

REPORT NO CAB13/102 – CAMBRIDGESHIRE SUB-REGION STRATEGIC HOUSING MARKET  
ASSESSMENT, TECHNICAL REPORT AND MEMORANDUM OF CO-OPERATION

ADDITIONAL NOTE RELATING TO POPULATION AND JOB NUMBERS FOR THE FOREST HEATH  
DISTRICT

Context

1. In preparing local plans, local authorities are required by the National Planning Policy Framework (NPPF) to assess objectively the development needs of their area and plan for these needs. Without an overarching county or regional strategy, this is the first time that districts have been wholly responsible for setting their own housing and jobs targets. However, in setting these targets, districts must do so in the context of a collaborative approach and a Duty to Co-operate as set out the NPPF.
2. "Local planning authorities should have a clear understanding of housing needs in their area. They should prepare a Strategic Housing Market Assessment to assess their **full** housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change..."

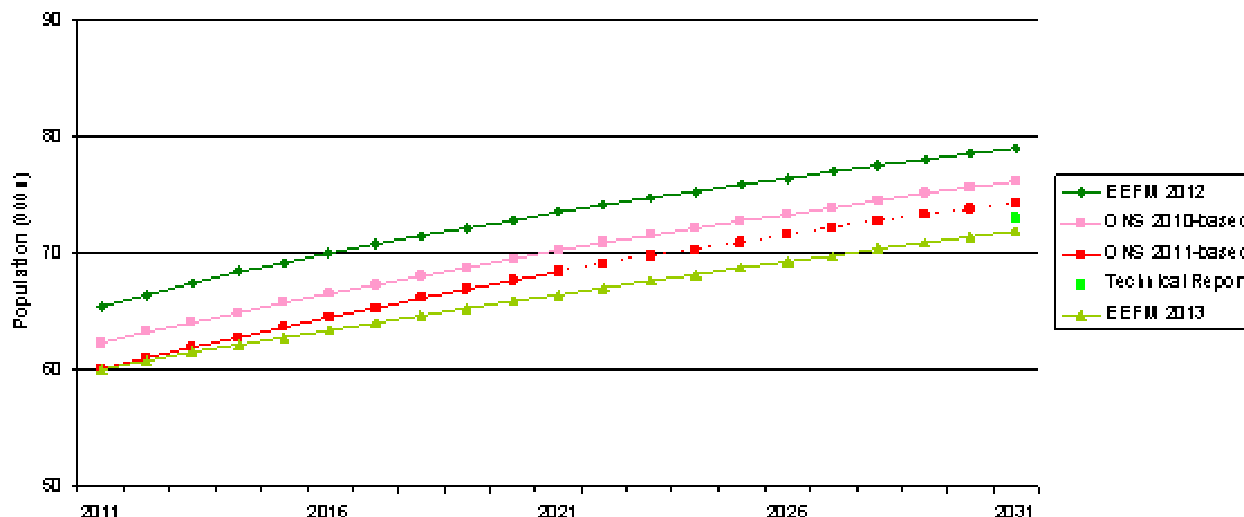
National Planning Policy Framework (NPPF) paragraph 159

Forecasting the population of Forest Heath

3. The starting point for identifying housing need is the population forecast. A number of different sources have been used and compared to project population.
4. The "Pre-Census" population forecasts for Forest Heath were based on mid-year population estimates from the Office for National Statistics (ONS) giving a mid-2010 population figure of 65,400, the basis for the baseline "pre-Census" economic forecasts ("EEFM 2012"), and later a revised figure of 62,300, the basis for the official "pre-Census" demographic projections ("ONS 2010-based").
5. According to the 2011 Census, however, the District's population figure was in reality lower than the official projection, leading to a lower mid-2011 estimate of 60,000. The Technical Report (Cambridgeshire County Council Research and Performance Team, Population, Housing and Employment Forecasts Technical Report, April 2013) therefore assumed the "post-Census" population forecasts for Forest Heath would be lower than the "pre-Census" forecasts, and indeed, the official "post-Census" demographic projections ("ONS 2011-based"). The baseline "post-Census" economic forecasts ("EEFM 2013") give a mid-2031 population figure of 71,800, which is lower than the EEFM 2012 figure of 79,100.
6. Figure 1 shows the ONS 2011-based demographic projections (extended to 2031 using the ONS 2010-based trend), the East of England Forecasting Model (EEFM) 2013 economic forecasts, the original "pre-Census" population forecasts (ONS 2010-based and EEFM 2012), and the indicative

2031 population figure from the Technical Report and Strategic Housing Market Assessment (SHMA).

