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Future Local Housing Need and Population Profile Assessment

Iceni Projects Limited and

Cambridge Econometrics

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ICENI PROJECTS LIMITED AND CAMBRIDGE ECONOMETRICS

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1. INTRODUCTION

1.1 Winchester City Council has commenced the preparation of a new Local Plan looking to 2036. An important input to the plan-making process is an understanding of the level of housing need. The City Council has therefore commissioned Iceni Projects Limited ("Iceni") and Cambridge Econometrics ("CE") to prepare a Future Local Housing Need and Population Profile Assessment.

1.2 The objectives of the Study are:

A. To provide a realistic indication of the District's future local housing need based on the Government's standard method, both now and looking forwards to mid-2021 when it is anticipated that the Council's Local Plan will be submitted for examination; and

B. To determine the population size and structure that would arise from the anticipated housing need, in order to inform various other parts of the Local Plan evidence base.

Context to the Study

1.3 The Winchester District Local Plan Part 1 was adopted by the Council in 2013. It includes a requirement to deliver 12,500 homes over its 2011-31 plan period, equivalent to an annual average of 625 dwellings per annum (dpa). The Part 1 Plan allocates three strategic sites; and the Council has also progressed a Local Plan Part 2 which allocated a range of smaller sites. The Part 2 Plan was adopted in 2017.

1.4 Plan-making activities however continue, and the Council commenced work on a new Local Plan Review in mid-2018.

1.5 Through revisions to national planning policies, the Government has changed the process for how local authorities are expected to assess their housing need. It implemented a new "standard method" for assessing housing need through a revision to the National Planning Policy Framework (NPPF) in July 2018.

1.6 Planning Practice Guidance[1] sets out that planning authorities will need to calculate their local housing need figure at the start of the plan-making process, but will need to keep this under review and revise it where appropriate. It however states that need figure calculated by the standard

[1] ID 2a-008-20190220

method may be relied upon for a period of 2 years from the time that a plan is submitted for examination.

1.7 What the first part (Part A) of this Study therefore seeks to do is to consider:

- What the standard method is at the current time, based on current data. This provides a baseline position; and
- Undertake sensitivity analysis to understand how this might change between now and the point of submission of the Plan in mid-2021, so as to produce a realistic estimate of the local housing need which can inform other evidence studies and the emerging Plan. This is good practice and intended to help future proof the Plan.

1.8 The second part (Part B) of the Study then seeks to take a core set of conclusions from Part A, and to calculate what level of population and workforce growth is expected to arise from the delivery of this level and pace of development. This can then inform other parts of the Local Plan evidence base, such as retail, housing and employment studies.

Timeframes Used

1.9 The Winchester City Local Plan 2036 is intended to have a base date of 2016 and run to 2036.

Structure of this Report

1.10 The remainder of the report is structured as follows:

- Section 2: National Policy and Guidance;
- Section 3: Current Standard Method Baseline;
- Section 4: Sensitivity Analysis;
- Section 5: Demographic Implications of the Standard Method figures;
- Section 6: Conclusions.

2. NATIONAL POLICY AND GUIDANCE

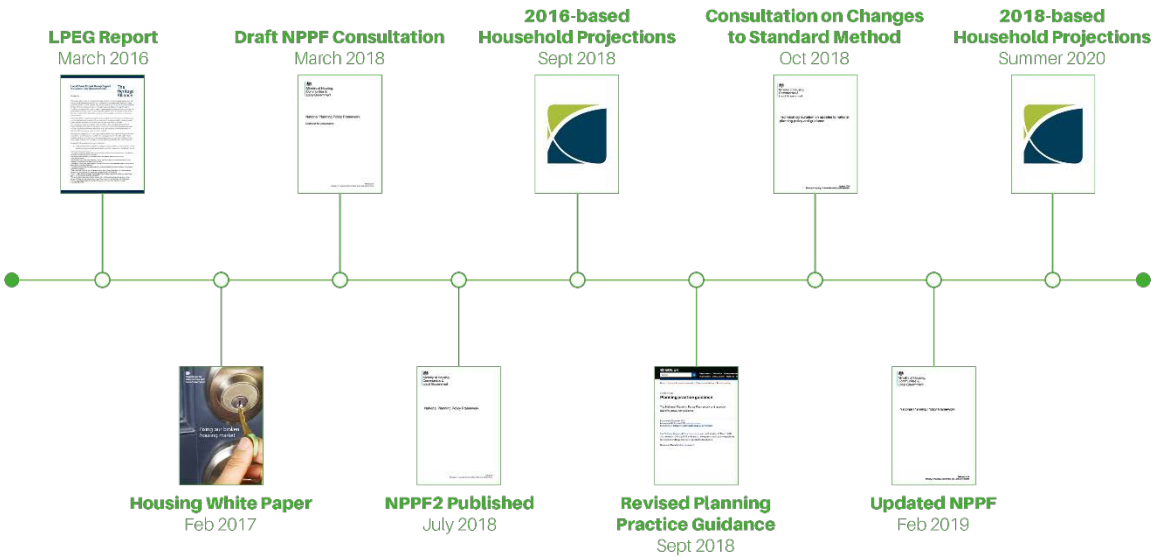
Evolution of the Standard Method

2.1 Through revisions to national planning policies, the Government has changed the process for how local authorities are expected to assess their housing need. It implemented a new "standard method" for assessing housing need through a revision to the National Planning Policy Framework (NPPF) in July 2018.

2.2 This new method was informed by a review of the plan-making progress which the Government commissioned a number of experts – the Local Plans Expert Group (LPEG) – and which reported to Government in March 2016. LPEG identified that agreeing housing needs was one of the principle difficulties affecting the plan-making process and that the preparation of Strategic Housing Market Assessments (SHMAs) had "*become one of the most burdensome, complex and controversial aspects of plan making."* It recommended a shorter, simplified standard methodology for assessing housing need, with the aim of saving time and resources, removing unnecessary debate; with the aim that this would speed up the process of plan preparation.

2.3 Government endorsed these sentiments in its 2017 Housing White Paper and initiated a process of reviewing national planning policies, which culminated in the publication in July 2018 of a revised National Planning Policy Framework (NPPF). This introduced the standard method for assessing housing needs.

Figure 2: Evolution of the Standard Method



2.4 The standard method was designed around the Government's 2014-based Household Projections, with the aim of meeting 300,000 homes nationally. Since the preparation of these household projections, Government has transferred responsibility for preparing official household projections to the Office for National Statistics (ONS). ONS made a number of methodological changes to how household growth was projected in its 2016-based Household Projections, which were released in September 2018. The overall result when these were inputted to Government's standard method formula was to reduce significantly the aggregate level of housing need across England.

2.5 Government consulted on changes to standard method in Autumn 2018.[2] It set out its views on the way forward in February 2019, concluding that the 2014-based Household Projections (around which the method was designed) should continue to be used to provide the demographic baseline within the assessment. The Government's response however set out that "*over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establishing a new approach that balances the need for clarity, simplicity and transparency for local communities with Government's aspirations for the housing market."* It set out that it looked forward to working with ONS to develop greater confidence in household projections ahead of the publication of the next projections. The Government's response confirmed that 2016-based Household Projections should not be used as a reason for justifying lower housing need.

2.6 What therefore needs to be understood is that there is a new method, prescribed by Government, as to how the scale of housing need should be calculated to inform plan making. This is not a target, but a baseline minimum position which should inform the plan-making process. It is then for the plan-making process to test whether there are reasons why it is appropriate to plan for higher levels of housing provision; or that there are significant strategic constraints to development which justify a lower level of provision.

National Planning Policy Framework (NPPF)

2.7 The NPPF sets out the Government's planning policies for England and how they should be applied. It sets out how local plans should be produced. It was last updated in February 2019.

2.8 The Framework sets out that the purpose of the planning system is to contribute to the achievement of sustainable development (Para 7). A presumption in favour of sustainable development is set out in Para 11. For plan-making this means that:

a) plans should positively seek opportunities to meet the development needs of the area, and be sufficient to adapt to rapid change;

[2] MHCLG (Oct 2018) *Technical consultation on updates to national planning policy and guidance*

b) *strategic policies should, as a minimum, provide for objectively assessed neds for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, unless:*

   i. *the application of policies in this Framework that protect areas or assets of particular importance provide a strong reason for restricting the overall scale, type of distribution of development in the plan area; or*

   ii. *the adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework as a whole.*

2.9 Strategic policies within plans are expected to set out an overall strategy for the pattern, scale and quality of housing (Para 20) and to look ahead over a minimum of 15 years from adoption (Para 22). They are expected to be informed by effective and on-going cooperation on relevant cross-boundary issues which in many areas includes issues associated with housing and infrastructure provision.

2.10 Plans are examined against four "soundness tests" set out in Para 35 in the Framework. To be positively prepared, a Plan must provide a strategy which, as a minimum, seeks to meet the area's objectively assessed needs and is informed by agreements with other authorities on issues of unmet need. Footnote 19 states that in respect of housing, such needs should be assessed using a clear and justified method, as set out in Para 60.

