Opinion Research Services

Reviewing the demographic evidence for the City of Bristol to establish local housing need

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Introduction

1. The National Planning Policy Framework published in July 2021 sets out the Government's objective of significantly boosting the supply of homes, and states:

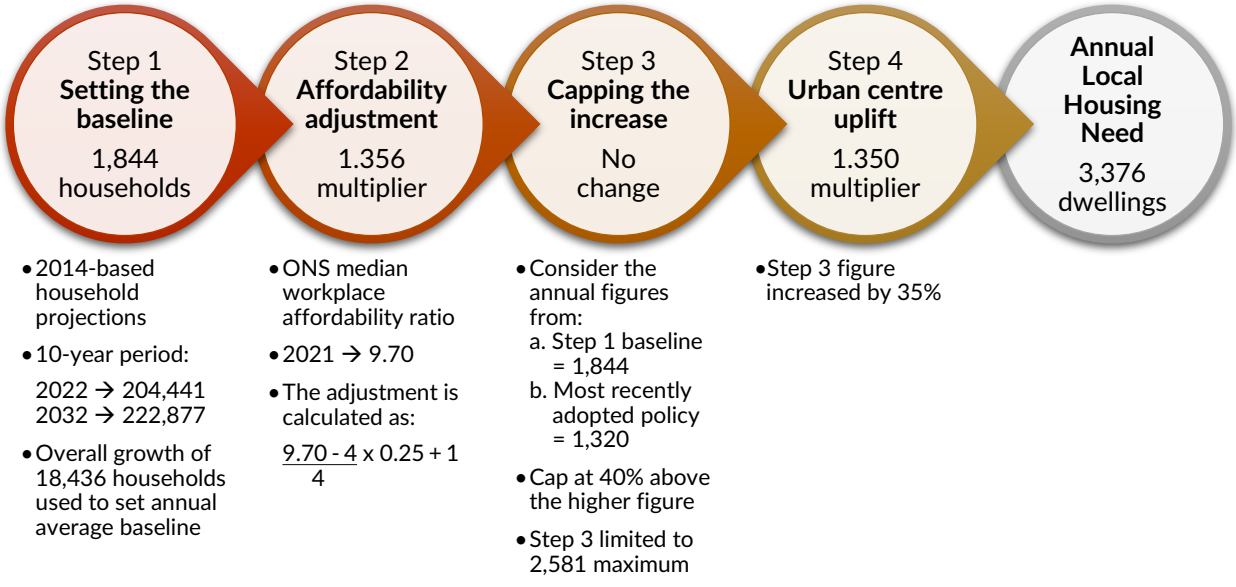
> *61. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.*

2. Planning Practice Guidance sets out the following information:

> ***What is housing need?*** [ID 2a-001-20190220]
>
> *Housing need is an unconstrained assessment of the number of homes needed in an area…*
>
> ***What is the standard method for assessing local housing need?*** [ID 2a-002-20190220]
>
> *…The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply…*

3. The standard method calculation set out in Planning Practice Guidance [ID 2a-004-20201216] establishes a minimum Local Housing Need of 33,755 dwellings for the City of Bristol over the 10-year period 2022-2023 (an average of 3,376 dwellings per year). This is equivalent to the city growing by 17% in a decade: i.e. one new dwelling for every six existing homes.

Fig 1 Annual Local Housing Need for Bristol based on the Government's standard method calculation



Context for the Standard Method Local Housing Need

4. The minimum Local Housing Need figure that the Government's standard method calculation identifies for Bristol can be set in the context of the current and future demographic trends.

5. The latest figures published by the Office for National Statistics (ONS) are the 2018-based household projections, informed by the 2018-based sub-national population projections. The Office for Statistics Regulation (OSR) has designated both publications as National Statistics, which means that they are fully compliant with the Code of Practice for Statistics and meet the highest standards of trustworthiness, quality and value.

6. There is often debate around how many years of data should be used to inform the projected population change at local level. In general, the ONS uses five years of data, but just two years of data was used for internal migration in the 2018-based principal population projection as only two years of data was available using the current method. The ONS also published a range of variant projections:

   a high international migration variant

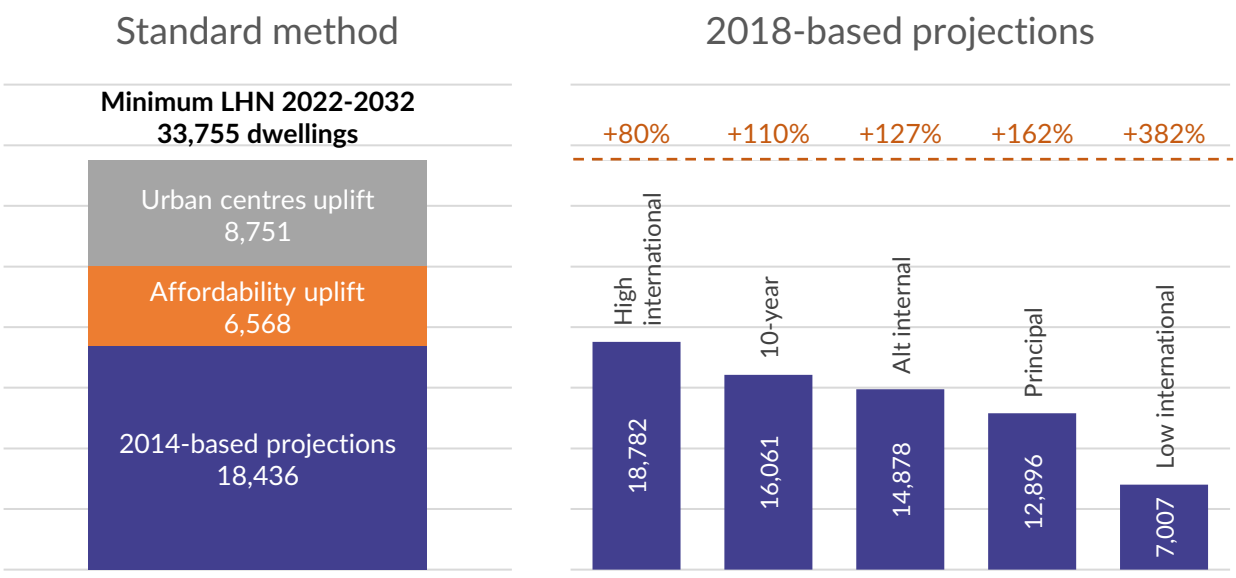
   a low international migration variant

   an alternative internal migration variant

   a 10-year migration variant.

7. The high and low international migration variants assume either higher or lower levels of net international migration to England as a whole, but the proportional distribution at local authority level remains the same. The alternative internal migration variant uses five years of data for internal migration (two using the new method and three using the old method); and the 10-year migration variant uses 10 years of data for all migration trends (internal, cross-border and international).