Figure 1: Population forecasts for Forest Heath



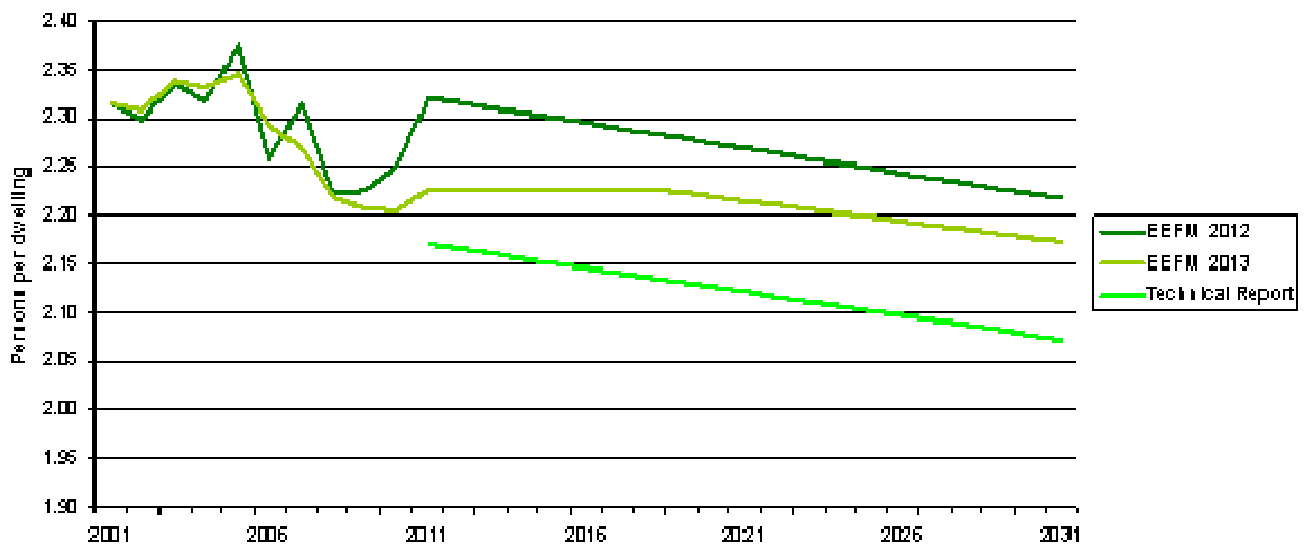
7. As shown by the "pre-Census" forecasts (when revised to reflect the 2011 Census), and the "post-Census" forecasts, the economic projections suggest a lower 2031 population figure than the demographic projections. In determining the indicative population figure for Forest Heath, the Technical Report (paragraph 6.1.3) considered both the demographic projections, as required by the NPPF (paragraph 159), and the economic projections, with the result being an indicative figure which "reflects the **economic** and **demographic** projections, and is influenced by both, but not wholly dependent on either, due to the forecasting uncertainties and limitations associated with both of these methodologies".
8. The Technical Report determines a Forest Heath's indicative 2031 population figure of 73,000. This figure sits above the economic (EEFM 2013) projection and below the (ONS 2011) demographic projection. It is logical to expect that in an area with an increasing aging population, that the economic forecasting tool (EEFM 2013) is limited. It cannot and should not be the only tool and data set used or relied on to determine population projection. This is why the ONS population figures are also considered.
9. The population figure for plan making has therefore been determined using a robust and consistent approach which took account of the National Planning Policy Framework requirements.

**The translation of the District's indicative population figure into an indicative dwellings figure is discussed below.**

Assessing the population's housing requirement

10. Forest Heath's indicative population figure provides a basis for determining a consistent dwellings figure for the District, using a Census-based occupancy (persons per dwelling) ratio and an assumption about the change in occupancy rates by 2031. Most "pre-Census" projections, such as those from the Department for Communities and Local Government (DCLG), assume that occupancy ratios will fall in the future because of an aging population and more single person households. The Technical Report uses the "pre-Census" EEFM occupancy ratio assumption that occupancy rates will fall by 4.5% by 2031 (in the absence of development constraints) to determine the District's indicative dwellings figure. Using this approach, based on the District's indicative population figure and changing demographic requirements, gives a housing requirement for Forest Heath of 7,000 new dwellings between 2011 and 2031.
11. The Census showed, however, that in general, occupancy ratios did not fall as much between 2001 and 2011 as the "pre-Census" projections expected, reflecting high levels of net migration and subdued house-building levels. The "post-Census" EEFM forecasts therefore make a different occupancy ratio assumption, with the baseline forecasts assuming that the downturn in house-building, as a result of the economic situation, will continue until 2018, resulting in a lower number of new dwellings than previously forecast. By forecasting 6,100 additional dwellings, rather than 6,800 as would have been the case based on the previous assumption, these forecasts assume that, as a result of the economic downturn, the demographic need for new homes during this period will not be met, leading to lower levels of household formation than would otherwise have been the case.
12. As part of the evidence base, understanding and responding to this baseline situation, which represents a continuation of past trends (or, from a would-be first-time buyer's perspective, potentially, a continuation of past failings, having to live with parents longer as there is no housing available) is an appropriate approach. Simply taking this baseline forecast and 'planning' for it, however, is not.
13. In line with recent economic trends, the "demand for dwellings" in the latest economic forecasts is based on the ability of the region's residents to afford, rather than their requirement for, additional housing. According to Oxford Economics, "housebuilding levels are likely to remain low until such a time as credit availability to housebuilders improves which may take a number of years. More importantly, mortgage lending is not expected to improve drastically over the next couple of years meaning that younger people will tend to stay at home for longer and average household size will remain at the same level up until around 2018 when growth in dwelling stock will pick up again in line with population growth from 2020 onwards."
14. These forecasts (EEFM 2013) therefore reflect, as far as possible, the economic reality of the current situation, with the reduced demand for, and supply of, housing reflecting the economic constraints the region's residents are currently experiencing, rather than the area's underlying demographic need for new homes. According to Oxford Economics, only from 2019, when the recovery is in full swing, will the underlying demographic demand for dwellings and improved levels of mortgage availability once again lead to falling occupancy rates. Figure 2 below shows the return to the pre-recession demographic trend from 2018 to 2031 in the EEFM 2013 forecasts.

