

Welbeck Strategic Land LLP

EXAMINATION OF SOUTH GLOUCESTERSHIRE CORE STRATEGY

MATTERS 7 & 8 - HOUSING TARGETS BRIEFING NOTE

June 2012

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The 2008-based projections

South Gloucestershire on its own

- 1 In our representations and matter statements about housing targets, we note that the Planning Framework (NPPF) requires local planning authorities to meet the demand and need for housing in their areas, so far as they have the capacity to do so sustainably. We show that the post-submission Core Strategy does not set out to meet that demand and need. Instead, its proposed housing target is based on the land supply already identified, just like the (very similar) targets the Council has been promoting for years previously.
- 2 This approach is unsound. To see what a sound target should be, in our representations we look to the latest (2008-based) CLG household projections. (The tables on the last page show the projections and all the other figures discussed in this note.) These projections are endorsed by the NPPF as an indicator of future housing demand.
- 3 The CLG household projections, and the ONS population projections from which they are derived, are trend-based. In other words, they are produced by carrying forward past trends in the components of change – which are births, deaths, migration and household formation. In effect, therefore, the projections assume that the factors that drive change will be the same in the future as they were in the past.
- 4 The 2008-based household projections imply a demand of some 1,600 net new homes a year over the Core Strategy period¹. This is around 300 more than the proposed Core Strategy provision target of slightly below 1,300 per year.
- 5 So, if the factors that drive demand for housing in the District remain broadly the same in the future as they were in the past, the proposed target would undersupply that demand by roughly 300 homes per year.
- 6 However, in reality one of the drivers of demand will be quite different in the future. That factor is the capacity of neighbouring areas to provide housing land. We discuss this in the next section.

The West of England

- 7 We then look again at the Planning Framework. We note that it also requires local planning authorities, working collectively with their neighbours, to ensure that demand and need are met across housing market areas – which are groups of neighbouring authorities. To this end, demand that cannot be sustainably accommodated in the administrative area to which it relates, or demand that is not tied to particular administrative areas, should be steered to those parts of the housing market area that can meet it sustainably.
- 8 To see what this ‘exported’ and footloose demand might be, we look to the CLG projections in the rest of the West of England housing market area (HMA) (see table). Of the three

¹ In translating household numbers into housing demand, studies usually make a small adjustment for vacant homes – assuming, for example, that each 100 households require 103 homes. For simplicity, our calculations omit this small adjustment,

other authorities in the HMA, two – Bristol City and North Somerset – have recently adopted Core Strategies; the third, BANES, is still in draft and awaiting examination.

- 9 In total, the three other West of England authorities propose to provide at most 2,800 net new homes per annum in 2006-26. Likely demand over the period, as estimated by the 2008-based CLG household projections, equals 6,200 per annum. In other words, the three authorities collectively propose to meet less than half of the projected demand, leaving an annual undersupply of at least 3,400 homes.

Bristol City's overspill

- 10 The greater part of this undersupply is due to Bristol City, which has projected household growth of 3,600 p.a. but does not have the capacity of accommodate that growth within its boundaries. North Somerset is also heavily undersupplied, with projected annual growth of 1,800 households. As with South Gloucestershire, much of this projected growth is likely to reflect net in-migration from Bristol, in continuation of past trends. But in reality this migration trend will not continue in the future, because North Somerset in its new Core Strategy does not provide the necessary housing.
- 11 To put it another way, the factors that drive the demand for housing in South Gloucestershire are changing, and therefore the trend-driven projections underestimate future demand. In the past South Gloucestershire received a steady flow of net in-migration from Bristol. The projections show this flow as continuing, subject to various adjustments. But in reality the demand for in-migration for Bristol will be higher in the future, because the capacity of Bristol to accommodate its own growth, and that of other neighbouring districts to import some of that growth, will be much reduced.
- 12 If the projected demand is to be met across the HMA, in line with national policy, these supply deficits should be compensated by additional provision elsewhere in the HMA. South Gloucestershire is well placed in this regard, because it has deliverable and sustainable development capacity, and much of that capacity – including in Thornbury – is close to the economic hotspot that is the Bristol fringe.