2.11 Para 60 states that *"to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning practice guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should be taken into account in establishing the amount of housing to be planned for."*

2.12 Para 65 states that "*strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period."*

2.13 The term "local housing need" is defined in the NPPF Glossary (Annex 2) as "*The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework)*."

Planning Practice Guidance

2.14 Government has published Planning Practice Guidance (PPG) online which should be used to help interpret national planning policies. The relevant guidance to assessing overall housing need is set out in the first part of the guidance section on *Housing and economic needs assessment.*[3], last updated in July 2019.

2.15 The PPG defines housing need as an unconstrained assessment of the number of homes needed in an area, which is intended to be established at the start of the plan-making process, before consideration is given to land availability and the extent to which the need can be met.[4]

2.16 The standard method is intended to be used to identify the minimum number of homes to be planned for, in a way which addresses the projected household growth and historic under-supply. The method involves a three-step process.

Figure 10: Overview of the Standard Method for calculating Local Housing Need

2.17 The first step is to establish a demographic baseline of household growth. This is to be taken directly from published household projections, with the Government directing use of the 2014-based Household Projections in the methodology at the current time but indicating that this will be updated when new projections are published in 2020. Projected annual average household growth over a 10-year period from the current year is calculated.

2.18 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of affordability characteristics of the area. This uses the published ONS ratio of median house prices to median (workplace based) earnings ratio for the most recent year for which data is available. The PPG is clear that the affordability adjustment is applied as household growth on its own is an insufficient indicator of future housing need as the past availability and delivery of housing can have constrained the ability of people to move to an area or to form households; and it

[3] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need

[4] ID: 2a-001-20190220

is important that need response to price signals and starts to address housing affordability, consistent with Government's policy objective with significantly boosting the supply of homes.[5]

2.19 Specifically, the PPG says that '*for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent'*. The equation to work out the adjustment factor is as follows:

$$\textbf{Adjustment factor} = \left(\frac{\textbf{Local affordability ratio} - 4}{4}\right) \times 0.25$$

2.20 The final step in the proposed standard method is to consider whether the affordability adjustment should be capped. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old, and in such circumstances the cap is applied at 40% above either the projected household growth or the housing requirement in the most recent plan (where this exists), whichever is the higher.

2.21 Government's Planning Practice Guidance[6] is clear that the cap affects the minimum local housing need figure, but does not affect the actual scale of housing need; and therefore in circumstances where a cap is applied, there may be a need to test whether a higher level of housing provision can be accommodated, or to consider an early review of a local plan.

2.22 The standard method provides a minimum starting point in determining the number of homes needed. Paragraph 2a-010[7] in the PPG states that:

> *The government is committed to ensuring more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*

[5] ID 2a-006-20190220

[6] ID: 2a-007-20190220

[7] ID: 2a-010-20190220

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.*

2.23 In Winchester's case it is important to note that the City Council's "plan area" excludes those parts of the District which fall within the South Downs National Park, for which the National Park Authority is the planning authority. The PPG sets out that:

> *"Where strategic policy-making authorities do not align with local authority boundaries (either individually or in combination), or the data required for the model are not available such as in National Parks and the Broads Authority, where local authority boundaries have changed due to reorganisation within the last 5 years or local authority areas where the samples are too small, an alternative approach will have to be used. Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."*[8]

2.24 For the purposes of the development of the Winchester Local Plan 2036, it will still be necessary to derive the local housing need figure for the entire Winchester District including the South Downs National Park. This will then need to be apportioned between the Winchester plan area and the South Downs National Park informed by discussions between Winchester City Council and the South Downs National Park Authority through the Duty to Cooperate.

[8] ID 2a-014-20190220

3. CURRENT STANDARD METHOD BASELINE

3.1 Iceni has first of all sought to provide a baseline assessment, considering what the standard method currently shows for Winchester.

Current Standard Method Figure

3.2 At the current time, the standard method results in a need for 666 homes a year. Over a 2016-36 plan period, equating to 20 years, this would result in a minimum need for 13,320 homes. We work through the steps in deriving this below.

Step 1: Household Growth

3.3 Step 1 involves considering projected household growth over the next 10 years, with the current year being the base year. Using 2019 as the base year, MHCLG's 2014-based Household Projections show household growth of 4,391 over the next 10 years in Winchester District. The method sets out that this then needs to be converted to an annual figure, by dividing it by 10. An annual household growth of 439 a year is thus shown.

Table 3.1 Projected Household Growth in Winchester District, 2019-29

	Winchester District
Households, 2019	50,244
Households, 2029	54,635
Household Growth, 2019-19	4,391
Annual Average Household Growth	439

Source: MHCLG 2014-based Household Projections

Step 2: Affordability Adjustment

3.4 The next step in the process is to calculate what (uncapped) affordability adjustment would be applicable. This is based on applying the formula (as set out in Para 2.19) to the median workplace-based house price to income ratio.

3.5 The latest published affordability ratio is a 2018 figure, published by ONS in March 2019.[9] Table 5c within the ONS dataset shows a median affordability ratio of 12.25 in Winchester in 2018.

[9] https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian

3.6 The affordability ratio is well above the benchmark of 4 set out in the standard method, and the application of the formula within the method generates a 52% uplift. If this is applied to the projected household growth, an uncapped housing need of 666 homes a year is shown.[10]

Table 3.2 Step 2 Local Housing Need

Local Authority	Winchester District
Step 1: Projected Household Growth	439
Median workplace-based affordability ratio, 2018	12.25
Adjustment factor	52%
Step 2 housing need figure	666

Step 3: The Cap

3.7 Whether and how a cap is applicable to derive a minimum local housing need figure depends on the status of the current strategic plan in an area.

3.8 Winchester's Part 1 Local Plan was adopted in March 2013. At the time of writing it is thus more than 5 years' old and the Council has not reviewed the housing requirement within the five years' post adoption. The cap which is therefore applicable is therefore 40% above whichever is the higher of:

a. The projected household growth for the area over the 10-year period identified in step 1; or

b. The average annual housing requirement figure set out in the most recently adopted strategic policies.

3.9 40% above the projected household growth in Step 1 would result in a cap figure of 615. However, a higher figure is generated by uplifting the housing requirement of 625 dpa in the existing Part 1 Local Plan, which generates a cap of 875. This figure of 875 a year is therefore the cap figure applicable.

Table 3.3 Step 3 Cap Calculations

	Winchester District
Housing requirement in last adopted plan	625
Cap @ 40% above Household Growth (Step 1)	615
Cap @ 40% above Last Adopted Plan	875
Higher Figure	875
Cap figure to be applied	875

[10] WCC has quoted a figure of 667 dpa in a number of published reports. The difference of 1 dpa arising is a rounding issue, with the correct figure being 666 dpa.

Local Housing Need, per annum	666

3.10 As the Stage 2 local housing need figure falls below the cap of 875, that is the final local housing need figure based on the current data. No cap is applicable. **The current (October 2019) evidence therefore points to a local housing need of 666 homes a year.**

Rebasing the assessment to 2021

3.11 The plan period for the Local Plan is due to start in 2016, and it is due to be submitted for examination in 2021 (and thus the local housing need will be "fixed" in 2021), so we have sought to consider what scale of local housing need is shown by using household growth figures relating to the 2021-31 period (as opposed to 2019-21 as shown in Table 3.1 above). Our analysis here continues to use the 2014-based Household Projections.

3.12 The effect of simply changing the time period considered is modest. The projected household growth falls by 1 household a year from 439 to 438.

Table 3.4 Annual Household Growth 2021-31

	Winchester District
Households, 2021	51,123
Households, 2031	55,502
Household Growth, 2021-31	4,379
Annual Average Household Growth	438

Source: MHCLG 2014-based Household Projections

3.13 The effect of rebasing the standard method calculations to 2021 is thus modest, and sees the need fall from 666 to 664 homes per year. A need for 13,280 homes a year is shown over the 20-year plan period (2016-36).

Table 3.5 Local Housing Need using 2021-31 Household Growth Figures

	Winchester District
Annual Average Household Growth	438
Median workplace-based affordability ratio, 2018	12.25
Adjustment factor	52%
Local Housing Need, per annum	664

4. SENSITIVITY ANALYSIS

4.1 In this Section, we have moved on to undertake a sensitivity analysis considering how the local housing need figure might change over the period between now (2019) and the point of submission of the Plan (2021).

4.2 There are essentially three variables to consider:

A. New household projections;

B. New affordability ratio data; and

C. The potential for Government to introduce changes to the method/ formula.

4.3 We explore each of these issues in turn. In doing so, we have sought to explore the extent to which this might alter the local housing need figure in order to advise the Council on the potential range within which the local housing need might lie at the point of submission of the Plan.

A. New Household Projections

4.4 Government or the Office for National Statistics has typically issued Sub-National Population and Household Projections every two years. The next set of official household projections are due to be released by ONS in Summer 2020. These will be the latest household projections at the point of submission of the Plan. The PPG states that the local housing need figure at the point of submission can be relied upon for two years thereafter.

