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**Note to Panel on explanation of section 'RSDF28 Meeting Housing Needs' in Preferred Option Sustainability Appraisal (CD7).**

- 1 This Note has been prepared by West Midlands Regional Assembly in response to a request for clarification made by the Panel on 28<sup>th</sup> May 2009 with regard to figures on 'locally generated housing needs' in the Sustainability Appraisal of the Preferred Option

**Overview**

- 2 As background, it should be noted that the Communities for the Future Chapter does not adopt "Local Housing Need" as a generic policy concept. Whilst there is a reference to meeting "local housing requirements, particularly the needs for affordable housing" in Policy CF2 C, this reference specifically relates to villages where the intention is to meet "proven housing needs" (para 6.21) (i.e. "bottom up community expressed" needs rather than those derived from a "top down" statistical assessment).
- 3 As background technical information, the RSS Options Report (CD 275) in January 2007 did include as an appendix a table that indicated, amongst other factors, an estimate of "demand from local need" for each local authority 2001 – 2026. This was derived on a "nil net migration" basis and, along with the sub-national household change projections (including a continuation of migration trends assumptions), formed a contribution to understanding potential patterns of household change as a starting point for developing housing options (see ref p19 Options Report)
- 4 Subsequently (Spring 2007), a further "nil net migration" household projection analysis was undertaken by the Assembly for informal working purposes (based on the then released 2004 Household Projections for the period 2006 -2026) and it is this work which was referred to by the consultants undertaking the Sustainability Appraisal.

**Sustainability Appraisal.**

- 5 The Sustainability Appraisal considered the Preferred Option policies in relation to the thirty three objectives of the Regional Sustainability Development Framework (RSDF). Objective 28 of the RSDF is to "*Provide decent and affordable housing for all, of the right quantity, type tenure and*

*affordability to meet local needs in clean, safe and pleasant local environments”.*

- 6 Page A133 – A136 (CD7) of the Sustainability Appraisal sets out the findings in relation to this objective; while an additional assessment is set out against RSDF Objective 31 (balanced development and sustainable communities) on page A137. Sub regional proposals are subsequently assessed in more detail (sections A6.5.2 – A6.5.9; pages A142 – A185). In coming to their view the consultants utilised data on “locally generated housing needs” to prepare the Sustainability Appraisal. Please note that consequent to the preparation of this note it has come to light that the figure for Coventry on page A142 under the section ‘Meeting Local Housing Needs’ (stated to be 20,937) appears to be incorrect and should read 12,563.
- 7 The information in Annexe A, including that on “locally generated housing needs” is further detailed by Annexe D to the Sustainability Appraisal entitled ‘*Detailed analysis of housing figures*’. This contains Table D1.10 (page D17) which splits an estimate of housing demand, 2006 – 2026, of 382,523 (equivalent to the CLG 2004-based household projection plus 3% for vacancies in the new stock) between locally generated housing demand and demand from net in-migration. As already referred to above in paragraph 4, the calculation of locally generated housing needs was a technical piece of work which looked at how household formation might occur if net migration to each local planning authority was zero. The difference between this ‘natural increase’ projection and the 2004-based household projection was assumed to be the scale of net migration in a particular local planning authority. Appendix 1 to this Note provides a technically-based description of the approach adopted to derive this information
- 8 Outputs from this technical work were passed to URSUS Consultants who were closely involved at all stages throughout the RSS Revision process to help them in their deliberations for the independent Sustainability Appraisal. In practice, in using these calculations, it needs to be stressed that, the application of a range of assumptions to split requirements between ‘local and migration requirements’ could be subject to very wide fluctuations and uncertainties depending on conditions in different local housing market areas. The particular splits shown in Table D1.10 and the conclusions drawn by URSUS Consultants assume that:
  - the Household Projections and the work subsequently performed on these data is reliable;
  - there will be no in- or out-migration whatsoever between 2006 and 2026.