Fig 2 Comparing the standard method figure with the official household projections for Bristol 2022-2032



8. For the 10-year period 2022-2032, the latest official projections identify a growth of between 7,007 and 18,782 households for the City of Bristol, which are based on the low international and high international variant projections respectively. On this basis, the Local Housing Need figure identified by the Government's standard method calculation represents an uplift of between 80% and 382% of the projected household growth.

9. Considering the other projections:

   The principal projection identifies a growth of 12,896 households (based on 2-year trends for internal migration) and the standard method figure represents an uplift of 162%

   The alternative internal migration variant identifies a growth of 14,878 households (based on 5 years of data for all migration trends) and the standard method figure represents an uplift of 127%

   The 10-year migration variant identifies a growth of 16,061 households, and the standard method figure represents an uplift of 110%.

10. For the purposes of assessing housing need, ORS would normally recommend a 10-year migration trend as this typically provides a more stable projection for plan-making. This was the approach that was recommended by the Strategic Housing Market Assessment that ORS produced for the West of England before the Government's standard method was introduced.

11. Paragraph 61 of the current Framework states that any departure from the standard method needs to *"justify an alternative approach which **also** reflects current and future demographic trends and market signals"* (emphasis added). Given that an alternative approach must *"**also**"* reflect demographic trends and market signals, we can conclude that the standard method must reflect these factors too. Similarly, Planning Practice Guidance confirms that the standard method formula *"addresses projected household growth and historic under-supply"* [ID 2a-002-20190220]. On this basis, we can conclude that (consistent with the original version of the Framework) the two fundamental elements for assessing housing needs are still:

    Projected household growth, which reflects current and future demographic trends

    Market signals, which address historic under-supply.

12. Based on the latest official projections, the 10-year migration variant identifies the second highest household growth for Bristol (only marginally lower than the high international variant) and provides a reasonable basis for understanding current and future demographic trends – so the Housing Need figure for Bristol would need to provide for growth of 16,061 households over the 10-year period 2022-2032.

13. Given that the standard method calculation establishes a minimum Local Housing Need of 33,755 dwellings for the same 10-year period, we can conclude that 17,694 dwellings will be needed (in addition to the 16,061 household growth) as a response to market signals and to meet historic undersupply. This is equivalent to an uplift of 110% and means that the housing need is more than double the projected household growth based on official projections.

14. Providing this number of additional homes will either result in the same population living in more households, with a smaller average household size; or the population growing with a higher rate of migration than identified by past trends.

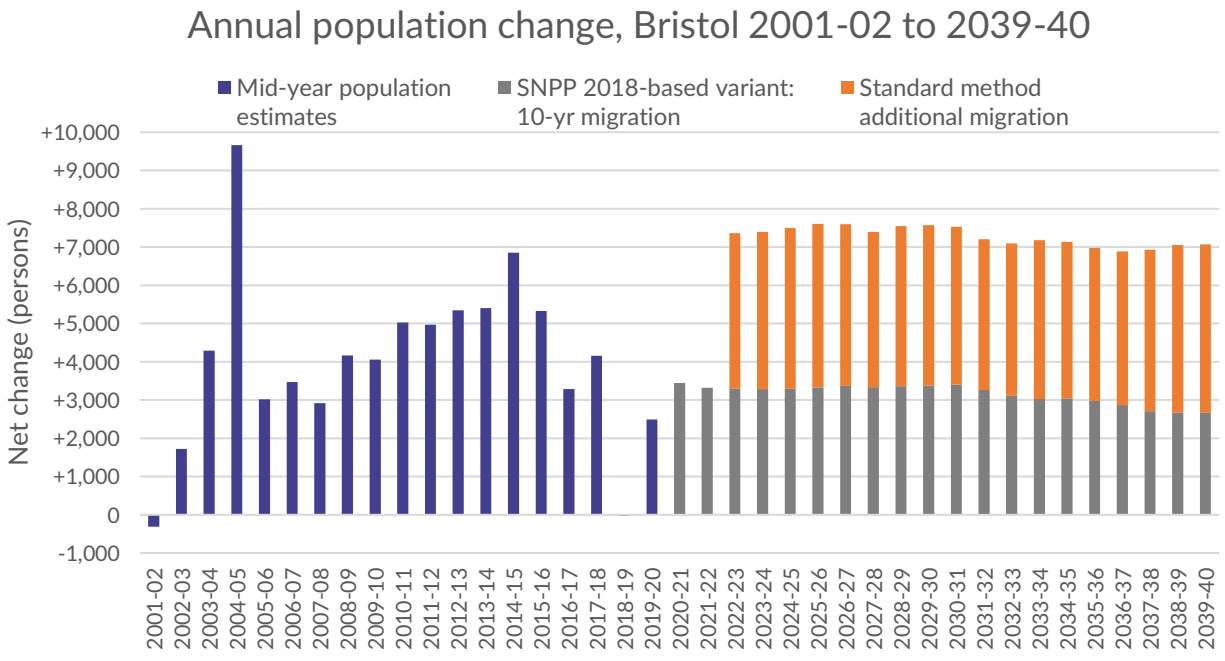
15. The ONS population projections identify a growth of 33,336 persons over the standard method 10-year period 2022-2032. This compares to the standard method figure of 33,755 dwellings. However, the projected growth is lower than the increase of 42,822 persons that was recorded for the most recent 10-year period 2010-2020, so there would appear to be an argument for assuming a higher rate of population growth than suggested by the official projections when planning for housing need.

16. If the level of household growth was in line with the standard method figure and the average household sizes continued to change as projected (reducing from 2.350 to 2.151 persons over the period 2022-2032) then the population growth would increase to 74,696 persons between 2022 and 2032, equivalent to a sustained average of 7,470 persons per year.

17. This rate of population growth has only been reached in one year previously (2004-2005), which was the year in which the A10 accession countries joined the EU. That resulted in a considerable increase in international inward migration from these countries with very limited corresponding outward flows in their first year of EU membership. The highest recorded figure in any other single year was 6,849 persons (2014-2015) whilst the highest rate for any 10-year period was 45,223 persons, equivalent to an average of 4,522 per year.

18. The standard method figure suggests that annual population growth over the 10-year period 2022-2032 would be 41,360 higher than projected by the ONS, and 29,473 higher than recorded in any previous 10-year period.