4.5 There are two core components to the household projections: the Sub-National Population Projections (SNPP) which could be expected to be published in May 2020; and the Household Projections, which apply age/sex-specific household formation rates to the projected population change. Each of these needs to be considered.

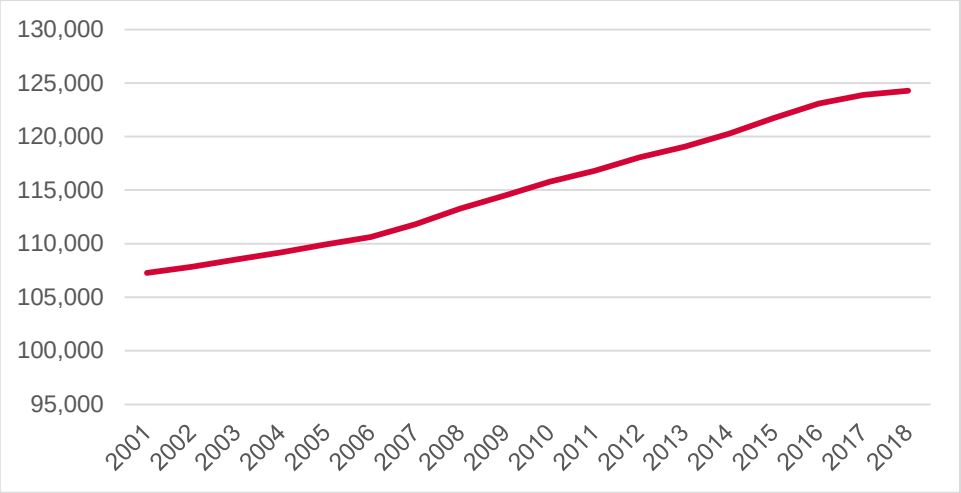
Population Projections

4.6 The population projections are essentially a function of expected changes in births; deaths; and in- and out-migration (both domestic and international). The next (2018-based) SNPP will be based on trends in births, deaths and internal migration over the preceding five years (2013-18) and international migration over the previous six years (2012-18) constrained to totals in national population projections. Historical ONS population projections have also been based on trends over the preceding five years (with a longer six-year period used for international migration, due to potential greater variability at a local level).

4.7 Iceni has used ONS Mid-Year Estimates data to analyse trends in these various components of population change. Cambridge Econometrics (CE) and Justin Gardner Consulting (JGC) have then modelled how these changes in migration trends are likely to affect the population projections and subsequent household projections for Winchester District.

4.8 The rate of population growth in Winchester District has been reasonably consistent over the period since 2006. Over this period, the District's population has grown at a rate of around 1.0% per annum.

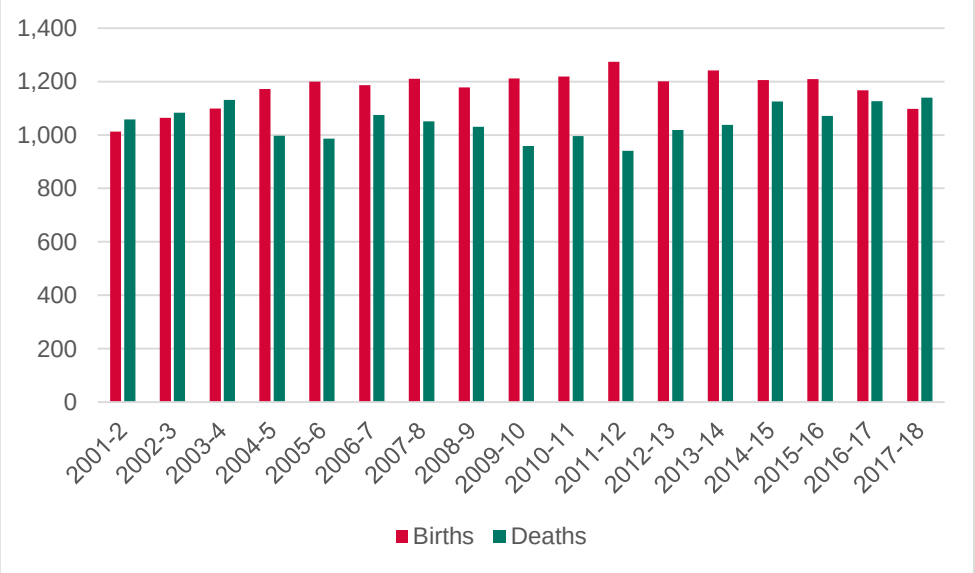
Figure 4.1: Growth in Total Population – Winchester District



Source: ONS Mid-Year Estimates Time Series

4.9 Natural change has generally been positive in Winchester, with the level of births exceeding numbers of deaths. However, as Figure 4.2 shows there has been some convergence in the numbers of births and deaths.

Figure 4.2: Natural Change – Winchester District

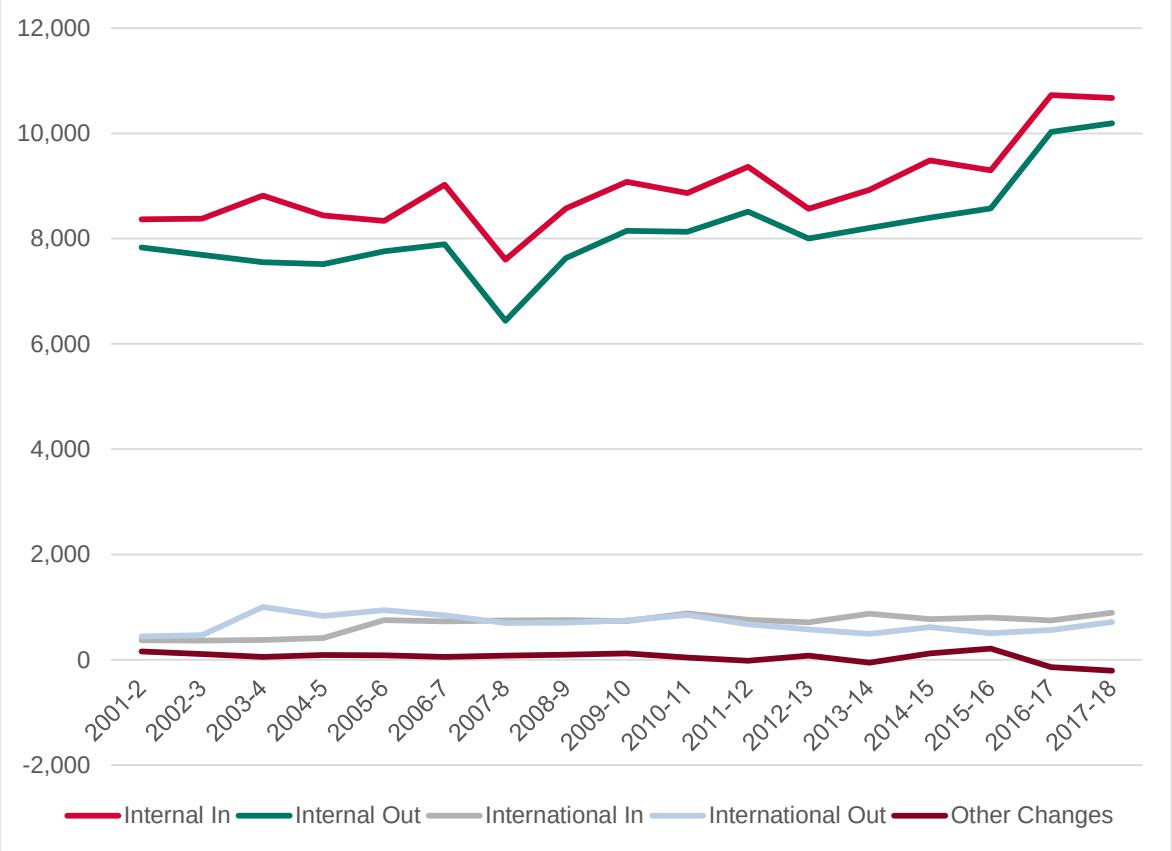


Source: ONS Mid-Year Estimates Time Series

4.10 Figure 4.3 and Table 4.1 analyse migration and other changes. There has consistently been a positive level of net internal migration (from other parts of the country) to Winchester. This is a major factor which has driven population growth.

4.11 International migration to Winchester is significantly more modest. Net international out-migration from Winchester was evident between 2003-6. The evidence points to a broad balance between international in- and out-migration between 2007-12. Since 2012 there have been modest positive levels of net international migration to the District.

