

POWYS LOCAL DEVELOPMENT PLAN

2011-2026

DEPOSIT DRAFT LDP 2015

POPULATION AND HOUSING TOPIC PAPER

MAY 2015

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1. Introduction

1.1. This topic paper provides the background and evidence for the Housing requirement figure for Powys. It also provides information for Officers and Members of the Authority, stakeholders, members of the public and for the Inspector of the LDP EiP to help explain the approach taken to housing. Affordable Housing is dealt with in a separate background paper.

Context

1.2. The planning system is charged with providing a continuous supply of land to meet society's needs. In order to deliver these needs the Council must determine the level of population at the end of the Plan period. Population and housing are topics that at the 'heart' of the Local Development Plan and is the largest single land use that has to be allocated in the Plan.

1.3. This Topic Paper examines:

- The Policy context
- Population and housing building trends
- Housing requirement
- Explanation of Housing Land Calculation

2. Policy Context

NATIONAL POLICY CONTEXT

2.1. The Welsh Government (WG) hold 'stewardship' of the housing system in Wales, involving consideration of how the housing system works and to intervene where it is sensible and effective to do so. The Government are committed to strong joint working with many organisations that are active in and around the field of housing in the public, private and third sector.

National Housing Strategy

2.2. The broad direction of Welsh Government policy is contained within the 2010 National Housing Strategy "Improving Lives and Communities". The focus of the national housing strategy is on improving people's lives through:

- providing more housing and more choice;
- improving homes and communities, and
- improving housing related services and support.

2.3. These priorities were developed in response to the following challenges:

- The demand for housing continues to outstrip supply, which needs to be met by new houses and by bringing back into use empty properties.
- The credit crunch has increased the demand for affordable housing.
- The ageing population has significant implications for the design of houses and the support available to help people to live independently for as long as possible.
- The age and quality of current social housing stock means that substantial improvement is required, not least on energy efficiency.
- There is increased demand on housing and housing-related support services, including those that deal with homelessness.

2.4. Whilst these issues were identified in 2010, they are largely still relevant.

2.5. The national government's pledges regarding the supply of housing are to:

- I. Increase the number of affordable homes for purchase or rent, in the right location and specifically in rural areas.

- II. Increase the level of private sector investment in housing.
- III. Improve the standard of new homes to make them more energy efficient and sustainable.
- IV. Give more choice by broadening the range of homes and tenancy arrangements to suit people at different stages of their lives, different income levels and circumstances.
- V. Extend the legal powers available to the National Assembly for Wales so that it is able to do more to help meet housing need and to prevent homelessness.

2.6. The planning system is recognised as being instrumental in addressing housing issues with the national housing strategy promising that:

- Local authorities will improve their strategic role to enable local housing needs to be met by close working between their housing and planning functions, and through efficient housing services.
- The WG will work with local authorities and the private sector to ensure that Local Development Plans and planning policy at a local level can address the shortfall in houses that people can afford.

The Housing (Wales) Act 2014

2.7. The key elements of the Act are: (source: WG website, 2014)

- introduction of a compulsory registration and licensing scheme for private rented sector landlords and letting and management agents
- reform of homelessness law, including placing a stronger duty on local authorities to prevent homelessness and allowing them to use suitable accommodation in the private sector
- placing a duty on local authorities to provide sites for Gypsies and Travellers where a need has been identified
- introduction of standards for local authorities on rents, service charges and quality of accommodation
- reform of the Housing Revenue Account Subsidy system
- giving local authorities the power to charge more than the standard rate of council tax on long-term empty properties and certain types of second homes

- assisting the provision of housing by Co-operative Housing Associations, and
- amendment of the Leasehold Reform, Housing and Urban Development Act 1993.

National Planning Policy

2.8. Planning policy on housing is found in Chapter 9 of Planning Policy Wales (PPW), supported by a range of Technical Advice Notes (TANs), Circulars and further guidance, eg Ministerial Policy Clarification Letters.

