

Stroud District

The Need For Housing Land In The Core Strategy

1. INTRODUCTION

The analysis below starts by considering the minimum levels of housing based on:

- a) Employment growth
- b) Population growth

These minimums are then expanded to account for expansion of housing through policy initiatives (balancing communities, live/work, tourism development etc,) - to achieve the administrations goals, which I understand to be employment, accommodating the growth in the elderly population and affordable homes, using CLT's as a vehicle to achieve this.

The current planning period is 2006 to 2031 – this presents a difficulty, as the latest projections for populations and economic growth are, by definition post-dating the 2006 strategy start date. In the period 2006 to 2011, nearly 2000 homes were built in the district – so these are added to the 2011-forward projections below.

2. EMPLOYMENT GROWTH LOGIC

This logic projects household need based on the rate of increase in the number of jobs in the district.

Oxford Economics Scenarios draws three likely percentage rates of growth in Jobs from 2006 to 2026 – this report assumes the trend drawn in these is ongoing to 2031.

These forecasts are made for three different economic growth levels – The lower growth level is the current post-recession growth level, the stronger growth trend matching the pre-recession levels.

Weaker Trend Growth: 0.4%

Central Trend Growth: 0.55%

Stronger Trend Growth: 0.85% p.a.

Assuming these trends continue, this gives us an increase in jobs in Stroud of between 200 – 280 – 433 jobs per annum or 4,000 to 5,600 to 8,660 jobs increase in the 20 years from 2011 to 2031.

The current Jobs per home ratio for Stroud is: - 1.069 (51,100 jobs in 47,795 houses). This is lower than the average for the South West, and reflects the ageing nature of the Stroud population.

This gives us a jobs-related housing increase of: - 3,741 to 5,238 to 8,101 houses.

Taking into account the 2006 to 2011 houses built to date (2,000) this becomes a minimum requirement 5,741 to 7,238 to 10,101

The likely level of growth that we will see for the foreseeable future will be between the weak and central growth levels. Taking all this into account the midpoint of 7,238 is probably an overestimate,

given that the largest employer in the district is the State, which is downsizing by around 15 to 20 % over the next five years.

3. POPULATION GROWTH LOGIC

The ONS published its 2010-based population projections last year. These tell us what the likely population in Stroud will be, given previous trends, including historic inward/outward migration.

We can use average household size (AHS) to calculate the numbers of houses we need to build for this projected population rise.

Initial reports from Cambridge University indicate that the AHS leveled out during the boom years – and that the AHS is stabilizing – this can give us our upper AHS limit, with our lower pessimistic limit defined by the change in AHS projected by KW in his ONS2010/DCLG2008 hybrid projection.

This gives us an AHS range of 2.33 to 2.20 in 2031

Given the projected rise of the population from 112,100 in 2011 to 121,800 in 2031, – a rise of 9,700 people, this would produce a housing requirement of between 4,161 and 7,300 houses. The highest figure compares with the average employment-derived figure referred to earlier.

This is on top of the 2,000 houses that were built between 2006 and 2011; giving us a range of 6,161 to 9,300 houses in this period which averages out at 7,730.5 rounded up to 7,731.

4. DELIVERING THESE NUMBERS:-

Household delivery has averaged around 375 houses per annum for the last 20 years. Post recession, this has dropped to around 300 per annum. (2009 – 2011). There would not be a problem in delivering such a range of housing numbers. This produces a housing projection of between 7,160 and 7,340 homes (plus the 2,000 already delivered)

5. DCLG 2008 HOUSEHOLD PROJECTIONS

These have widely been discontinued as a measure of housing need in the South West, as they rely on pre-recession levels of growth and population projecting.

The DCLG project that Stroud housing numbers will rise by 11,500 homes. This is viewed as undeliverable based on likely delivery rates, and represents a now out of date projection of economic growth and population increase.

DCLG is about to publish its latest projections. Whilst it is expected that figures might come down they are not expected to be by much. However DCLG accept that its model needs updating with greater weight attached to recent past trends. Furthermore it relies on a so-called “Labourforce Survey” in which ONS advise that the sample for Stroud is too small to provide a reliable result. In short it is considered that DCLG projections for Stroud are unreliable as a basis for assessing housing need.

6. SUMMARY

In view of potential flaws in DCLG methodology it seems more sensible to adopt a more pragmatic approach.

It is clear that a Housing Need in the range of 6,000 to 7,000 houses would be defensible in an EIP, as the lower, minimum level of housing necessary to provide for a projected need that would be representative of the current stagnant economy.

In this scenario with approximately 6,000 houses already committed (planning permissions granted or houses built), there would be little need for any additional building. However, should such a figure be promoted, it would be prudent to build in an annual monitoring program to enable more housing land to be brought forward should the economy improve and housing demand increase.

It is perhaps better to accept that an element of growth is probably desirable. The issue is the extent of such growth.

Using both the employment and population growth logic it is arguable that an upper level in the region of 10,101 and 9,300 is required. However that would assume quite a dramatic and continuing improvement in the economy, which at present seems questionable.

It would be more realistic to plan for slower, more modest economic recovery by adopting a mid growth projection backed up by employment and population based data, which suggests an average figure of 7,485. $[7,238 + 7,731 \text{ divided by } 2]$

This is considerably below the figure currently proposed in the draft Core Strategy of 9,350. Indeed summarized another way we find the following scenario:

The DCLG projection, to 2031:

11,500

Present Core Strategy figure corrected as a result of initial (2011) ONS population data:

9,350

A further correction using 2011 ONS data, taking account of actual AHS (2.31), rather than a previously forecast (2.27) household size, results in a figure of:

8,350

Yet a further correction, arrived at by assuming a less steep decline in household size than the DCLG projection, would reduce the figure again. This recognizes that in reality, household size has flattened out in the three most recent census returns. This gives a figure of:

7,350

This figure is consistent with that derived using the alternative, employment logic in paragraph 2, above:

7,238

7. CONCLUSION

As remarked earlier, it would seem prudent to plan for some flexibility, and so ensure sufficient margin for potential growth.

Furthermore, it might be wise to enable the development of a more aspirational and visionary approach to the future of the district than currently appears to be the case.

Debate over the draft Core Strategy has led to a number of initiatives presently being discussed, many of which, such as the canal corridor, appear worthy of serious consideration. A strategy of moderate growth would provide the flexibility for this.

For this reason it is suggested that a pragmatic approach would be to adopt the average growth position by planning for a figure of **8,350** new houses to the year 2031.

This is 1,000 houses greater than the 7,350 derived from population growth and the 7,238 derived from employment projections, and so allows a buffer for unexpected growth. It obviates the need for frequent re-appraisal in the forward planning period.

I would make one final observation. It seems that were Stroud to reduce its current housing target it would not be out of step with very many other local authorities. A study by consultants Tetlow King for the Policy Exchange shows that local authorities across England are planning for 272,720 fewer homes than had previously been planned through regional spatial strategies for the same period to 2026.

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