Figure 4.3: Migration and Other Changes – Winchester District



Source: Iceni analysis of ONS Mid-Year Estimates Time Series

Table 4.1 Components of Population Change – Winchester District

	Natural Change	Internal Net	International Net	Other Changes	Total Changes
2001-2	-45	535	-69	159	580
2002-3	-19	687	-103	106	671
2003-4	-32	1268	-627	55	664
2004-5	175	924	-420	89	768
2005-6	214	574	-189	82	681
2006-7	111	1,137	-112	56	1,192
2007-8	159	1,158	50	80	1,447
2008-9	148	945	47	98	1,238
2009-10	253	927	-14	118	1,284
2010-11	223	735	33	40	1,031
2011-12	333	853	85	-17	1,254
2012-13	183	566	137	77	963
2013-14	204	720	384	-55	1,253
2014-15	80	1,091	150	123	1,444
2015-16	138	721	296	211	1,366
2016-17	41	698	181	-141	779
2017-18	-41	484	178	-205	416

Source: ONS Mid-Year Estimates Time Series

4.12 Levels of births and deaths will be influenced by changes in the age structure of the population, and ONS assumptions on fertility and mortality. The 2016-based SNPP assumes the long-term average completed family size to be 1.85 children per woman in England. The assumptions for the annual rates of improvement in mortality rates converges to 1.2% for most ages in 2041, and remain constant at 1.2% a year thereafter. This results in the long-term mortality assumption for the UK projecting period life expectancy at birth to be 83.4 years for men and 86.2 years for women for the year ending mid-2041.'

4.13 Other changes relate to changes in the population in institutions, including in the armed forces, prison and boarding school populations; and to Unattributable Population Change over the period between the 2001-11 Censuses. These exist in the historical data, but are not projected forwards in Sub-National Population Projections or the projections herein.

4.14 Future fertility and mortality rates used are based on national (England) rates from the 2016-based SNPP and a local correction factor that reflects how fertility and life expectancy in Winchester differs from the national average. The local correction factor is calculated from applying the national fertility and mortality rate assumptions to local (Winchester) population and local births and deaths calculated from ONS mid-year population estimates.

4.15 Migration trends have a significant influence on the population projections for Winchester. ONS projections are based on trends in internal migration over the preceding 5 years; and international migration over the preceding 6 years constrained to assumptions in the ONS' national population projections.

4.16 Appraising migration trends over the input period to the 2018-based SNPP against that to 2014-based SNPP shows:

- Very slightly lower levels of net migration (743 pa instead of 760 pa);
- Higher net international migration (221 pa instead of 112 pa) reflecting recovery in the economy.

4.17 The impact of the local increase in net international migration will however be moderated by a change in ONS' national assumptions.

Table 4.2 Differences in Migration Inputs to ONS Projections

	Internal In	Internal Out	Internal Net	Inter-national In	Inter-national Out	Inter-national Net
Input to 2012	8,696	7,772	924	767	752	15
Input to 2014	8,960	8,200	760	785	673	112
Input to 2016	9,129	8,338	790	800	619	181
Input to 2018	9,822	9,079	743	800	579	221

Source: Iceni analysis of ONS data

4.18 In its 2016-based SNPP, ONS also revised downwards its expected assumptions on increases in life expectancy. This can be expected to have a downwards impact on population growth.

Migration Assumptions

4.19 Following the release of ONS' 2018 mid-year population estimates (MYE), which includes population and migration data for 2018, CE's Chelmer model was used to estimate the population the 2018-based SNPP is likely to project, based on the most recent trends in internal and international migration. The steps to develop the migration assumptions to do this are outlined below:

1. Estimate the underlying migration assumptions that are consistent with the 2016-based SNPP: Chelmer was used to develop a scenario that targeted population growth from the 2016-based SNPP. Population targets were calculated using population estimates by age and gender to 2018 from MYE and then growth rates by age and gender from the 2016-based SNPP were applied thereafter. This provided internal/international in- and out- migration results by age and

gender that are consistent with the 2016-based SNPP, given the fertility and mortality assumptions described above.

2. Update the migration assumptions in line with the latest MYEs data: The migration results from step 1 were then adjusted to take into consideration the latest migration trends to 2018 from MYE data, as outlined in Table 4.2. Internal/international in- and out-migration by age and gender over the most recent five/six years to 2018 were calculated from ONS MYEs in order to produce scaling factors by age and gender for internal/international in and out migration. The scaling factors (by age and gender) were applied to the migration results from step 1. This provided adjusted migration assumptions that take into consideration the latest migration trends that the 2018-based SNPP will be based on.

3. Estimate the population the 2018-based SNPP is likely to project: Another scenario was then run in Chelmer, targeting the new internal/international in and out migration assumptions by age and gender calculated in stage 2 above. This scenario estimated new population levels to 2036 in line with the migration assumptions that the 2018-based SNPP will be based on. The model used the 2014-based household representative rates to also calculate the number of households associated with the new population projections. The source of other assumptions in the model are outlined in the table below:

Table 4.3 Chelmer Assumptions

Variable	Assumptions
Population estimates	ONS mid-year population estimates, to 2018.
Mortality/fertility rates	National (England) rates from the 2016-based SNPP and a local correction factor. The local correction factor is calculated from applying the national fertility rate assumptions to local (Winchester) population and local births calculated from ONS mid-year population estimates.
Migration	Based on the profile (by age/sex and internal/international) in the 2016-based SNPP with a local correction factor to take account of differences between migration in the input period to 2018 and that to 2014
Household representative rates	MHCLG 2014-based household projections.

4.20 The Chelmer scenario results based on the adjusted migration assumptions from ONS' latest MYE data are shown below.

Table 4.4 Chelmer Results

	2016	2021	2026	2031	2036

Population	123,100	126,863	131,038	134,350	136,504
Households	49,651	51,683	53,827	55,974	57,863

4.21 The results show that based on the revised migration assumptions, projected household growth is likely to fall from 438 households per year over 2021-31 (based on the 2021-31 period from the 2014-based household projections) to 429 per year.

4.22 The population in Winchester by 2036 in the above scenario (136,504) is, as expected, different from the population level in 2036 in the 2016-based SNPP (and the 2014-based SNPP). The reasons for this include:

- Actual population in Winchester in the 2018 MYE (124,300) is slightly lower than was projected in 2018 in the 2016-based SNPP (125,000). This essentially arises as population growth over the 2016-18 period appears to have been slightly less than was projected to occur in the 2016-based SNPP.

- The latest internal net migration trends from MYE have slowed down from 790 people per year over the five years to 2016 (which the 2016-based SNPP are based on) to 743 people per year over the five years to 2018, which the 2018-based SNPP will be based on. While international net migration has increased over the same periods, internal migration is the largest component of population change in Winchester, and so results in a lower population by 2036 than projected in the 2016-based SNPP.

Household Formation Assumptions

4.23 Household projections are derived by applying household representative rates (HRRs) to projected population growth. A household representative is chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household.

4.24 The MHCLG 2014-based Household Projections (Stage 1 outputs) were based on long-term trends in household formation (by age and sex) using trend data over the period since 1971. These projections took trends over from progressive censuses over the 1971-2011 period, together with data from the Labour Force Survey to understand trends in household formation for different age groups.

4.25 The 2016-based Household Projections were released in September 2018. These household projections are based on applying household representative rates to the ONS 2016-based Sub-National Population Projections (SNPP). But ONS changed the methodology for projecting age/sex specific household representative rates.

4.26 In the latest projections, the HRR is projected for different age/sex cohorts based on trends seen between 2001 and 2011. Trends over this period are projected forwards to 2021, with the HRR then held constant at the 2021 level thereafter.

4.27 ONS have set out that the change of Household Representative Rate (HRR) definition means it is no longer possible to use the 1971, 1981 and 1991 Census data used in the previous methodology in the production of the 2016-based household projections. Household data from these previous censuses used the eldest male definition of HRR therefore to include data from them in the methodology would require making complex adjustments to be made to derive projections.

4.28 This change in ONS' methodology for projecting household formation has resulted in a fall in the projected household growth across England by 23,500 households over the next decade. Alongside this the lower projected population growth results in 29,000 fewer households.

4.29 Iceni considers that the household representative rates in the latest (2016-based) household projections should be treated with considerable caution, as projections based on just two data points will have a notable potential error margin. For these reasons we consider that greater weight should be given to projections which use the household formation assumptions in the 2014-based Household Projections.

4.30 In drawing this conclusion, Iceni has taken into account that the Government has expressed significant reservations regarding the 2016-based Household Projections in its Technical consultation on updates to national planning policy and guidance (MHCLG, Oct 2018) and the Statement released from ONS on the latest projections which outlined that:

> *"They [the 2016-based Household Projections] do not take account of how many people may want to form new households, but for whatever reason aren't able to, such as young adults wanting to move out of their parents' house, or people wanting to live on their own instead of in a house share. Therefore, household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue.*
>
> *Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form."*

4.31 Government has reaffirmed this view in February 2019, confirming that the 2014-based Household Projections should be used at the current time in the standard method. It is also to work with ONS to improve the method of projecting household growth.

4.32 Iceni considers therefore that the HRRs in the 2014-based Household Projections provide a more robust starting point for estimating the household growth which will arise in 2018-based Household Projections. These are therefore applied to the population projections generated herein.