Planning Policy Wales

2.9. Aligned to the national housing strategy, the WG key housing objectives in PPW are to ensure that:

- Previously developed land is used in preference to greenfield sites;
- New housing and residential environments are well designed, meeting national standards for the sustainability of new homes and making a significant contribution to promoting community regeneration and improving the quality of life; and that
- The overall result of new housing development in villages, towns or edge of settlement is a mix of affordable and market housing that retains and, where practical, enhances important landscape and wildlife features in the development.

2.10. PPW (9.2.1) requires that in planning the provision for new housing, local planning authorities must work in collaboration with housing authorities, registered social landlords, house builders, developers, land owners and the community and must take account of the following :

- People , Places, Futures – The Wales Spatial Plan;
- Statutory Code of Practice on Racial Equality in Housing – Wales;
- the Welsh Government’s latest household projections;
- local housing strategies;
- community strategies;
- local housing requirements (needs and demands);
- the needs of the local and national economy;
- social considerations (including unmet need);

- the capacity of an area in terms of social, environmental and cultural factors (including consideration of the Welsh language) to accommodate more housing;
- the environmental implications, energy consumption, greenhouse gas emissions and flood risk;
- the capacity of the existing or planned infrastructure; and
- the need to tackle the causes and consequences of climate change.

2.11. PPW (9.2.2) states that the latest Welsh Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements.

“Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Local planning authorities should consider the appropriateness of the projections for their area, based upon all sources of local evidence, including the need for affordable housing identified by their Local Housing Market Assessment. Where local planning authorities seek to deviate from the Welsh Government projections, they must justify their own preferred policy-based projections”.

2.12. To comply with PPW (9.2.3) Local Planning Authorities must ensure that sufficient land is genuinely available or will become available to provide a 5-year supply of land for housing judged against the general objectives and the scale and location of development provided for in the development plan. This means that sites must be “free, or readily freed, from planning, physical and ownership constraints, and economically feasible for development, so as to create and support sustainable communities where people want to live.” There must be sufficient sites suitable for the full range of housing types. For land to be regarded as genuinely available it must be a site included in a Joint Housing Land Availability Study (see TAN1 section below). The Welsh Government will monitor development plans and their implementation to ensure that sufficient housing land is brought forward for development in each local planning authority and that economic development and related job opportunities are not unreasonably constrained.

Technical Advice Notes

TAN1 (Joint Housing Land Availability Studies) – 5 year supply

- 2.13. It is a key planning policy requirement of the Welsh Government for each local planning authority to “maintain a 5-year supply of readily developable housing land”. The Joint Housing Land Availability Study (JHLAS), completed annually, is the mechanism which enables LPAs to demonstrate they have a 5-year supply of housing land. By readily developable the WG mean the land is genuinely available without any significant physical, legal or financial constraints to its development within five years.
- 2.14. At the time that the Local Development Plan is adopted, the Council is required to demonstrate that there is five-year housing land supply (3.2, TAN1) and must then keep the situation under review through the LDP Monitoring process.

TAN6 (Planning for Sustainable Rural Communities)

- 2.15. TAN 6 is applicable to all rural areas and therefore particularly relevant to Powys. Development plans should include sufficient land to meet market and affordable housing needs across the planning authority’s area. In rural areas, especially where there are environmental constraints or social or cultural considerations, planning authorities may wish to give priority to affordable housing to meet local needs, by identifying those smaller villages and clusters where future housing development will be limited to this category. The requirement for market and general affordable housing need should be accommodated elsewhere in the planning authority’s area.

The Wales Spatial Plan

- 2.16. The Wales Spatial Plan (WSP) includes Powys within its Central Wales Area where the vision is:

‘High-quality living and working in smaller-scale settlements set within a superb environment, providing dynamic models of rural sustainable development, moving all sectors to higher value-added activities’.

- 2.17. The Central Wales Area is categorised by a network of different types of settlements, with a large proportion of people living in relatively remote locations. A key priority for Central

Wales is to build on the regional strengths of the area. The rich mosaic of towns and villages is important for employment, social and recreational activity and to access a wide range of services. In such a diverse area, it is important to recognise the interaction between places of varying sizes and their mutually supporting roles in providing access to services.