Fig 3 Estimated and projected annual population change for Bristol 2001 to 2040, ONS estimates and projections based on past-trends, and implication of growth based on the standard method calculation (Source: Mid-Year Population Estimates, ONS; 2018-based Household Projections, ONS)

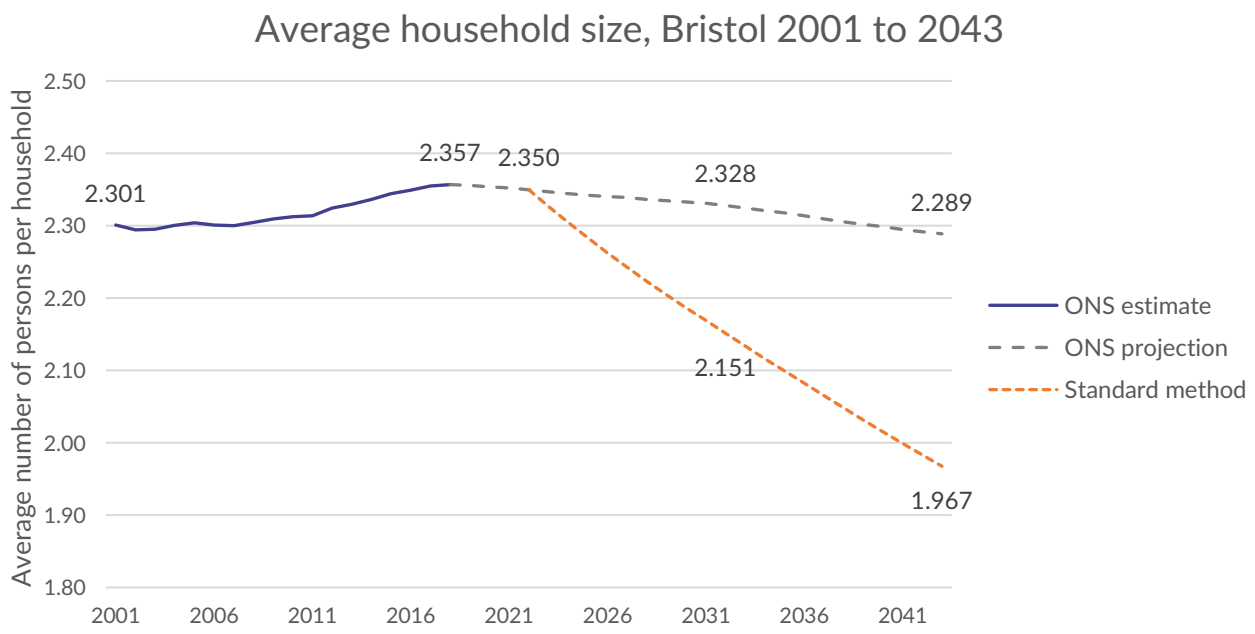


19. When considering the average number of persons in each household, the ONS estimates that household sizes in Bristol increased from an average of 2.301 persons per household in 2001 to 2.357 persons in 2018. The 2018-based household projections identified that this average would reduce from 2.350 to 2.328 persons over the 10-year period 2022-2032 used for the standard method calculation, with 2.289 persons on average by the end of the projection period in 2043.

20. The changes in average household size are based on the projected household growth of 16,061 households over the 10-year period 2022-2032.

21. If the level of household growth was in line with the standard method figure (33,755 over the 10-year period and 3,376 per year thereafter) then the 2018-based population growth implies average household sizes would reduce from 2.350 to 2.151 persons over the 10-year standard method period 2022-2032 and would be 1.967 persons on average by the end of the projection period in 2043. An average household size below 2.0 implies that there would be more single person households resident in the area than households with more than two persons.

Fig 4 Average number of persons per household for Bristol 2001 to 2043, ONS estimates and projections based on past-trends, and implication of household growth based on the standard method calculation (Source: 2018-based Household Projections 10-year migration trend variant scenario, ONS)



22. Therefore, having considered the minimum Local Housing Need figure that the Government's standard method calculation identifies for Bristol in the context of the current and future demographic trends, it does not appear to provide a realistic assessment of Local Housing Need for Bristol.

23. Providing that number of homes would require population growth to be sustained at 65% above the highest ever recorded trends, or see average household sizes fall at a rate that would appear implausible. It seems most unlikely that the Government calculation provides an accurate reflection of current and future demographic trends and market signals for the city.

Establishing an evidence-based Local Housing Need figure

24. We need to provide more homes for two main reasons:

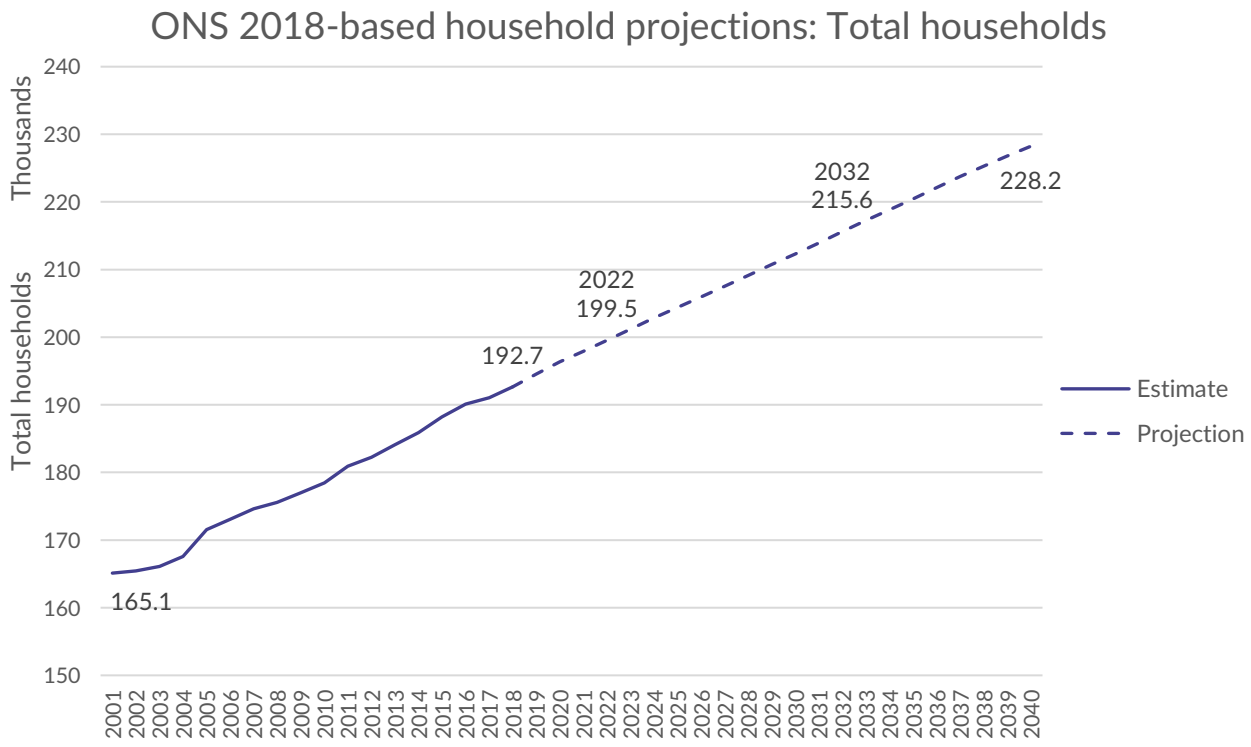
    The population is growing; and more people means more homes

    Households are getting smaller on average; and fewer people living in each home means more homes are needed.