B. Affordability Ratios

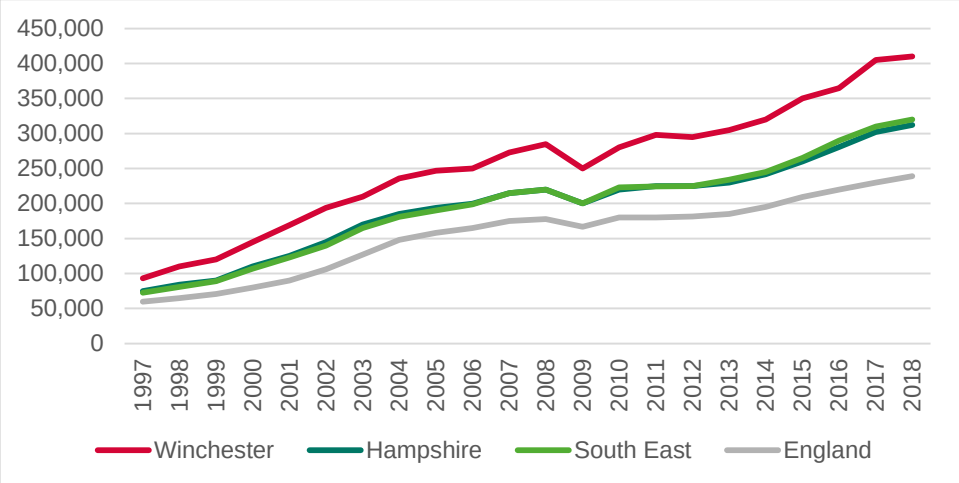
4.33 The median workplace-based house price to earnings ratio is a function of two factors: median house prices in Winchester District; and median earnings for those working in the District. We have analysed trends in each.

Median House Prices

4.34 The chart below shows trends in the median house price over the period since 1997. House prices in Winchester District have been consistently above the South East, Hampshire and national averages.

4.35 The influence of the macro-economic factors and cycles is clear, and we can discern from the analysis the impact of increasing mortgage finance availability in the early 2000s, the cooling effect of an increase in interest rates in 2005 on price growth; and then the subsequent credit crunch in late 2018. House price inflation then began to pick up from 2013 supported by improved access to finance, the Bank of England's Funding for Lending Scheme and well as the introduction of the Government's Help-to-Buy Programme. More recent Brexit-related economic uncertainty has had a cooling effect on the market in recent years.

Figure 4.4: Trends in Median House Prices



Source: ONS Median House Price to Workplace Earnings Dataset/ HM Land Registry

4.36 If we look at annual rates of house price inflation using this framework, we see a strong relative correlation between house price increases in Winchester and across the South East.

Table 4.5 Annual House Price Inflation over Different Time Periods

	2001-5	2005-8	2008-13	2013-17	2017-18
Winchester	10.0%	4.9%	2.3%	7.3%	1.2%
Hampshire	11.6%	4.3%	1.5%	7.0%	3.3%
South East	11.5%	5.0%	2.1%	7.3%	3.2%
England	15.1%	4.0%	1.3%	5.6%	3.9%

Source: Iceni Analysis

4.37 We then need to consider how median house prices will change between 2017/18 and 2019/20. The latter date (Year to September 2020) will be that which feeds into the standard method at the point of submission of the Local Plan.

4.38 Data over the period since September 2018 indicates continued subdued housing market conditions and weak house price inflation. The overall mean house price in Winchester increased by 0.5% between 2016/17 and 2017/18; and the latest information to Q1 2019 indicates that it is still increasing at this rate.

4.39 In general terms, Iceni would expect house price inflation in the short-term in Winchester to remain relatively weak. Brexit-related uncertainty remains a short-term factor. The wider issue for the South East market relates to affordability issues: high housing costs and affordability issues associated with this are constraining demand, which is in turn limiting house price inflation. We do not expect this dynamic to change significantly in the short-term.

4.40 We have taken a number of forecasts of house prices from different sources and shown these in Table 4.5. Given the continuing Brexit-related uncertainty combined with affordability pressures (which are higher than other areas of the SE), we consider that it is likely that house prices will remain essentially flat in Winchester over the 2018/19 period. We have then assumed price inflation of around 2.0% in the Year to Q3 2020. This remains below the longer-term national average.

Table 4.6 Considering Various House Price Forecasts

		2019	2020
South East	Knight Frank - May 2018	2.0%	3.0%
	Savills - Nov 2018	0.0%	2.0%
UK	Knight Frank - May 2018	2.0%	3.0%
	Savills - Nov 2018	1.5%	4.0%
	OBR - April 2019	0.2%	1.9%

Source: Iceni analysis of various published house price forecasts

4.41 Applying this to the median house price data would result in an estimated median house price of £418,200 over the Year to September 2020. This is what we consider the most likely scenario.

4.42 If a more positive scenario is taken, it might be reasonable to assume house price growth of 0.4% in 2018/19 based on the latest performance data; and 6.1% in 2019/20 based on average performance in Winchester over this market cycle (2013-18). This would result in an estimated median house price of £452,400 in the Year to September 2020.

Earnings

4.43 The ONS house price ratio dataset shows trends in gross annual workplace-based earnings. This is drawn from the ONS Annual Survey of Hours and Earnings (ASHE). It is first worth noting that the smaller sample size means there is greater year-on-year variance at a district level, making this variable more difficult to accurately predict.

4.44 The long-term trend is of stronger relative earnings growth in Winchester relative to the regional/ national position. There has however been some weakening of this trend in recent years.

Figure 4.5: Trends in Gross Annual Workplace-based Earnings

Source: ASHE/ ONS Median Affordability Dataset

4.45 Iceni's analysis shows that over the 2013-18 period, gross annual earnings increased by an average of 1.7% per annum which was consistent with that seen across the South East, but marginally lower in percentage terms that that seen nationally.

Table 4.7 Past Annual Growth in Gross Earnings (Workplace-based)

	1999-2018	2013-18
Winchester	3.2%	1.7%
Hampshire	2.9%	1.6%
South East	2.7%	1.7%
England	2.7%	1.8%

Source: Iceni analysis of ASHE/ ONS Median Affordability Dataset

4.46 The Office for Budget Responsibility's April 2019 forecasts indicate average earnings growth of 2.5% in 2019 and 2.8% in 2020. This would result in average annual earnings in Winchester of £35,250 in 2020 compared to the 2018 figure of £33,466. We would consider these our core assumptions.

4.47 A relatively constrained labour market across the wider South East could however see stronger relative performance. If 3.0% pa earnings growth was achieved, average earnings in 2020 could reach £35,500.

Drawing the Evidence Together

4.48 If we draw together the above evidence, Iceni's analysis shows that the median affordability ratio could vary in either an upwards or downwards direction. It currently stands at 12.25 based on 2018 data. Our analysis shows that this could fall to 11.8 if earnings growth was stronger than growth in house prices. But on the other hand it could grow to 13.5 if earnings growth is weak but house price growth is stronger.

4.49 Our core assumptions would see it increase quite marginally to 12.5. This is on the expectation that subdued economic performance constrains both wage and house price inflation which Iceni consider to be the most likely scenario in the short-term. In the South East region, where there are particular affordability constraints, the evidence suggests that income growth is a particular influence on the growth in house prices at the current time.

Table 4.8 How the Affordability Ratio might change

	House Price A	House Price B
House Price, 2020	£418,220	£452,400
Earnings A	£33,466	£35,500
Median Affordability Ratio	12.50	12.74
House Price, 2020	£418,220	£452,400
Earnings B	£35,500	£33,466
Median Affordability Ratio	11.78	13.52

C. Implications for Standard Method Calculations

4.50 The standard method calculations can be re-run applying the assumed projected household growth and affordability ratio. Table 4.9 compares the results of the standard method run with our current household growth and affordability ratio calculations, and then the calculations using the modelling of what 2018-based demographic projections might show and our core affordability ratio estimate.

Table 4.9 Standard Method Sensitivity Analysis

	Estimate using 2019 Data	Estimate in 2021
Households 2021	51,123	51,683
Household 2031	55,502	55,974
Change in Households	4,379	4,292
Annual Change in Households	**438**	**429**
Estimated Affordability Ratio, 2021	12.25	12.5
Affordability Uplift	**52%**	**53%**
Local Housing Need pa	**664**	**657**

4.51 Our analysis suggests a level of housing need shown by the standard method which is essentially consistent with what the data is showing now. This results in a Local Housing Need for 657 homes a year compared with 664 homes per year using the published data in 2019. This is a marginal difference equivalent to a 1.1% variance.

4.52 There is a potential uncertainty associated with the alternative scenarios for how the affordability ratio might change. A sensitivity analysis showing the implications of the alternative affordability scenarios is shown in Table 4.10.

Table 4.10 Alternative Scenarios for Affordability

	A	B	C	D
Affordability Ratio	11.78	12.5	12.74	13.52
Local Housing Need per Annum	638	657	664	685

4.53 Drawing the analysis together, taking account of the extent of the assumptions applied and the conclusion that the local housing need in 2021 is expected to fall marginally by just 1%; **it is Iceni's recommendation that the Council continue to use the 664 homes per annum figure drawn from the standard method**. This is because the difference from the published figure is so marginal at a 1.1% variance to be negligible, and on this basis we would advise that it is sensible and positive planning to use the published official data.

D. Review of the Standard Method

4.54 The Government has indicated that it will review the standard method before release of the next household projections, which are expected in mid-2020.