- 2.18. The WSP categorises settlements using a hubs and clusters model. In Powys, Newtown is identified as a primary key settlement within the Severn Valley cluster and Ystradgynlais as an important cross-boundary settlement, whilst Brecon (in the BBNP) has been identified as appropriate to develop into a primary settlement.
- 2.19. The WSP advocates the use of primary settlements and hubs and clusters as a potential model for sustainable development whereby they act as focal points for appropriate planned growth and investment.

Local Policy Context

Single Integrated Plan – The One Powys Plan

- 2.20. The One Powys Plan 2014 sets the strategic direction for service delivery in Powys. It is a key strategic transformational plan, which sets out the vision of Powys County Council and key partner organisations, that helps residents to understand what the Council intends to achieve and what results they can expect to see.
- 2.21. The current One Powys Plan (2014-2017) replaces the Community Strategy and now also integrates the Council's internal improvement plan (previously the Change Plan). It identifies as one of its 10 Priorities for Improvement the need to Create Stronger, Safer and Economically Viable Communities. Although housing provision is not specifically mentioned, the plan includes a general action point to “align the Local Development Plan to ensure it provides a sustainable infrastructure that underpins the delivery of the One Powys Plan”.
- 2.22. The LDP sets a framework for sustainable infrastructure through its facilitation of carefully designed homes and employment premises in well serviced locations, through support for community services across Powys including education, health and social infrastructure, through assisting appropriate rural business development and the enabling of tourism and regeneration initiatives.

Local Housing Strategy

- 2.23. PPW advises Local Planning Authorities, in estimating housing requirements, to integrate the provisions of their local housing strategies with the relevant provisions of their development plans. Powys County Council does not have a current Housing Strategy but expects to have an up to date one in place by late 2015. Any new evidence from this source will need to be taken into account into the LDP preparation and/or review (depending on timing).
- 2.24. The housing team at the Council was restructured in 2013/14 in order to better meet the housing transformation agenda. The latest One Powys Plan Annual Performance Report (2013-14) reports on recent housing activity including:
- I. funding for affordable homes in Gurnos, Ystradgynlais and Newtown
 - II. provision of interest free loans to help improve the condition and energy efficiency of private homes
 - III. funding to support private sector households and energy action and
 - IV. additional investment secured for Llandrindod Wells Renewal Area (£378,170) and from the WG Houses into Homes fund (£997,261) to bring empty properties back into use.
- 2.25. Furthermore, the Council initiated a Local Authority Mortgage Scheme (LAMS) to assist first time buyers and has used Social Housing Grant funding to provide new affordable homes whilst also making improvements to council homes to meet the Welsh Housing Quality Standard (WHQS).
- 2.26. The Local Authority Mortgage Scheme has since been suspended in Wales but has provided 45 households with access to mortgages in 2012/13. It is anticipated that the reform of the Housing Revenue Account Subsidy will potentially deliver new homes and whilst this is not possible to quantify at present, it may approach 20 homes over the coming 5 years.

Evidence on Housing Requirements

- 2.27. PPW - A range of evidence, including **the Welsh Government's latest household projections** and the results of the **Local Housing Market Assessment**, should inform the quantification of the housing requirement (both market and affordable housing) for each local planning authority.

Powys Local Housing Market Assessment Update 2014

- 2.28. PPW requires Local Planning Authorities to ensure that development plan policies are based on an up-to-date assessment of the full range of housing requirements across the plan area over the plan period. Local authority planning and housing staff are advised to work in partnership with local stakeholders, including private house builders, **to produce Local Housing Market Assessments (LHMAs)**. Local Housing Market Assessments provide the evidence base supporting policies to deliver affordable housing through the land use planning system (PPW).
- 2.29. To inform the Local Development Plan, Powys County Council has produced a Local Housing Market Assessment (LHMA) Update which reviews the Powys LHMA published in 2010 as undertaken by Glyndwr University. The LHMA is required to assess housing needs over a 5 year period (2011-2016). A full review of the LHMA will be undertaken in 2015 to cover the next 5 year period - 2016 to 2021.
- 2.30. The assessment was undertaken to inform local policies , in particular relating to the housing strategy and investment programme (responsibility of Housing Section) and planning policies (ie LDP policies) surrounding affordable housing provision. Powys covers a large geographical area and nine local housing market areas have been identified within the county.
- 2.31. The main evidence to be drawn from this report is as follows:
- I. Housing Market Requirements - market, intermediate and social housing requirements.
 - II. Need for Affordable Homes
 - III. Type of Dwellings needed (e.g. increased need for one and two bedroom accommodation, plan for appropriate elderly accommodation needs, can affordable housing contribute to retention/attraction of young adults).
- 2.32. The issue of affordable housing need and provision in Powys is dealt with in detail in a separate Affordable Housing Topic Paper.