25. Household projections provide an appropriate starting point for establishing the level of future household growth, but these assume that past trends will continue unchanged into the future. When assessing housing need, it is therefore necessary to consider appropriate adjustments to take account of any past undersupply of housing.

26. The latest official figures from the 2018-based projections show 199.5 thousand households in 2022 and suggest that this will increase to 215.6 thousand households over the period to 2032 based on the 10-year migration trend variant scenario (Fig 5); a growth of 16.1 thousand, equivalent to 8.0%.

Fig 5 Estimated and projected household growth, Bristol 2001 to 2040 (Source: 2018-based Household Projections 10-year migration trend variant scenario, ONS)

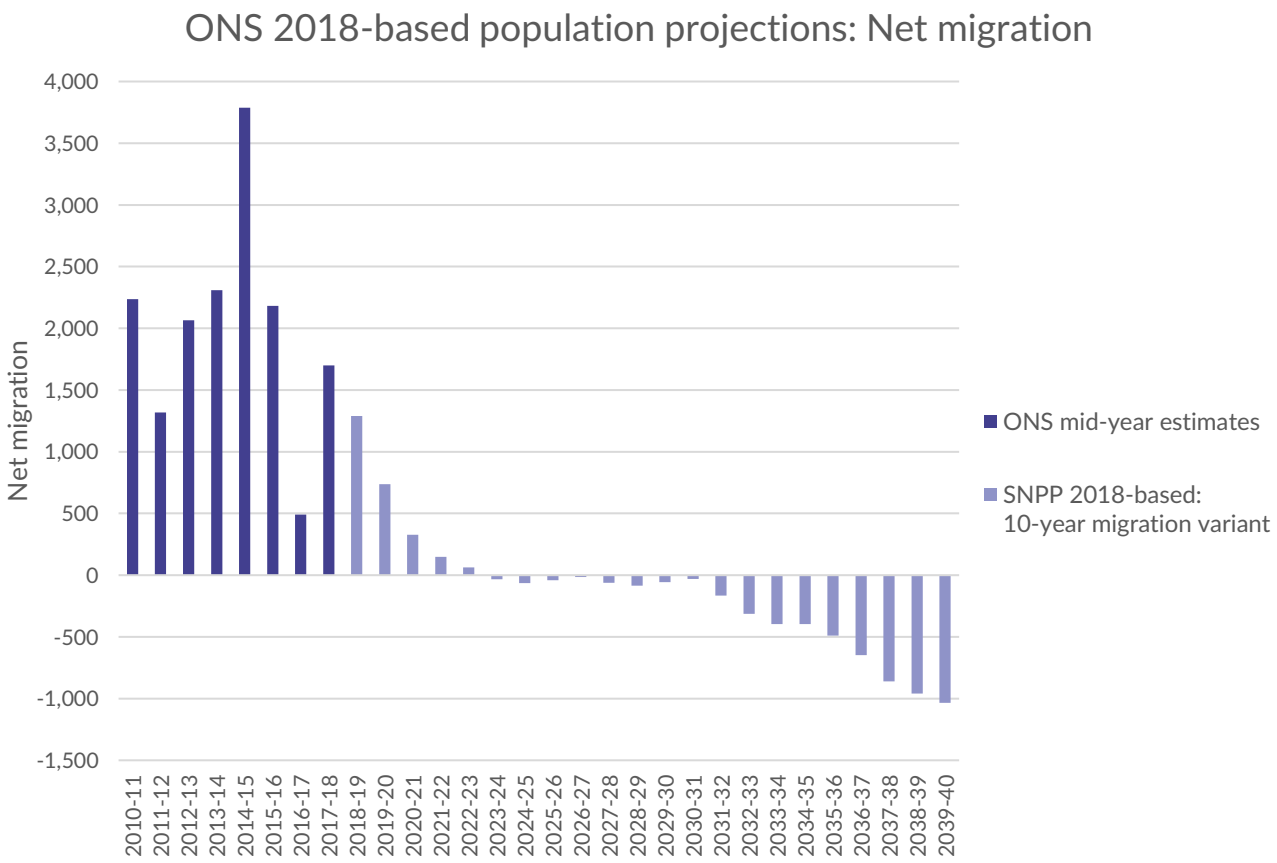


27. This growth of 16.1 thousand households over the standard method 10-year period 2022-2032 is based on the population increasing by 33.3 thousand persons – but as previously noted, the projected growth is lower than the increase of 42.8 thousand persons recorded for the most recent 10-year period 2010-2020.

Migration

28. Data for the city from the 10-year migration variant scenario projected that total net migration would reduce from a gain of 1,290 persons in 2018-19 to a position where inward and outward migration was in balance for almost a decade. Over the latter years (from the mid to late 2030s) the projection showed a period of net population loss as a result of net outward migration, which increased year-on-year.

Fig 6 Estimated and projected annual net migration, Bristol 2010-11 to 2039-40 (Source: Mid-Year Population Estimates, ONS; 2018-based Sub-National Population Projections 10-year migration trend variant, ONS)



29. These changes in annual net migration are a consequence of two key assumptions.

30. The reduction in the first five years is due to the official projections being constrained to the ONS National Population Projections, which assume that international migration flows will revert to longer-term trends that are lower than more recent years. As Bristol gains population from overseas, the assumption taken for the official projections that international migration will reduce nationally has a notable impact on future net migration projected for the city.

31. The further reductions in later years are mainly due to outward migration being calculated using probability rates. As the overall population grows, so too does the number of out-migrants. Given that the Bristol population is projected to increase, more residents will live in the city and therefore more will be projected to move away – in terms of the overall number of people – despite the rate (or percentage) staying the same.

Population Growth

32. The official projections provide an appropriate starting point for establishing housing need, and as previously noted, the 10-year migration trend variant scenario projects a higher rate of population and household growth than the principal projection (Fig 2). However, it would seem appropriate to plan future growth based on more recent international migration trends; and whilst the official projections assume that a larger population will result in higher levels of outward migration, it would seem reasonable to expect population growth to be sustained.

33. Given this context, an alternative population projection has been developed to inform the evidence-based Local Housing Need figure. This assumes that:

    Future levels of inward international migration are based on the "High migration" variant scenario from the official projections

    Inward domestic migration is increased to offset the impact of higher outward migration and ensure that overall growth from net migration increases pro-rata to the population.

34. This alternative variant also takes account of the ONS population estimates for mid-2019 and mid-2020, which were published after the 2018-based projections had been produced. The following chart shows these population estimates and the projected growth based on official projections together with the variant projection with the assumed uplifts to migration.