4.55 Government's ambitions in reforming the standard method can be traced through its 2017 Housing White Paper. Government outlined its commitment to a plan-led system and concern that too few areas had an up-to-date local plan. At Para 1.12 and 1.13 it clearly set out that the introduction of a standard method for assessing housing need aimed to speed up plan-making, to make the assessment of need more transparent, to ensure it reflected current and future housing pressures and in effect to remove the debate on these issues. It set out:

"The current approach to identifying housing requirements is particularly complex and lacks transparency. The National Planning Policy Framework (NPPF) sets out clear criteria but is silent on how this should be done. The lack of a standard methodology for doing this makes the process opaque for local people and may mean that the number of homes needed is not fully recognised. It has also led to lengthy debate during local plan examinations about the validity of the particular methodology used, causing unnecessary delay and wasting taxpayers' money. The Government believes that a more standardised approach would provide a more transparent and more consistent basis for plan production, one which is more realistic about the current and future housing pressures in each place and is consistent with our modern Industrial Strategy. This would include the importance of taking account of the needs of different groups, for example older people.

The Government will, therefore, consult on options for introducing a standardised approach to assessing housing requirements. We will publish this consultation at the earliest opportunity this year, with the outcome reflected in changes to the National Planning Policy Framework."

4.56 The Housing White Paper made plain Government's intentions in introducing a standard methodology – including in **making the process of determining housing need simpler, quicker and more transparent**. These intentions, as set out in the Housing White Paper, can then be traced through its consultation document on *Planning for the Right Homes in the Right Places*. In Paragraph 11 therein the Government described the 2012 NPPF approach to assessing housing need as "too complex" and "leaving substantial room for interpretation." In Paragraph 12 it described it as "a costly and time consuming process which lacks transparency." The introduction of the standard methodology has sought to address these issues, the consultation outlining Government's ambitions that the new methodology should be simple, based on publicly available data, and realistic, reflecting the actual need for homes in each area, taking account of the affordability of homes. These sentiments can then be traced through in the Government's response to the consultation (p6 and p11).

4.57 Moving forwards to 2019, the *Government's response to the technical consultation on updates to national planning policy and guidance*, published in February 2019, indicated that Government looked forward to the further work programme of the ONS to develop even greater confidence in the projections and is committed as the key customer to supporting the ONS ahead of the publication of the next projections.

4.58 Iceni consider that the most likely approach is that Government works with ONS to 'improve' the quality of the household projections and align these more to Government's aspirations. Iceni has sought within this report to anticipate the results of this using the latest information (as examined earlier in this section).

4.59 The Government could remove the 'cap' which is applied within the current methodology. Whilst it may do this, Iceni's analysis indicates that this alone would not overcome issues associated with the household projections and would only affect authorities where the cap applies. As Winchester's local housing need is not affected by the cap, this would not have a specific impact at the local level.

4.60 Government could alternatively adjust the calculation of how an affordability uplift is applied, for instance through changes to the existing formula which is applied to the household growth. The current methodology applies an uplift to the household growth based on the degree to which a local authority's affordability is above 4, with a 0.25% increase for every 1% which the ratio is above 4. This could be adjusted such that an alternative (potentially higher) uplift is applied based on the affordability characteristics.

4.61 Alternatively, a more fundamental review might be progressed such as, for instance, a revised approach which uses affordability data applied to the housing stock as a baseline (as opposed to household growth). Whilst this would address issues with the household projections, the Government's comments in its response to the Technical Consultation (as described above) suggest that it intends instead to work with ONS to improve the household projections. This suggests that it does not currently intend to progress this alternative (albeit that this remains a possibility).

4.62 Iceni consider that the most likely approach is that Government works with ONS to 'improve' the quality of the household projections and/or makes modest tweaks to the wider methodology, such as removing the cap. This report has considered the potential implications of this and sought to anticipate the results of 2018-based household projections using up-to-date information and applying the Chelmer Model.

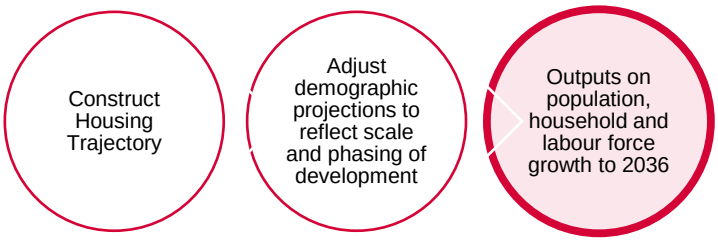
5. DEMOGRAPHIC IMPLICATIONS OF THE STANDARD METHOD

5.1 In this section Iceni and CE have sought to model the demographic implications of the standard method, and consequently the implications of the standard method for Winchester District.

5.2 Our analysis assumes delivery of a housing requirement of 13,280 dwellings (664 dpa) across the whole of the Winchester District. This includes the 'plan area' together with those parts of the District which fall within the South Downs National Park. This aligns with the conclusions drawn on the local housing need in Section 4.

5.3 We have then followed the process set out below to derive linked projections for growth in the population (overall and by age), numbers of households, and labour force (by gender and age group) using the Chelmer Model.

Figure 5.1: Overview of Methodology



Scale and Phasing of Growth

5.4 The first element of the process has involved identifying the level and phasing of development. We have assumed delivery of 13,280 dwellings over the 2016-36 plan period. Our analysis has:

- Taken data on actual net completions in 2016/17 and 2017/18 from the Council's Annual Monitoring Report;
- Assumed delivery of housing in line with the housing trajectory in the Council's 2017/18 Annual Monitoring Report to 2031;
- Assumed that the residual need to meet the housing requirement to 2036 is met over the 2031-36 period to deliver 13,280 homes by 2036. Taking account of expected housing delivery to 2031, this assumes a reduced rate of development over this latter period (2031-36).

Demographic Modelling Assumptions

5.5 Our starting point in modelling the demographic implications of the standard method figures has been the estimated 2018-based Population Projections, as described in Section 4. To these we have the applied assumptions on household formation (by age and sex) and applied a vacancy rate. This projection includes upward adjustments to household formation rates amongst younger households over time on the assumption that the affordability adjustment in the standard method supports improvements in affordability over time, which in turn support increased household formation rates amongst those aged 25-44.

5.6 We then adjust upwards migration into Winchester, assuming a consistent age profile of migration to past trends, in order to align demographic growth with the standard method local housing need figure. In doing so we take account of the phasing of development set out in the housing trajectory.

5.7 The table below sets out the core modelling assumptions.

Table 5.1 Core Modelling Assumptions

	Description of Modelling Assumptions
Base Population Projections	Estimated 2018-based Population Projections as set out in Section 4.
Household Formation	Stage 1 household representative rates from CLG 2014-based Household Projections, with part return to trend adjustment applied to rates for 25-34 and 35-44 age groups adjusting these back over time to recover half of the difference between rates in CLG 2008- and 2014-based Household Projections by 2033, with these rates then held constant thereafter. This approach essentially models the demographic effects of improving affordability on the ability of younger households to form.
Vacancy Rate	3% vacancy rate based on standard assumptions – this figure sits in the middle of the range of rates if calculated from either the 2011 Census or MHCLG data on vacant dwellings and stock in the District in 2018. This percentage is held constant over time. A level of vacant dwellings is necessary to support turnover within the housing stock, and the periodic repair/ building works to some properties.
Migration	Adjustments to migration to support the level of dwelling growth (and trajectory) envisaged. This would model additional in-migration, with the assumption that the age profile of in-migrants remained consistent to that assumed in our core demographic projection

Economic Participation Rates	Economic participation assumptions by age and gender drawn from Office for Budget Responsibility's July 2018 Fiscal Sustainability Report, with rates of change applied to 2011 Census baseline for Winchester District.[11]

Demographic Implications

5.8 Table 5.2 sets out the core outputs of the demographic projections. The modelling indicates that delivery of 13,280 dwellings would:

- Support growth in the District's population by 25,500 persons over the plan period (2016-36);
- Support growth in households of 12,900;
- Support an increase in the labour force of 11,400 persons taking account of expected changes in economic participation.

Table 5.2 Core Demographic Outputs, Winchester District

Winchester District	2016	2021	2026	2031	2036	Total Change	% Change
Total Population	123,100	131,154	143,726	148,745	148,566	25,466	20.7%
Labour Force	63,759	67,842	74,994	77,110	75,145	11,386	17.9%
Households	49,651	53,116	58,397	61,547	62,544	12,894	26.0%
Dwellings	51,140	54,710	60,149	63,393	64,420	13,280	26.0%

5.9 Appendix 1 sets out the detailed outputs on population and labour force growth by age and sex associated with this scenario.

[11] There is missing OBR data for the 16-19 age group between 2009-2021. We have interpolated between the 2008 and 2022 rates to fill this gap.