3. Population trends in Powys

Introduction

- 3.1. With only 26 persons per square kilometre (2013), Powys is the most sparsely populated county in England and Wales and the population is currently falling due to net out migration. Within the 15 to 29 year old age bracket there has been consistently net out-migration, highlighting the key issue faced by the county of an aging population. Powys has the second highest average age in the whole of Wales and the largest population cohorts in Powys are the 60-64 and 65-69 year olds. For Wales as a whole and the UK generally, the largest cohorts are 40-44 year olds and 45-49 year olds.
- 3.2. The population of Powys was in decline from 1921 to 1971 but since 1971 it had steadily grown until 2013 when it decreased for the first time in 4 decades (see Table 1 and Fig. 1).

Brecon Beacons National Park Area

- 3.3. The 2011 Census showed the population of Powys (including the population of BBNP area) at 133,071 (see Table 1). It is estimated that 17.71% (22,601) of the Powys population reside in the BBNP area hence the population in the Powys LDP area derived from the 2011 Census stood at **110,351**.

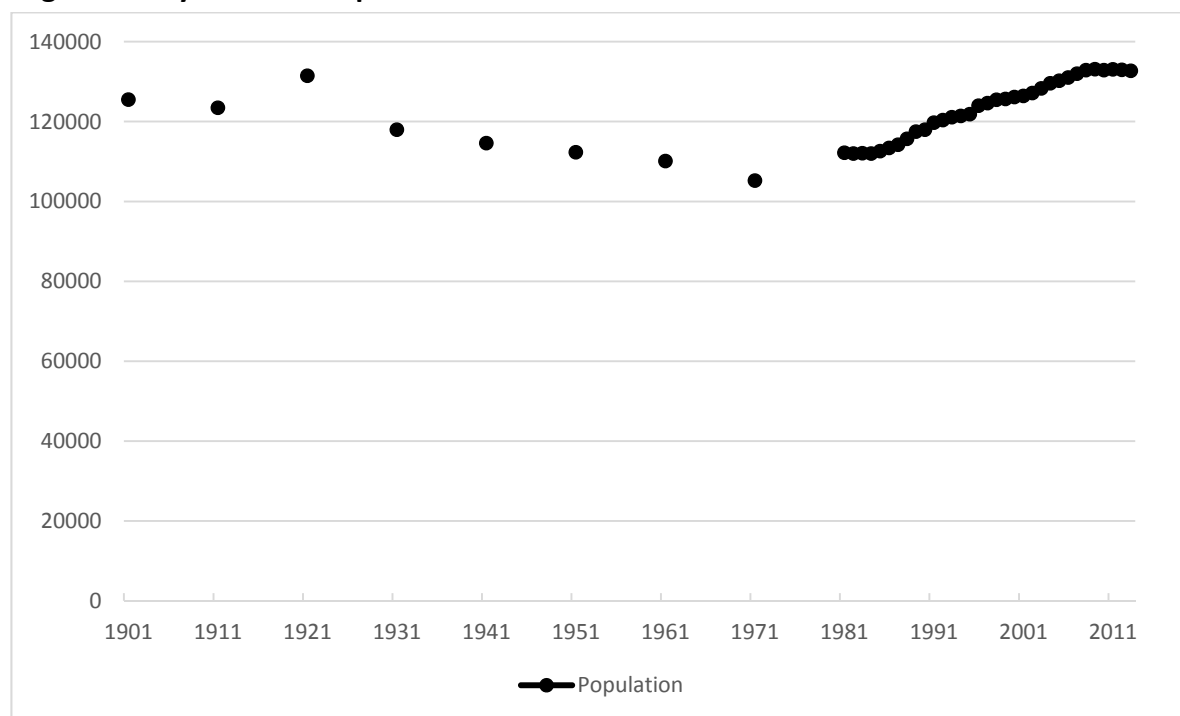
Table 1 - Population of Powys 1971 -2013