Figure 2: Occupancy ratio forecasts for Forest Heath



15. As shown in Figure 2, unlike the EEFM 2013 forecasts, the EEFM 2012 forecasts and the Technical Report both assume occupancy rates will fall between 2011 and 2018, in line with the pre-recession trend, and continue to fall from 2018 to 2031.

16. This assessment shows that there is a demographic requirement for the 7,000 new dwellings identified within the Technical Report and Strategic Housing Market Assessment; however the latest EEFM forecasts serve to highlight the economic challenge the area faces in meeting this housing requirement.

The relationship between new jobs and new homes in the latest forecasts is discussed below.

Aligning the District's jobs and homes

17. For Forest Heath, the most significant difference between the EEFM 2012 and EEFM 2013 forecasts is the change in the outlook for the District's population, resulting from revisions to the underlying demographic data as a result of the Census, rather than a significant change in the outlook for the District's economy.

18. In the "pre-Census" forecasts, a higher level of population growth was assumed to be associated with the known level of employment growth, because the mid-2010 population figure was assumed to be as estimated by ONS. As discussed above, over the period 2001 to 2011, the level of population growth was lower in reality than suggested by the official figures, meaning that the ratio of new jobs to new residents was in reality higher. As the latest (EEFM 2013) employment growth forecast of 3,400 jobs over the period 2011 to 2031 is almost unchanged from the previous forecast of 3,300 jobs, continuing this trend means that the population growth forecast for this level of employment growth is lower in the EEFM 2013 forecasts, and so

the ratio of new jobs to new residents (and therefore new homes) in these forecasts is more balanced to 0.6 than 0.4 as stated within the Technical report (Table 33).

19. In the Technical Report, a run of the EEFM, based on the District's indicative population figure, was used to determine an indicative jobs figure for the District. The indicative employment growth of 3,000 new jobs over the period 2011 to 2031 is broadly consistent with the indicative population growth of 13,000 new residents. However, as the Technical Report run of the EEFM was based on the "pre-Census" relationship between new jobs and new residents, this figure is likely to be a conservative estimate, and a higher figure of between three and four thousand new jobs would therefore be a reasonable forecast and is already adopted within the Core Strategy (2010) Policy CS6.
20. The main difference between the latest jobs figures and the jobs figures within the District's Core Strategy is the timing of the forecasts. The figures within the Core Strategy are from forecasts published in autumn 2008 without the benefit of the data we now have to indicate the impact of the recession. At the regional level, the impact of the recession on jobs growth in the latest forecast is greater than the impact on population change, with continuing high levels of net in-migration. Therefore, while population growth in one area continues to be proportionate to jobs growth in that area, for the whole area, the number of new people for every new job has increased.
21. Simply, job figures are consistent with the population figures and is a reflection of past trends. The ratio of 0.4/0.6 reflects the workable population age, while the dwelling need is required to address the 'full' need, therefore needs to take into account of the increasing occupancy rate, the aging population and more single person households.

Concluding remarks

22. The approach taken to understanding future population and housing requirements included in the Technical Report and Strategic Housing Market Assessment is common and consistent across the Housing Market Area, reflecting the advice in the NPPF. It is considered to be a reasonable and robust response to the demographic need for new housing over the next 20 years. The EEFM 2013 forecasts reflect the potential economic context that may influence people's ability to access housing, but these forecasts do not alter the underlying "objectively assessed need" for the levels of housing included in the Strategic Housing Market Assessment.