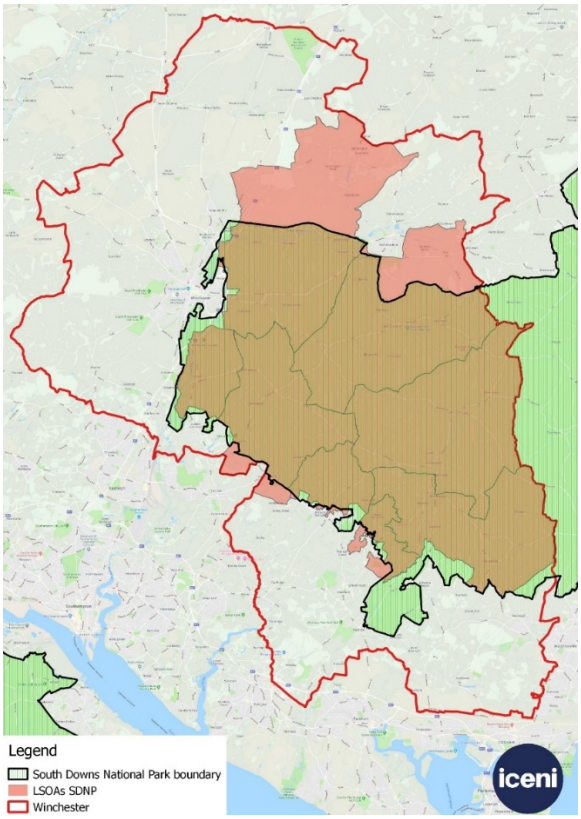
6. DEMOGRAPHIC PROJECTIONS FOR THE PLAN AREA

6.1 In this section we set out demographic projections for the plan area. The 'plan area' for the Local Plan 2036 excludes those areas within Winchester District which fall within the South Downs National Park (SDNP).

Methodology and Assumptions

6.2 The National Park is a landscape-based designation and therefore does not fit neatly onto administrative/ statistical geographies (e.g. wards, parishes or lower-level super output areas). Iceni has sought to review the fit of Lower-level Super Output Areas (LSOAs) to the National Park and to consider whether the balance of population within the LSOA lives within or outside of the Park. This has been used to construct a 'best fit' geography for the National Park area. This is shown below in Figure 6.1.[12]

Figure 6.1: The Plan Area Geography



[12] The part of the National Park within the District is considered to represent Winchester LSOAs 002A, 004A, 010A, 010E, 011A, 011B, 011E, and 012C.

6.3 The Statement of Common Ground agreed between the Council and the SDNPA in 2018 sets out that the SDNP Local Plan makes provision for 283 dwellings over the 2014-33 plan period. This is equivalent of c. 15 dwellings per annum. Iceni and Winchester City Council have agreed that it would be reasonable for modelling purposes to assume that this rate of development continues within the National Park area.

6.4 To model the resultant demographic implications of housing provision in the Plan Area, Cambridge Econometrics have therefore:

a. Taken the demographic projection described in Section 5 as a baseline. This relates to District geography, which includes both the plan-area and the part of the district which falls within the SDNPA.

b. Run a dwelling-led scenario at the district level targeting expected dwellings growth in the plan area, on the assumption of delivery of 15 dpa within the South Downs National Park. Essentially, we reduce the level of housing growth assumed by 15 dpa.

c. Run a separate dwelling-led scenario for the rest of the District (plan area) for the residual amount of housing (649 dpa)

d. Estimate historical population estimates of for National Park area based on population estimates at LSOA level.

e. Apply the population growth rates (by age and gender) from the target SNPP baseline to the historical National Park population estimate to calculate a baseline National Park population projection.

f. It should be noted that due to the different interactions between other areas in the National Park and the plan area, the totals in terms of population and labour supply do not exactly match the total from a similar projection carried out District-wide (although differences are very minor).

6.5 This method assumes that births, death and migration trends in the National Park area will be in line with trends at the district level. Consistent household representative (headship) rates have also been applied as have assumptions about vacant and second homes.

6.6 Labour force changes within the National Park are calculated by applying the economic activity rate assumptions (as described in Section 5) to the National Park population.

Demographic Implications – the Plan Area

6.7 Table 6.1 sets out the core outputs of the demographic projections for the Plan area. This excludes that part of the District which falls within the National Park.

6.8 The modelling indicates that on the basis of the standard method, 12,980 homes would be delivered in the Plan area over the plan period (2016-36). This would:

- Support growth in the plan area's population by 26,300 persons over the plan period (2016-36);
- Support growth in households of 12,600;
- Support an increase in the labour force of 12,100 persons taking account of expected changes in economic participation.

6.9 The summary modelling results are set out in the table below. Detailed outputs are set out in Appendix 2.

Table 6.1 Core Demographic Outputs – Plan Area

Winchester District	2016	2021	2026	2031	2036	Total Change	% Change
Total Population	108,479	116,674	129,456	134,689	134,729	26,250	24.2%
Labour Force	56,511	60,902	68,250	70,482	68,638	12,128	21.5%
Households	43,541	46,934	52,143	55,219	56,144	12,602	28.9%
Dwellings	44,848	48,342	53,707	56,876	57,828	12,980	28.9%

Demographic Implications – the National Park

6.10 Table 6.2 sets out the core outputs of the demographic projections for the part of the District which falls within the South Downs National Park, and is outwith the Plan Area. The projections assume delivery of 15 dwellings per annum in this area. On this basis, we expect to see:

- A reduction in the population of around 800 persons within this area, with growth in households of 291 over the plan period to 2036;
- A fall in the labour force of around 740 persons, influenced particularly by the overall reduction in the population of the area.

Table 6.2 Core Demographic Outputs – National Park Area

National Park Area	2016	2021	2026	2031	2036	Total Change	% Change
Total Population	14,621	14,480	14,270	14,056	13,837	-784	-5.4%
Labour Force	7,248	6,939	6,744	6,628	6,506	-742	-10.2%
Households	6,109	6,182	6,255	6,327	6,400	291	4.8%
Dwellings	6,292	6,367	6,442	6,517	6,592	300	4.8%

6.11 The detailed projection outputs for the National Park area are set out in Appendix 3.

7. CONCLUSIONS

Scale of Housing Need

7.1 The NPPF sets out that the standard method set out in the Planning Practice Guidance should be used to determine Local Housing Need. If the method is applied to the current data, it indicates a need for 666 dwellings per annum.

7.2 If household growth figures for the 2021-31 period are used in the modelling (rather than 2019-29), this has a marginal impact, reducing the need to 664 dpa.

7.3 Our analysis points to very little expected difference in the level of household growth which 2018-based Household Projections will show, relative to the 2014-based set currently used in the method. This assumes that the approach to projecting household formation rates remains broadly consistent.

7.4 Our prediction of what 2018-based Household Projections will show sees household growth fall marginally from 438 to 429 per year. Our core modelling however shows a slight increase in the affordability ratio over the period to 2021, this rising from 12.25 to 12.50. Applying these core assumptions in the standard method results in a need for 657 dpa – very similar to the currently calculated figure of 664 dpa.

7.5 Drawing the analysis together, taking account of the extent of the assumptions applied and the conclusion that the local housing need in 2021 is expected to fall marginally by just 1%; **it is Iceni's recommendation that the Council continue to use the 664 homes per annum figure drawn from the standard method.**

Demographic Implications of Housing Need

7.6 The modelling indicates that delivery of 13,280 dwellings between 2016-36 in line with the standard method would:

- Support growth in the District's population by 25,500 persons over the plan period (2016-36);
- Support growth in households of 12,900;
- Support an increase in the labour force of 11,400 persons taking account of expected changes in economic participation.

7.7 Projections have also been undertaken for the Plan Area, excluding the part of the District which falls within the South Downs National Park. These are based on the assumption that 300 dwellings (15 dpa) are delivered over the plan period within the National Park, with the remaining housing delivered within the Plan Area. This would see household growth of 12,600 and:

- Support growth in the plan area's population by 26,300 persons over the plan period (2016-36);
- Support an increase in the labour force of 12,100 persons taking account of expected changes in economic participation.

7.8 The scale of growth in the part of the District which falls within the South Downs National Park would in contrast support a decline in the population of around 800 persons, and an associated reduction in the labour force of around 740 persons between 2016-36.