Year	Population	Population change (+/-) (from previous Census or year)
1971	105193	
1981	112176	+6983
1991	119703	+7527
2001	126398	+6695
2002	127145	+747
2003	128295	+1150
2004	129568	+1273
2005	130210	+642
2006	131037	+827
2007	131982	+945

2008	132865	+883
2009	133090	+225
2010	132878	+212
2011	133071	+193
2012	132952	+119
2013	132705	-247

Source: Census of Population 1901-1971 and Mid Year Population Estimates, Office for National Statistics © Crown Copyright

Fig. 1 – Powys Historic Population



Source: Census of Population 1901-1971 and Mid Year Population Estimates, Office for National Statistics © Crown Copyright

Natural Change and Migration

- 3.4. Population changes can be broken down into two main factors: natural change and net migration. Natural change is the difference between the numbers of births and deaths in the population, while net migration is the difference between those moving into and out of an area.

Table 2: Natural change

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Births	1169	1176	1177	1267	1243	1263	1271	1262	1195	1261	1189	1246
Deaths	1529	1536	1502	1528	1453	1458	1435	1461	1431	1411	1444	1506
Net natural change	-360	-360	-325	-261	-210	-195	-164	-199	-236	-150	-255	-260

Source: 2001 to 2013 Office for National Statistics Mid year Population Estimates

3.5. The long term trends show that the population has been steadily increasing ever since 1971 up until 2013 when it decreased, yet table 2 (natural change) shows that natural change is negative where deaths are constantly higher than births. This factor can be discounted as reason for the population growth experienced since 1971. There has, however, been a long term trend for net in migration in Powys and this has exceeded the net natural change in population due to an excess of deaths over births, however, the mid-year estimates from 2011 to 2013 have shown the first decrease in population in the last 4 decades.

Table 3: Components of Migration

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Internal in	5773	5936	6008	5546	5551	5895	5465	4948	4989	5024	5478	5105
Internal out	4722	4538	4699	4642	4755	5046	4674	4607	4819	4797	5256	5165
International in	270	242	185	226	385	414	513	354	252	231	280	284
International out	196	212	183	245	166	219	322	312	497	267	397	202
Total	1125	1428	1311	885	1015	1044	982	383	-75	191	105	22

Source: 2001 to 2013 Office for National Statistics Mid year Population Estimates

3.6. Net population increase comes from migration, which can fluctuate significantly over a relatively short period of time for example table 3 shows a difference of 1503 between the 2003 and 2010. Whereas, the average yearly difference is 872. It is clear, however, any overall growth in population comes from a net increase of people moving into the area – whether new migrants or returning former residents e.g. students. However, though the number of births and deaths remain relatively stable year-on year, migration is a much more volatile component of population change, which is difficult to measure and more so to predict.