Fig 7 Estimated and projected population growth, Bristol 2010 to 2040 (Source: Mid-Year Population Estimates, ONS; 2018-based Sub-National Population Projections, ONS; Variant projection with migration uplift, ORS)

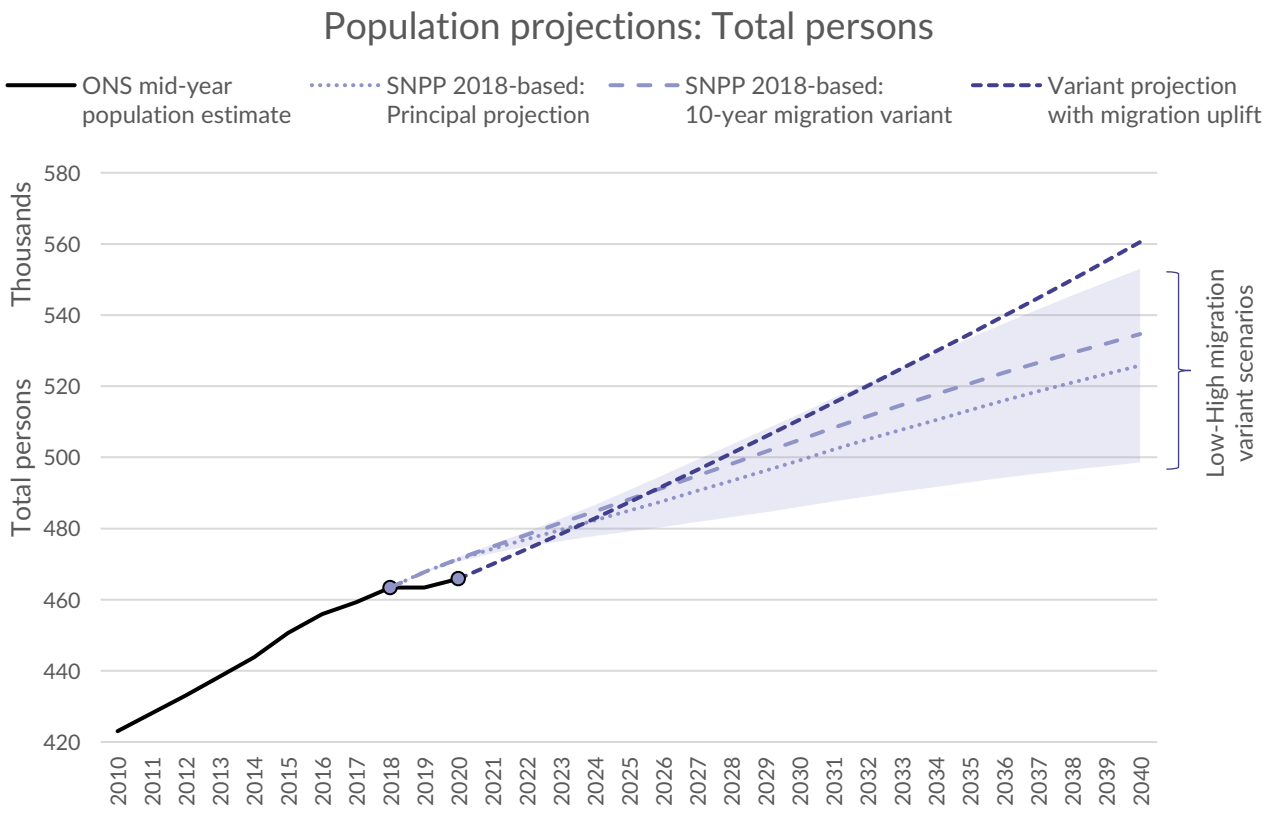
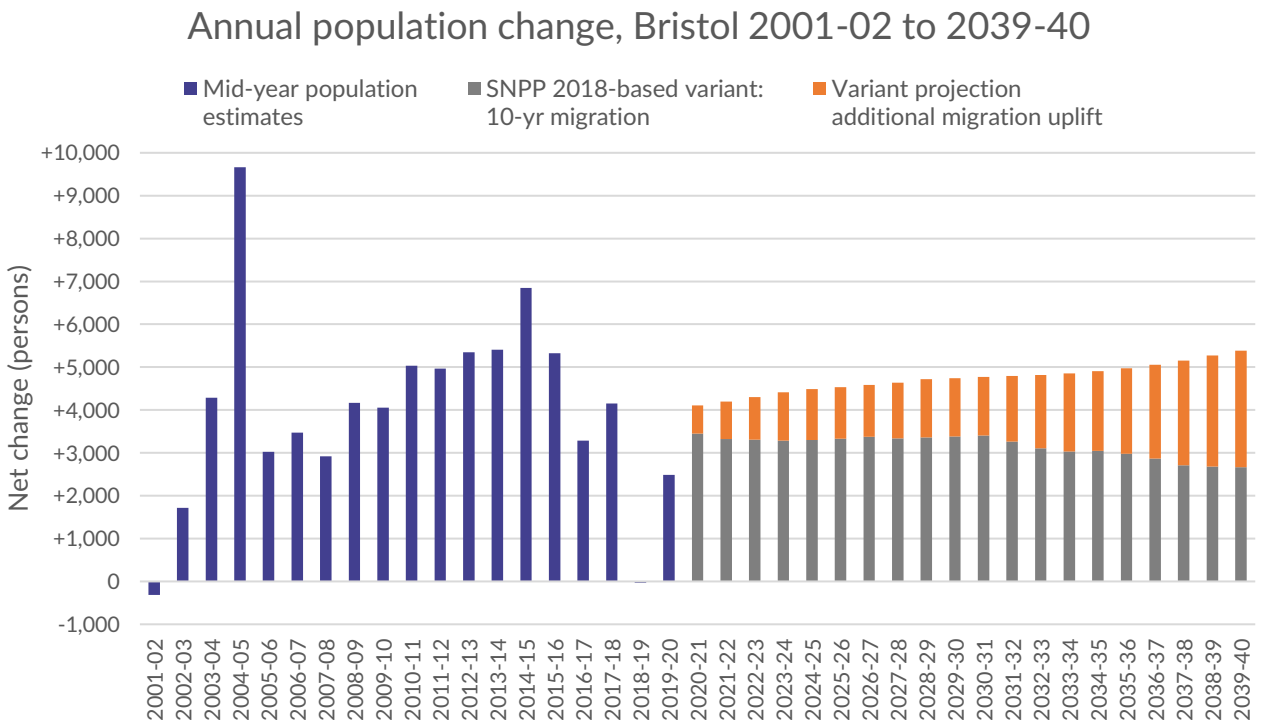


Fig 8 Estimated and projected annual population change for Bristol 2001 to 2040, ONS estimates and projections based on past-trends, showing the impact of the proposed adjustments to future migration (Source: Mid-Year Population Estimates, ONS; 2018-based Sub-National Population Projections, ONS; Variant projection with migration uplift, ORS)



35. It is evident that population estimates for mid-2019 and mid-2020 depart from longer-term trends. The figures show that Bristol's population did not change in size between mid-2018 and mid-2019 due to a significant increase in international outward migration during the year, which is likely to have been associated with Brexit. Growth from mid-2019 to mid-2020 was also lower than recorded in previous years, although this is likely to be impacted to some extent by the early months of the Covid-19 pandemic and associated national lockdowns.