Conclusion

- 13 In summary, if the factors that drive housing demand were to follow past trends, judging from the 2008-based CLG projections the demand in South Gloucestershire over the plan period would be 1,600 net new homes per year. But one factor in particular will not follow past trends: neighbouring authorities will provide less capacity in relation to demand. Consequently additional demand, over and above the 1,600 new homes, should be accommodated in South Gloucestershire.
- 14 **If the 2008-based CLG projections are correct, therefore:**
- **1,600 net new homes a year is a floor below which South Gloucestershire's provision should not fall.**
 - **Over and above this number, the District should help fill the sub-regional supply gap, which largely reflects overspill from Bristol City over and above past trends.**

- **To that end, South Gloucestershire should provide additional housing land up to its sustainable capacity or to the ‘HMA shortfall’ of 3,400 new homes p.a., whichever is the greater.**

The 2010-based projections

- 15 Earlier this year the Office of National Statistics (ONS) released new, 2010-based sub-national population projections. These new projections were not considered in our earlier representations. We look at their implications below.
- 16 The 2010-based projections incorporate an improved method for assessing international migration flows and distributing them between local authority areas. The outcome is that projected population growth for the West of England, and indeed the whole South West region, is considerably lower than in the 2008-based subnational projections. The greatest impact is on Bristol, but all the authorities in the West of England show significant reductions.
- 17 CLG in due course will translate the new population projections into new household projections, providing a revised view of future housing demand. But this new projection is not expected till autumn 2012. Therefore we have used our own demographic model to provide an advance estimate of these 2010-based household projections. The estimate shows household growth, and hence housing demand, much lower than in the 2008-based release. Over the plan period 2006-26:
- South Gloucestershire’s trend-based household growth is some 1,200 net new households per annum, close to the maximum provision proposed by the Council.
 - For the rest of the HMA, projected annual household growth falls to 3,600. Against this lower total, the three authorities’ combined Core Strategy targets of 2,800 p.a. (at most) still result in significant undersupply of 800 homes per year (at least). As discussed earlier, the main factors behind this undersupply are that:
 - Bristol does not have the capacity to accommodate its own growth
 - North Somerset no longer plans to accept the resulting overspill.
- 18 Following the same logic as the 2008-based analysis above, we conclude that, **if the new 2010-based projections are correct:**
- **South Gloucestershire’s housing provision should not fall below some 1,200 net new homes per year – roughly equal to the maximum figure proposed in the Core Strategy.**
 - **Over and above this number, the District should help fill the sub-regional supply gap, which largely reflects overspill from Bristol City over and above past trends.**
 - **To that end, South Gloucestershire should provide additional housing land up to its sustainable capacity or the ‘HMA shortfall’ of 800 new homes p.a., whichever is the greater.**

Housing demand and supply in the HMA, 2006-26

2006-26, thousands

Local authority	Housing provision targets		2008-based household projections		2010-based household projections	
	Source	Net new units	Net new households	Over (under)supply	Net new households	Over (under)supply
Bath and North East Somerset	Schedule of Rolling Changes to the Draft CS, February 2012	11.5	16.0	-4.5	7.8	3.7
Bristol City - maximum	Adopted CS, June 2011. The CS also shows a minimum target - 26,400	30.6	72.0	-41.4	38.3	-7.7
North Somerset - minimum	Adopted CS, April 2012	14.0	36.0	-22.0	26.3	-12.3
Sub-total		56.1	124.0	-67.9	72.4	-16.3
South Gloucestershire	Post-Submission Core Strategy, December 2011	25.1	32.0	-6.9	24.2	0.9

Per year, thousands

Local authority	Housing provision targets		2008-based household projections		2010-based household projections	
	Source	Net new units	Net new households	Over (under)supply	Net new households	Over (under)supply
Bath and North East Somerset	Schedule of Rolling Changes to the Draft CS, February 2012	0.6	0.8	-0.2	0.4	0.2
Bristol City - maximum	Adopted CS, June 2011. The CS also shows a minimum target - 26,400	1.5	3.6	-2.1	1.9	-0.4
North Somerset - minimum	Adopted CS, April 2012	0.7	1.8	-1.1	1.3	-0.6
Sub-total		2.8	6.2	-3.4	3.6	-0.8
South Gloucestershire	Post-Submission Core Strategy, December 2011	1.3	1.6	-0.3	1.2	0.0