Historical household numbers

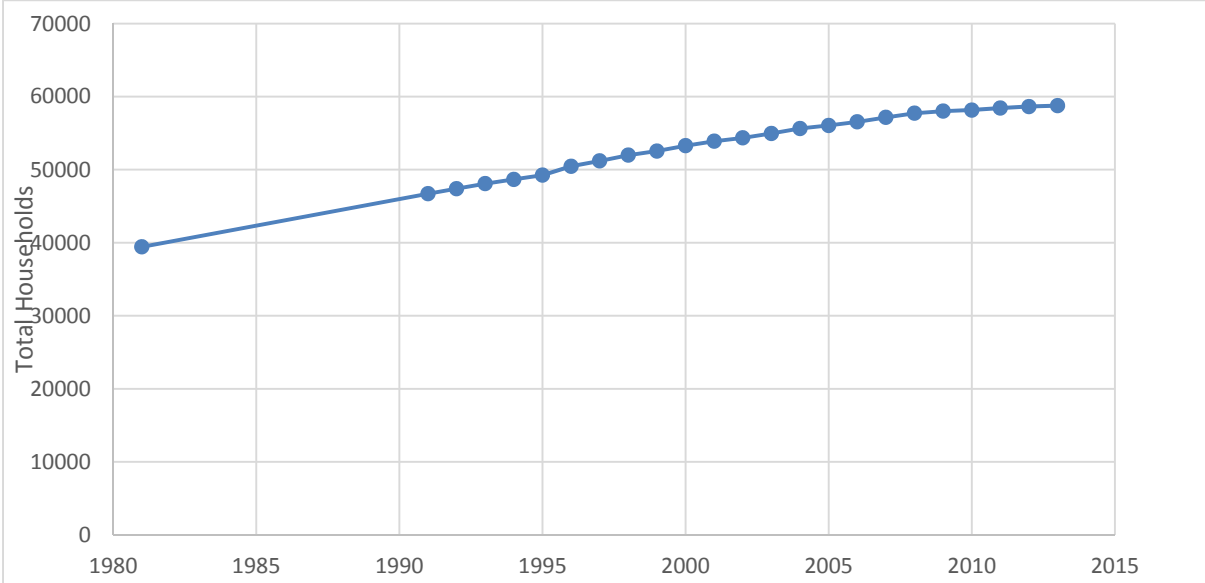
3.7. Both the table 4 and Fig. 2 below show the growth of household numbers in Powys since 1981 and a period of decline in starting in 2009 and very low figure in 2013 with an increase of only 115 households from 2012.

Table 4 - Households in Powys 1981 -2013

Year	Households	Change (from previous Census or year)
1981	39432	
1991	46708	7276*
1992	47394	686
1993	48084	689
1994	48666	582
1995	49252	586
1996	50466	1214
1997	51195	728
1998	51989	794
1999	52550	561
2000	53283	733
2001	53892	609
2002	54352	459
2003	54953	601
2004	55637	684
2005	56047	410
2006	56546	499
2007	57161	615
2008	57725	564
2009	58017	292
2010	58158	141
2011	58429	271
2012	58638	209
2013	58753	115

*Change in population from 1981 to 1991

Fig. 2– Powys Historic Household Growth



4. House Building Trends in Powys

4.1. There are two different key sources of evidence regarding past annual build rates in Powys:

- i) National statistics produced by the WG Statistics Unit/StatsWales – drawn from data supplied by local authority building control records; and
- ii) Joint Housing Land Availability Studies – drawn from data supplied by local planning authorities.

4.2. In Powys this means that the evidence source for i) comprises Powys-wide statistics, ie all the County including the area within the Brecon Beacons National park whilst for ii) the statistics are for the Powys statutory development plan area only (i.e. excluding BBNP).

4.3. It is considered that the JHLAS figures are more accurate for the Council's planning purposes. The table below shows annual completion rates across Powys from 1996 to April 2014 and the part year quarterly figures from April 2014. (It is estimated that 17.71% (23,550) of the Powys population reside in the BBNP which has been deducted from the following numbers to gain the Powys County Council planning area).

Table 5: Past Annual Completions for Powys (excluding BBNP area)

Year	House completions
1996-97 Annual	652
1997-98 Annual	284
1998-99 Annual	279
1999-00 Annual	383
2000-01 Annual	330
2001-02 Annual	374
2002-03 Annual	285
2003-04 Annual	368
2004-05 Annual	385
2005-06 Annual	324
2006-07 Annual	247
2007-08 Annual	130
2008-09 Annual	143
2009-10 Annual	209

2010-11 Annual	148
2011-12 Annual	161
2012-13 Annual	227
2013-14 Annual	146
2014-15 April-June	71
2014-15 July-September	82

