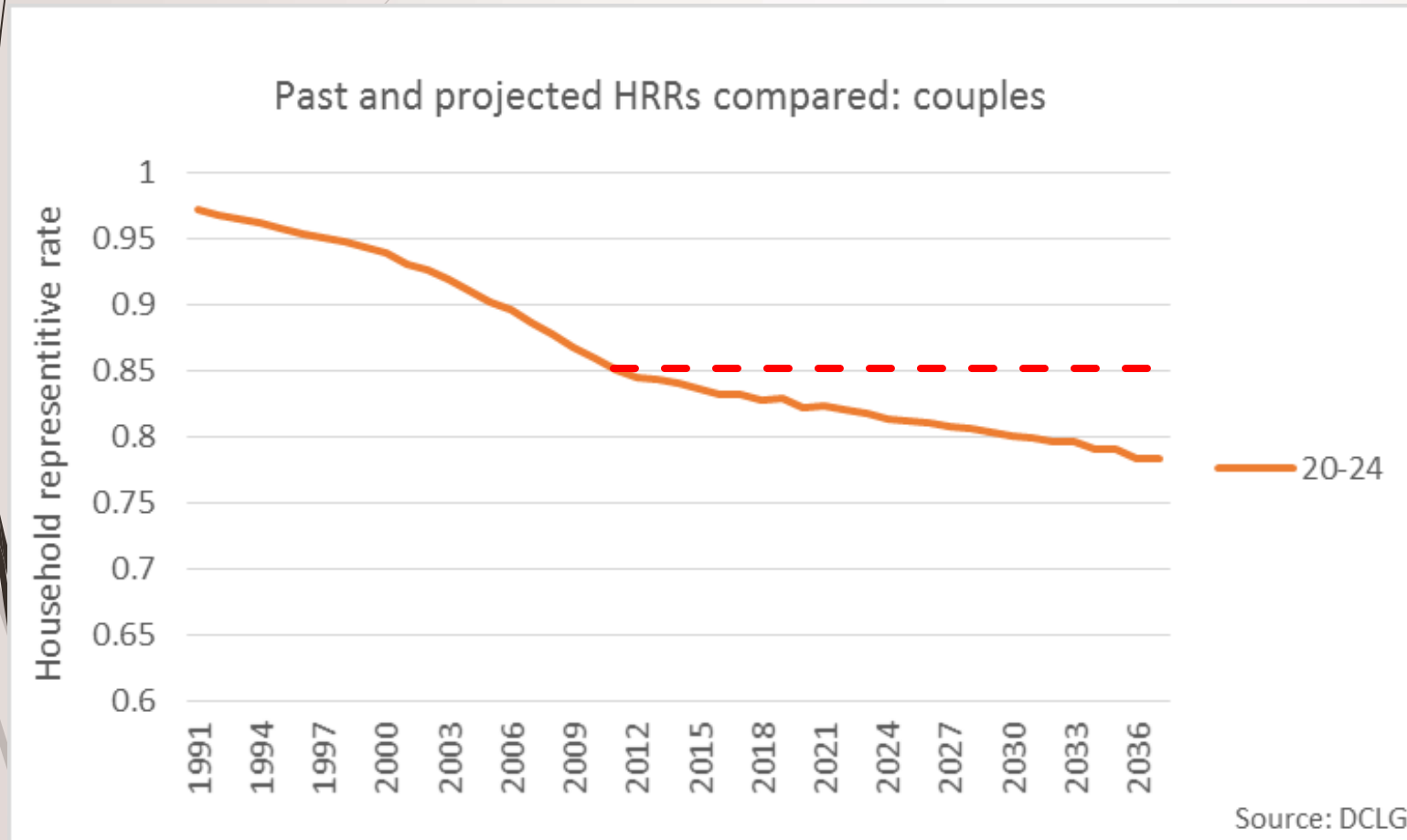
Are the numbers answering the right question?

- **How many households will there be if recent trends continue?**
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What is likely to happen to household formation rates?

- Projections envisage 2.2 million extra households between 2011 and 2021, implying need for ~2.27 million extra homes
- Only 423,000 homes built 2011-14, implying need for 1.847 million extra homes 2014-21 i.e. 264,000 a year.
- Compare with 141,000 a year delivered 2011-14
- Highly likely that number of homes needed to allow extra households to form wont be built
- **Hence household formation rates are likely to be below projected rates in 2021**

How many homes should we plan for?



- Should we plan on the basis that HRRs do not continue to fall for at least some age groups and household types?



Conclusions/points to discuss?

- Impact of population uncertainties due to
 - assumptions made on international migration;
 - internal migration
 - UPC
- Role of relationship status projections – 2008-based?
- Institutional population assumptions – are they realistic?
- Strange behaviour of HRRs: large number of ‘cross overs’
- Are we answering the right question?