36. As a result of the actual population change in these two years, a total of 465.9 thousand persons were estimated to be resident in mid-2020 which is more than five thousand fewer than had been projected by the 2018-based projections. However, although the variant projection starts from a lower population base in 2020 than had been projected by the official projections, the charts show that it results in a population higher than all scenarios by the end of the Plan period.

37. The variant projection yields a growth of 94,676 persons over the 20-year period 2020-2040 (from 465.9 to 560.5 thousand persons) which is 50% higher than the 10-year migration trend variant scenario from the 2018-based projections (63,186 persons over the same period). Instead of population growth declining from year-to-year, the migration uplifts result in growth increasing year-on-year.

38. Whilst the variant projection is considerably higher than the official projections, it is based on a credible yet ambitious level of population growth. On that basis, the variant projection provides an appropriate basis for a positively prepared, evidence-based Local Housing Need figure for Bristol.

Household Formation

39. Aside from providing homes for population growth, households are getting smaller on average; and fewer people living in each home means that more homes are needed. This reduction in average household sizes is a long-term national trend, largely due to the population ageing: many older persons tend to live as couples or single person households, and this increase in one- and two-person households results in a fall to the average size overall.

40. Census data identifies that this long-term national trend was previously also reflected in Bristol, with average household sizes having reduced from 2.57 persons in 1981 to 2.29 persons by 2001; but there was no change in the average over the decade 2001-2011, and 2021 Census data identifies that the average for Bristol has now returned to 2.38 persons.

41. It is often argued that if more housing had been delivered over the period since 2001 at a price that was sufficiently affordable for local residents, more young people would have been able to form new households and average household sizes would have continued to fall. However, there are many socio-economic factors driving the change in household formation.

    Increased participation rates for higher education mean that many young adults will no longer seek a job when they leave school; and whilst youngsters entering employment would often leave home permanently at that time and many would not return, far more tend to return to their family home after completing university – especially those that have yet to secure employment after graduating

    Young couples are now less likely to form lifetime partnerships in their late teens and early twenties than had been the norm for previous generations; and the absence of such long-term relationships inevitably leads to fewer couples choosing to get married or otherwise cohabit

    There are different cultural approaches to young adults living independently, with some groups choosing to live as extended families, so changes in the ethnic mix of the population over time has also impacted on household formation.

42. On this basis, it is clear that housing supply and affordability is one of many drivers affecting household formation – but when establishing housing need, it is important to also take account of any historic under-supply which could have resulted in higher numbers of multi-adult and multi-family households and more young adults living with their parents.

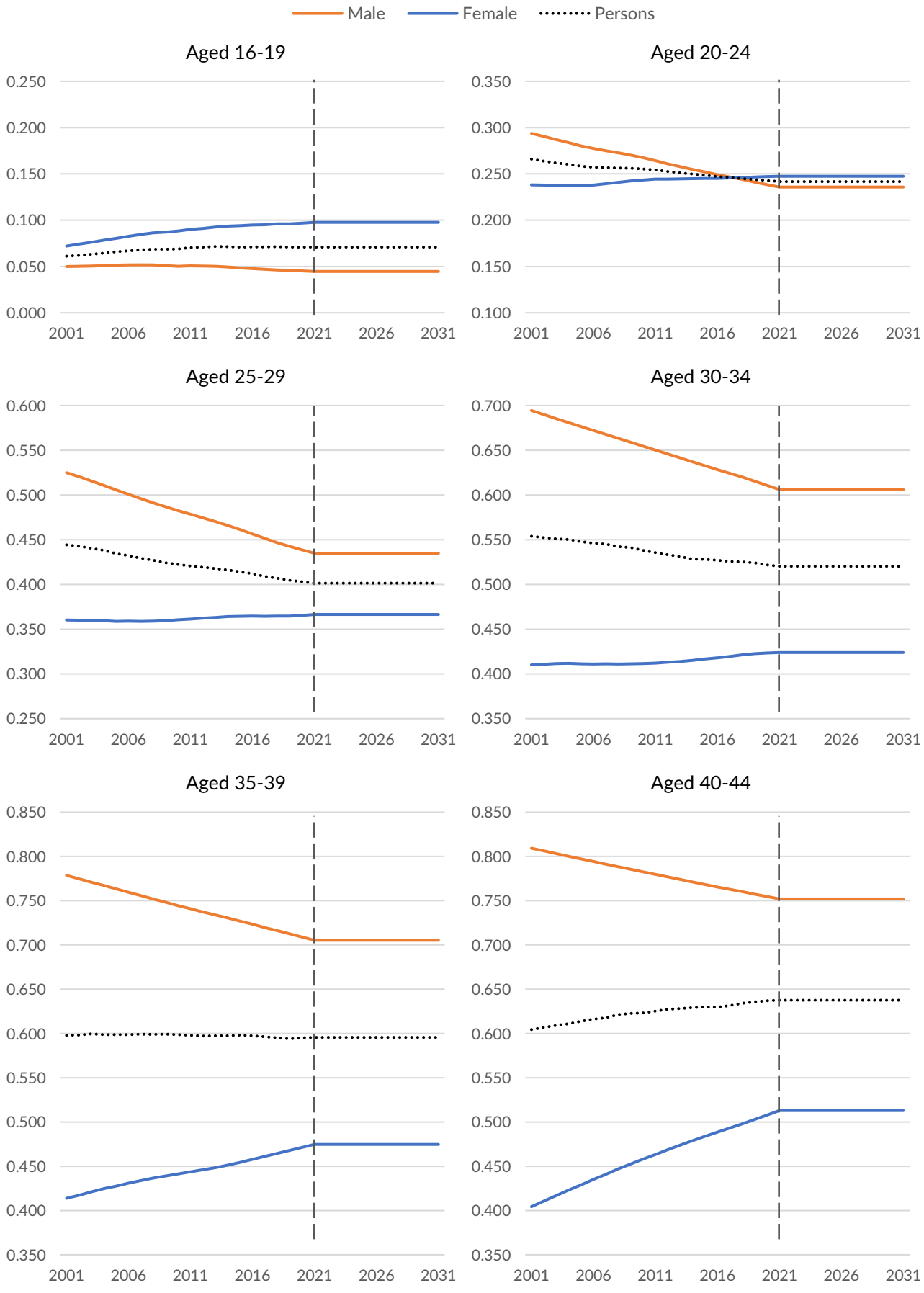
43. The consequences of any historic under-supply would be evident in household representative rates, with fewer households forming now than would have done so in the past (Fig 9). Considering the overall proportion of persons who are household representatives in Bristol:

    Rates have reduced for those groups aged 20 to 34, with fewer households forming

    Rates have remained largely unchanged for those aged 16 to 19 and 35 to 39, with reductions in male rates being offset against increases in female rates

    Rates for those aged 40 to 44 have increased, with more households forming.