Source: *StatsWales*

4.4. To give a clearer picture of recent trends, it is useful to look at the following averages:

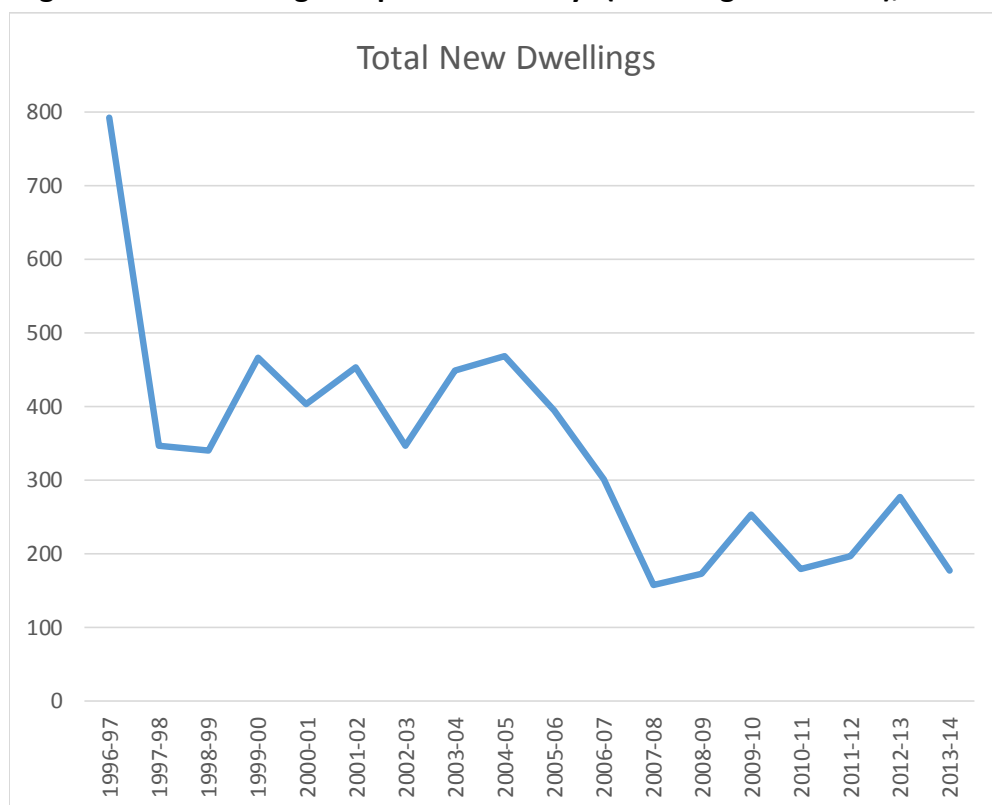
Table 6: Average Annual Completion Rates for Powys (excluding BBNPA area) -using StatsWales information:

	1996-2014 Average (18 years)	1999-2004 Average (5 years)	2004-09 Average (5 years)	2009-14 Average (5 years)
Powys	6169/18 = 281	348	245	178

Source: *StatsWales*

4.5. The above information is provided in graph form below which help demonstrate the long term trend but the graph includes the BBNPA area.

Fig. 3 - House Building Completion in Powys (including BBNP area), 1996-2014



Joint Housing Land Availability Studies (JHLAS)

4.6. The following table identifies past annual completions for the Powys LDP area according to records from JHLAS studies that go back to 2004.

Table 7: Past Completions 1 April 2004 to 1 April 2014 (source: JHLAS)

Year	Small Site Completions (Sites of 1-4 Dwellings)	Large Site Completions (Sites of 5+ Dwellings)	Total Completions
2004/05	126	294	420
2005/06	131	294	425
2006/07	131	294	425
2007/08	126	240	366
2008/09	57	102	159
2009/10	121	132	253
2010/11	83	156	239
2011/12	83	15	98
2012/13	76	147	223
2013/14	61	123	184
Total	995	1797	2792
Average Annual Completions (10 years)	99	180	279

Table 8: Average Annual completion rates using JHLAS information – longer term trends

2004-09 (5 years)	2009-14 (5 years)	2004 to 2014 Average (10 years)
358	199	279

4.7. The JHLAS building rate figures demonstrate the impact of the economic downturn which commenced in 2007/2008 and as a result between 2009 and 2014 the average number of completions was 199. The average number of completions over the 10 year period (2004-2014) was 279 completions.