A1. DETAILED PROJECTION OUTPUTS - WINCHESTER DISTRICT

Table A1.1 Summary Projection Outputs – Winchester District

	2016	2021	2026	2031	2036
Total population	123,100	131,154	143,726	148,745	148,566
Labour force	63,759	67,842	74,994	77,110	75,145
Total households	49,651	53,116	58,397	61,547	62,544
Dwellings	51,140	54,710	60,149	63,393	64,421

Table A1.2 Male Population by Age – Winchester District

	2016	2021	2026	2031	2036
0-4	3,303	3,309	3,789	4,092	4,145
5-9	3,780	3,827	3,851	4,142	4,332
10-14	3,698	4,413	4,486	4,336	4,533
15-19	4,393	4,620	5,363	5,217	4,907
20-24	3,784	4,292	4,882	4,807	4,241
25-29	3,072	3,170	4,084	4,187	3,738
30-34	3,017	3,193	3,552	4,045	3,959
35-39	3,307	3,466	3,878	3,931	4,219
40-44	3,998	3,762	4,041	4,259	4,176
45-49	4,230	4,181	4,061	4,182	4,313
50-54	4,432	4,386	4,341	4,131	4,189
55-59	3,958	4,464	4,455	4,271	4,043
60-64	3,380	3,920	4,431	4,324	4,077
65-69	3,556	3,317	3,852	4,276	4,138
70-74	2,899	3,392	3,210	3,682	4,065
75-79	2,142	2,667	3,201	3,016	3,449
80-84	1,525	1,798	2,284	2,734	2,601
85+	1,363	1,661	2,055	2,618	3,268
Total	59,837	63,837	69,815	72,250	72,395

Table A1.3 Female Population by Age – Winchester District

	2016	2021	2026	2031	2036
0-4	3,267	3,156	3,663	3,952	4,001
5-9	3,568	3,772	3,646	3,979	4,167
10-14	3,445	3,893	4,148	3,886	4,127
15-19	4,089	4,510	5,126	5,204	4,768
20-24	4,564	5,141	6,040	5,623	4,934
25-29	2,965	3,103	4,086	4,185	3,190
30-34	3,089	3,438	3,741	4,254	4,153
35-39	3,799	3,696	4,282	4,263	4,566
40-44	4,111	4,146	4,255	4,650	4,502
45-49	4,318	4,276	4,349	4,350	4,656
50-54	4,667	4,493	4,411	4,364	4,329
55-59	3,973	4,646	4,599	4,371	4,268
60-64	3,489	3,948	4,671	4,548	4,247
65-69	3,842	3,452	3,976	4,603	4,461
70-74	3,143	3,801	3,422	3,888	4,461
75-79	2,459	2,933	3,642	3,259	3,691
80-84	1,933	2,241	2,726	3,356	3,011
85+	2,542	2,673	3,127	3,760	4,639
Total	63,263	67,317	73,911	76,495	76,171

Table A1.4 Labour Force by Age – Winchester District

	2016	2021	2026	2031	2036
0-15	0	0	0	0	0
16-19	3,218	3,254	3,751	3,804	3,452
20-24	6,043	6,975	8,023	7,681	6,778
25-29	5,388	5,686	7,405	7,589	6,286
30-34	5,400	5,912	6,518	7,417	7,250
35-39	6,215	6,368	7,288	7,333	7,862
40-44	7,147	7,063	7,460	8,040	7,843
45-49	7,717	7,606	7,642	7,792	8,216
50-54	8,053	7,802	7,661	7,520	7,571
55-59	6,623	7,792	7,700	7,335	7,152
60-64	4,335	5,412	6,586	6,479	6,161
65-69	2,272	2,264	3,046	3,802	3,792
70-74	1,029	1,208	1,192	1,491	1,816
75+	319	500	721	827	966
Total	63,759	67,842	74,994	77,110	75,145

A2. DETAILED PROJECTION OUTPUTS – PLAN AREA

Table A2.1 Summary Projection Outputs – Winchester Plan Area

	2016	2021	2026	2031	2036
Total population	108,479	116,674	129,456	134,689	134,729
Labour force	56,511	60,902	68,250	70,482	68,638
Total households	43,541	46,934	52,143	55,219	56,144
Dwellings	44,848	48,342	53,707	56,876	57,828

Table A2.2 Male Population by Age – Winchester Plan Area

	2016	2021	2026	2031	2036
0-4	2,991	2,993	3,516	3,870	3,947
5-9	3,277	3,382	3,455	3,786	4,032
10-14	3,262	3,927	4,026	3,914	4,149
15-19	3,974	4,193	4,879	4,743	4,465
20-24	3,538	4,106	4,700	4,578	4,000
25-29	2,868	3,007	3,955	4,049	3,552
30-34	2,792	2,984	3,373	3,905	3,795
35-39	3,000	3,160	3,593	3,671	4,002
40-44	3,561	3,421	3,722	3,948	3,889
45-49	3,700	3,679	3,619	3,757	3,893
50-54	3,828	3,815	3,809	3,650	3,721
55-59	3,385	3,873	3,899	3,751	3,566
60-64	2,792	3,314	3,778	3,697	3,490
65-69	2,954	2,773	3,249	3,619	3,504
70-74	2,483	2,888	2,748	3,165	3,498
75-79	1,795	2,225	2,683	2,538	2,907
80-84	1,324	1,573	2,003	2,408	2,290
85+	1,211	1,472	1,828	2,325	2,910
Total	52,735	56,785	62,836	65,374	65,612

Table A2.3 Female Population by Age – Winchester Plan Area

	2016	2021	2026	2031	2036
0-4	2,930	2,838	3,380	3,720	3,795
5-9	3,134	3,349	3,285	3,649	3,888
10-14	2,941	3,346	3,600	3,406	3,683
15-19	3,684	4,089	4,655	4,726	4,332
20-24	4,333	5,008	5,899	5,429	4,721
25-29	2,756	2,946	4,023	4,094	3,029
30-34	2,852	3,204	3,565	4,175	4,026
35-39	3,438	3,361	3,960	3,993	4,421
40-44	3,614	3,714	3,863	4,263	4,170
45-49	3,721	3,708	3,818	3,852	4,159
50-54	3,997	3,881	3,840	3,819	3,813
55-59	3,371	3,999	3,986	3,795	3,719
60-64	2,909	3,369	4,022	3,919	3,656
65-69	3,268	2,919	3,390	3,939	3,813
70-74	2,678	3,236	2,932	3,344	3,839
75-79	2,159	2,568	3,202	2,871	3,257
80-84	1,699	1,967	2,398	2,958	2,654
85+	2,260	2,385	2,802	3,361	4,143
Total	55,744	59,889	66,620	69,315	69,117

Table A2.4 Labour Force by Age – Winchester Plan Area

	2016	2021	2026	2031	2036
0-15	0	0	0	0	0
16-19	2,916	2,975	3,431	3,474	3,154
20-24	5,697	6,736	7,783	7,367	6,440
25-29	5,019	5,396	7,231	7,381	5,971
30-34	4,992	5,517	6,200	7,219	6,989
35-39	5,632	5,800	6,746	6,859	7,534
40-44	6,326	6,376	6,823	7,411	7,284
45-49	6,702	6,646	6,760	6,950	7,378
50-54	6,927	6,763	6,697	6,613	6,697
55-59	5,644	6,735	6,708	6,407	6,271
60-64	3,596	4,596	5,644	5,562	5,289
65-69	1,906	1,902	2,582	3,235	3,225
70-74	879	1,028	1,021	1,282	1,562
75-79	275	432	626	722	844
Total	56,511	60,902	68,250	70,482	68,638

A3. DETAILED PROJECTION OUTPUTS – NATIONAL PARK AREA

Table A3.1 Summary Projection Outputs – National Park Area

	2016	2021	2026	2031	2036
Total population	14,621	14,480	14,270	14,056	13,837
Labour force	7,248	6,939	6,744	6,628	6,506
Total households	6,109	6,182	6,255	6,327	6,400
Dwellings	6,292	6,367	6,442	6,517	6,592

Table A3.2 Male Population by Age – National Park Area

	2016	2021	2026	2031	2036
0-4	312	316	273	222	198
5-9	503	444	396	356	300
10-14	436	485	459	422	384
15-19	419	427	484	474	441
20-24	246	186	182	229	241
25-29	204	163	128	138	186
30-34	225	209	179	140	164
35-39	307	306	285	259	217
40-44	437	341	319	311	287
45-49	530	502	442	425	419
50-54	604	572	532	481	469
55-59	573	591	556	520	478
60-64	588	606	653	627	586
65-69	602	543	603	656	634
70-74	416	504	462	516	566
75-79	347	442	519	478	542
80-84	201	226	281	326	311
85+	152	189	227	294	358
Total	7,102	7,052	6,979	6,876	6,783

Table A3.3 Female Population by Age – National Park Area

	2016	2021	2026	2031	2036
0-4	337	318	283	232	207
5-9	434	423	361	330	279
10-14	504	546	548	480	444
15-19	405	421	471	478	436
20-24	231	134	141	194	214
25-29	209	157	63	91	161
30-34	237	234	177	79	127
35-39	361	334	322	270	145
40-44	497	431	391	388	332
45-49	597	568	532	497	496
50-54	670	612	571	545	516
55-59	602	646	613	575	549
60-64	580	579	648	628	590
65-69	574	533	587	664	648
70-74	465	565	490	544	623
75-79	300	365	440	388	435
80-84	234	274	328	398	357
85+	282	288	325	399	497
Total	7,519	7,428	7,291	7,180	7,054

Table A3.4 Labour Force by Age – National Park Area

	2016	2021	2026	2031	2036
0-15	0	0	0	0	0
16-19	302	279	320	329	298
20-24	346	239	240	314	338
25-29	368	290	174	208	315
30-34	408	395	318	198	261
35-39	584	568	542	474	328
40-44	821	687	637	629	559
45-49	1,015	960	882	841	838
50-54	1,126	1,039	964	907	874
55-59	980	1,057	992	928	881
60-64	739	816	943	918	872
65-69	366	362	465	567	567
70-74	149	180	171	209	253
75+	43	68	95	106	122
Total	7,248	6,939	6,744	6,628	6,506