Fig 9 Household representative rates by age and gender, Bristol 2001 to 2031 (Source: 2018-based Household Projections, ONS. Note: ONS method assumes no change in rates from 2021 onwards)



44. As previously discussed, average household sizes in Bristol reduced from 2.57 persons in 1981 to 2.29 persons by 2001, and there was no change in the average over the decade 2001-2011, with a corresponding reduction in household representative rates for those aged 20 to 34. Whilst it is unlikely that all of this reduction was due to housing supply and affordability, if there had more homes been available at prices that young people could afford then more households would probably have formed – and more household formations would have resulted in a continued reduction in average household sizes.

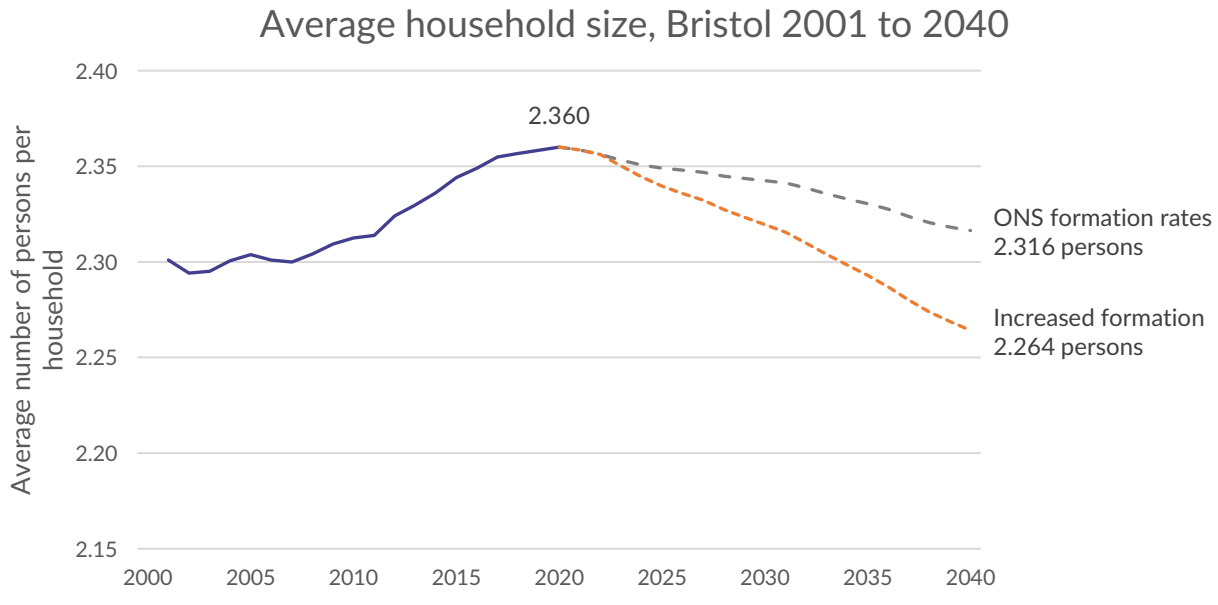
45. The ONS 2018-based household projections are based on the household representative rates observed from 2001 to 2011, with trends projected to continue up until 2021; however, the rates are then held constant for the remainder of the projection period. Therefore, any historic under-supply of housing that could have led to lower rates of household formation will be embedded within the projection.

46. Given this context, an alternative household projection has been developed to inform the evidence-based Local Housing Need figure. This is based on the variant population projection (with the uplifts to migration) and assumes that household formation rates for each of the groups aged 20 to 34 will increase and return to the rates as recorded in 2001. The following chart shows the average household size for the variant population projection based on two scenarios over the 20-year period 2020-2040:

The first applies the formation rates from the ONS 2018-based household projections, which results in average household sizes reducing from 2.360 to 2.316 persons

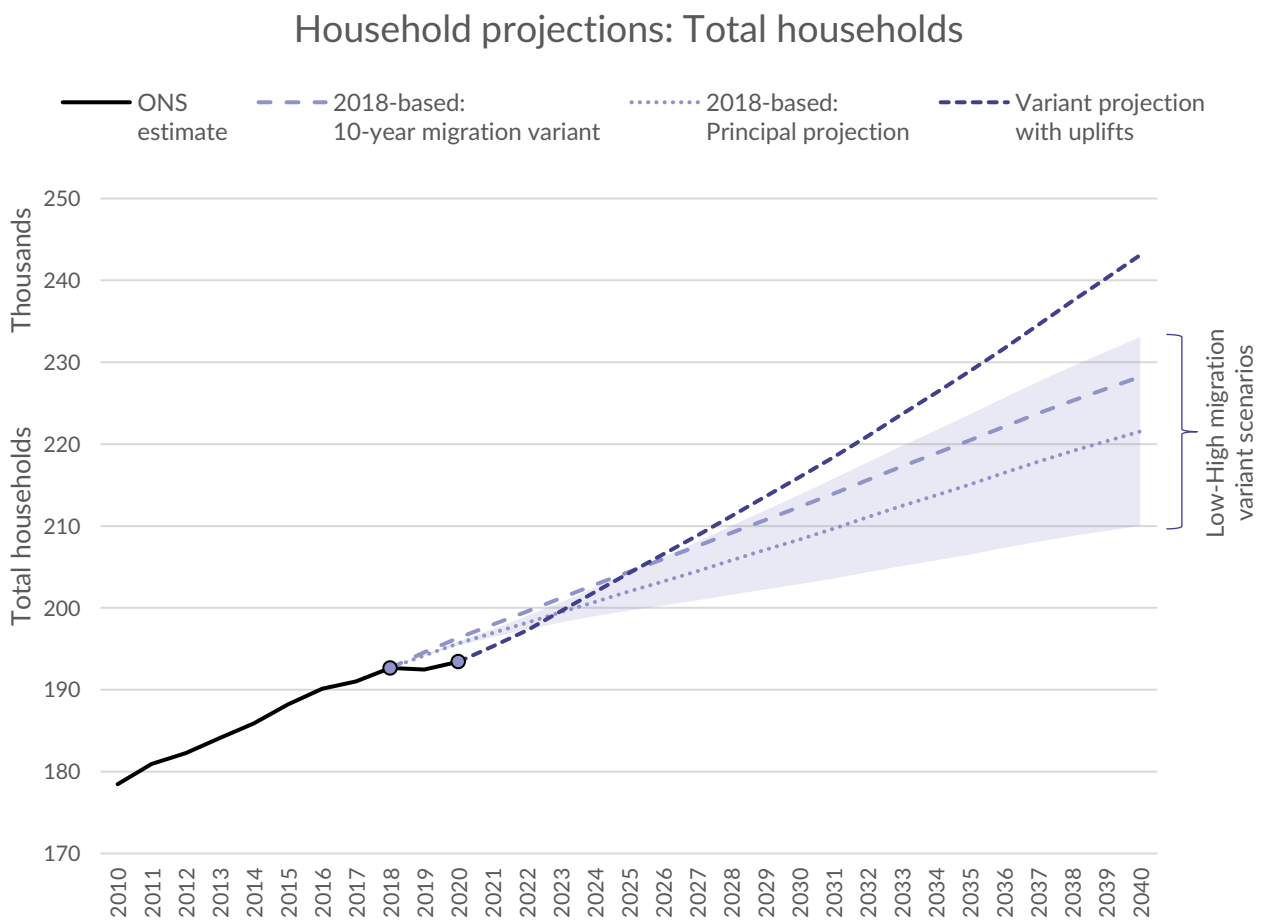
The second applies increased formation rates, which ensure that rates for all age groups under 45 are no lower than their equivalent rates from 2001, and this results in average household sizes reducing from 2.360 to 2.264 persons.