- 9 The modelling approach adopted is therefore unlikely to foretell accurately for individual local planning authorities their precise locally generated housing needs during the planning period. However, these nil net migration estimates, which will undoubtedly be subject to wide variation, nevertheless illustrate a general pattern (described by section 'RSDF28 Meeting local housing needs' and Annex D) which broadly reflects:
- a. a general potential undersupply in the MUAs; and
  - b. a general potential oversupply outside the MUAs
- (i.e, in both cases, relative to estimated 'local housing needs')
- This reflects the ongoing trend of outmigration from MUAs, albeit, hopefully, at a lower level than in the past.
- 10 It needs to be strongly emphasised that this work is a simple numeric comparison initially performed to inform the Options stage of the Partial Revision. As such it should be considered alongside the many other elements of evidence.

**West Midlands Regional Assembly**  
**1<sup>st</sup> June 2009**

## Appendix 1 - Technical supplement

### Methodology used in the production “Locally Generated Housing Need” estimates.

A1 Following the release of the 2004 Sub-National Household Projections, analysis was undertaken to assess how much of the increased housing demand was generated by local needs, and how much was due to migration. This analysis was completed for the West Midlands Region as a whole, and for the constituent Local, Strategic and Unitary Authorities. The presentation of these data in the Preferred Option Sustainability Appraisal is described by paragraphs 3-4 of the main note. The process adopted to generate these data is outlined below.

#### *Stage 1 - Net housing demand 2006-2026*

A2 i) Using the software package HouseGroup, the 2004-based Household Projections were replicated. This generated unrounded projection figures.

ii) The resulting, unrounded household numbers were increased by 3% to include an allowance for vacancies.

#### *Stage 2 - Locally generated housing demand*

A3 Anglia Ruskin University were subsequently commissioned to use the Chelmer demographic software to produce projections of household growth using a natural change model (i.e. where net migration = 0). The table and associated notes below specify the assumptions used:

#### CHELMER POPULATION AND HOUSING MODEL (5 year cohorts)

Projection for region 905 W.MIDLANDS All districts  
Using parameter file :- C:\ling\cphm5year\EwP2001\eng010326.par  
option file :- C:\ling\cphm5year\EwP2001\440wmra.opt  
Database variant 1 2001-based

Head/hhold rep rates	(var 5)	(D)DCLG/ONS 2003-based
Migrant head/hhold rep rates	(var 5)	(D)DCLG/ONS 2003-based
Migrant age/sex	(var 1)	(D)NATURAL CHANGE (DUMMY) 2001
Vacancy rates	(var 8)	(D)Dwlvac Cen2001 HolAcc/2ndHom.
Sharing factors	(var 8)	(D)Census2001 (Table S048)
Base population	(var 6)	(D)ONS MYE2001,E/W/S 06Sep04
Institute population	(var 9)	(D)Cen2001 nondom+nondom75+serv
Fertility rates	(var 2)	ENGLAND 2003-based (ONS/GAD); 2001-2041
Mortality rates	(var 2)	ENGLAND 2003-based (ONS/GAD); 2001-2041
Infant mortality rates	(var 2)	ENGLAND 2003-based (ONS/GAD); 2001-2041
Local correction factors	(var 90)	short-term local correction
Composite participations	(var 7)	(D)ONS 2004-based LabforceProj
Control type	(var 3)	NET MIGRANTS

With modelling options  
In migration profiles. Out migration profiles.  
Composite head/hhold representative rates. Composite participation rates.  
Institute pop. is proportional to domestic pop. for some age bands.  
Base dwellings are calculated.  
Mortality rates applied to non-transient population.  
Local corrections are calculated.

Notes on the standard report.

1. Average household size = (total - inst. pop.)/total households.
2. Start population births and deaths result from applying fertility and mortality to the population at the start of a period. The end population births and deaths are an estimate of the registrations in that area.
3. Calculated local corrections use the default data for net migration control and international migration.

- A4 Zero net migration was achieved by assuming 144 people migrated in, and 144 people migrated out, of each LA in the region over the 20 year period 2006-2026. The output was a projection of the number of households that would arise from natural population change (equated to local need).
- A5 This number was increased by 3% to include an allowance for vacant dwellings.

*Stage 3) Housing demand from in-migration*

- A6 Housing demand due to in-migration was calculated by subtracting the locally generated need from the net housing demand (i.e. figures calculated in Stage 1 minus figures calculated in Stage 2)
- A7 The assessment of under/oversupply was completed by Sustainability Appraisal authors.