Fig 10 Estimated and projected average number of persons per household, Bristol 2001 to 2040 (Source: Variant projection with migration uplift and ONS 2018-based formation rates, ORS; Variant projection with migration uplift and increased household formation, ORS)



Household Projections

47. The following chart shows the household estimates and projected growth based on the official projections, together with the variant projection with the assumed uplifts to international and domestic migration and increased rates of household formation.



48. Whilst the variant projection starts from a lower household base in 2020 than had been projected by the official projections, it results in the total households being notably higher than all scenarios from the 2018-based projections by the end of the Plan period in 2040.

49. The variant projection yields a growth of 49,679 households over the 20-year period 2020-40 (from 193.4 to 243.1 thousand households) which is 56% higher than the 10-year migration trend variant scenario from the 2018-based projections (31,895 households over the period). The variant projections also identify a growth of 723 residents in communal establishments, which equivalise to an additional 399 households over the period.

50. After allowing for a proportion of vacant and second homes, the identified growth represents an overall housing need of 52,035 dwellings over the 20-year period to 2040, equivalent to an average of 2,600 dwellings per annum.

Establishing Local Housing Need

51. Based on a detailed review of the evidence, we have concluded that the Local Housing Need for Bristol city is 2,600 dwellings per annum.

52. This comprises:

1,675 dwellings to meet official projections of household growth, providing for:

1,595 additional households

Communal establishment bedspaces, which equivalise to 20 households

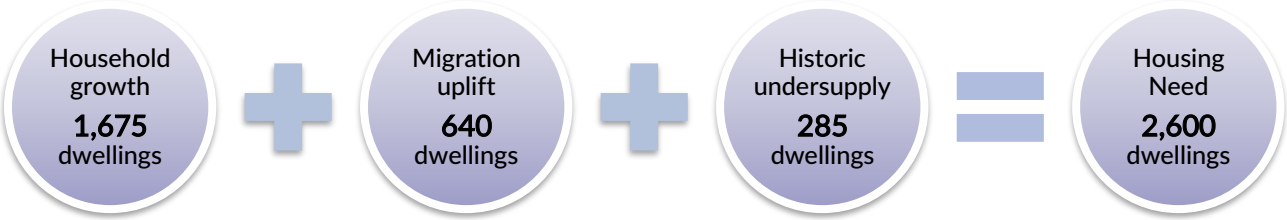
60 vacant or second homes, that do not have any usual residents

640 dwellings as a positive response to future migration: with international migration based on the "High migration" scenario from the official projections, and domestic migration uplifted to ensure net migration increases pro-rata to overall population growth

285 dwellings to enable more households to form: ensuring that formation rates for all age groups under 45 are no lower than the equivalent rates recorded in 2001.

53. The components of the identified annual Local Housing Need can therefore be summarised as follows:

Fig 11 Components of the evidence-based annual Local Housing Need figure for Bristol 2020-2040



54. This evidence-based Local Housing Need figure of 2,600 dwellings per annum, equivalent to 52,000 dwellings over the plan period to 2040. This will meet the **household growth in full** as well as providing a **55% uplift in response to market signals**.

55. It is important to recognise that the official population projections and the variant scenario (with the uplifts to migration) both assume that long-standing trends in growth of the student population will continue in future years – so there will be a need for additional student housing incorporated within these figures.

56. As part of the plan-making process, it will be necessary to confirm that the trend-based growth algins with the combined growth plans for the University of Bristol and UWE for registered students likely to be based in the city. It will also be necessary to consider how the planned provision of Purpose Built Student Accommodation (PBSA) will impact on the overall need and mix of general needs housing.

Conclusions

57. The Government's Standard Method calculation identifies an annual need for 3,376 dwellings, equivalent to 67,520 dwellings over the 20-year plan period. However, providing that number of homes would require population growth to be sustained at 65% above the highest ever recorded trends or see average household sizes fall at an implausible rate.

58. It seems most unlikely that the Government calculation provides an accurate reflection of current and future demographic trends and market signals for the city, and it does not appear to provide a realistic assessment of Local Housing Need for Bristol.

59. It is important for plan-making to be evidence-led, so in developing a Local Plan for the city it is necessary to consider a robust, evidenced approach for determining Local Housing Need. The latest official projections identify a need to provide 1,675 dwellings each year for growth identified by the official household projections, but it is appropriate to increase this annual starting point by 640 dwellings as a positive response to future migration and also plan to deliver an additional 285 dwellings to mitigate the impact of historic undersupply.

60. This evidence-based assessment identifies an **annual Local Housing Need of 2,600 dwellings** equivalent to 52,000 dwellings over the plan period. Whilst this figure is lower than the Government's Standard Method calculation, it will meet the **household growth in full** as well as providing a **55% uplift in response to market signals**.

61. Bristol's housing stock increased from 166.4 to 203.6 thousand dwellings over the 20-year period to 2021, an increase of 37,200 dwellings equivalent to an average of 1,860 per year. Delivering 2,600 homes per year would represent a step-change in housing delivery, and meeting the identified need would provide a **40% increase to current rates of housing supply**.

62. Furthermore, delivering 52,000 dwellings over the 20-year period to 2040 would be equivalent to an increase of 25.8% to the city's existing stock, **a sustained average of 1.3% per year** for the whole Local Plan period. If this annual rate of growth was achieved nationally across England it would yield a total of 317,500 new homes, which is higher than the Government's policy objective to increase housing delivery up to 300,000 homes annually.

63. The Local Housing Need of 52,000 dwellings that has been identified for the period to 2040 is **evidence-led**, based on a **robust, reliable and realistic assessment of need**. This provides a **positive and ambitious target** which is appropriate for developing a Local Plan for Bristol that will properly meet **the genuine Local Housing Needs of the city**.