Unitary Development Plan (UDP) House-Building Performance

4.8. The latest JHLAS study, the 2014 JHLAS, shows that a total of 3861 dwelling completions were recorded between the start of the UDP Plan Period (July 1st 2001) and the JHLAS base date (1 April 2014). The JHLAS was completed 12 ¾ years into the UDP period so the

figures currently show an overall average build rate of 303 dwellings per annum has been achieved. (Source: Row B, Table 1, JHLAS 2014)

- 4.9. This evidence is set against the UDP required annual completions rate of 410 dwellings per annum which would be necessary to meet the overall dwelling requirement of 6140 dwellings over the whole Plan period to mid-2016 (UDP Strategic Policy SP5). The JHLAS figures show that the Powys LDP Area has not actually experienced completion rates this high since the study year 2006-2007.

5. Population and Household Projections

- 5.1. Planning Policy Wales (PPW) advises that the Welsh Government (WG)'s latest Household Projections for Wales should form the starting point for housing requirements. In accordance with this guidance, the Council utilised the WG 2008-Based Household Projections as the basis for assessing housing need at the Preferred Strategy stage of the LDP, as these were the most recent projections available at the time.
- 5.2. Since the Preferred Strategy stage of the LDP, however two significant sets of new data and information were released, including:
- The 2011 Census; and
 - The Welsh Government 2011-Based Household Projections (which superseded the 2008-Based Projections).
- 5.3. The overall level of housing growth proposed within the LDP is arguably the most significant component of the Plan and paramount to the delivery of its aims and objectives. In light of the release of this new data and information the Council decided to reassess the overall housing requirement at the Deposit stage of the LDP using the 2011 household projections.

Welsh Government Population and Household Projections (2011 Based)

- 5.4. On 27th February 2014, the Welsh Government published the 2011-Based Household Projections for Wales which superseded the 2008-Based Projections and provide the most up to date set of trend-based projections at Local Authority level.
- 5.5. Planning Policy Wales recommends that:
- ‘the latest Assembly Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements’.*
- 5.6. The projections provide estimates of the number of households for the period 2011 to 2036 and are based on assumptions of future population growth, average household size and household composition, providing an indication of future demand for household space dependent on projected population growth and changes to household demographics. These are based on mid-year population estimates for 2011 which are the first estimates to be based on the 2011 Census.

- 5.7. The assumptions used to formulate the projections are based on past trends and therefore are only an indication of what will happen should past trends and anticipated growth continue. Therefore, whilst the projections are an appropriate and useful start point, they do not make allowances for the effects of local or central government policies or socio-economic factors on future population and household formation.
- 5.8. The development of projections is complex and based on a variety of assumptions. For example, household projections are based on population projections, which are in turn based on a series of assumptions regarding future fertility, mortality and migration rates. Due to the number of assumptions used, the further forward in time they are projected, the more uncertain they become. Notwithstanding this point, they do provide an indication of future demand and are useful for informing policy contained within Local Development Plans.
- 5.9. The 2011-based projections highlighted the following key changes for Wales as a whole:
- The total number of households in Wales is projected to increase by 15%, to 1.5 million by 2026, representing an increase of 190,400 households from 2011; A large proportion of the increase is expected to come from a rise in the number of 1 person households;
 - The average household size is projected to decrease across all local authorities by 2036; and
 - The Welsh average household size at 2011 is higher than previously projected, 2.31 at 2011, compared with the previously projected 2.23 at 2011 under the 2008-based household projections.

Population and household Projections for Powys (2011 based)

- 5.10. The Welsh Government published 2011 population projections in 2013 based on the 2011 Census data, which show that the Powys population is projected (Principal projection) to rise from 133,071 by 2.6% (3,400) to 136,489 in 2026 before falling to 134,985 in 2036. Over this period, it is projected that net migration will be approximately 500 persons per year, with net natural change starting at a loss of 180 in 2011 before falling to 850 in 2036.

- 5.11. The number of households projected is set to increase across the plan period from 58429 in 2011, to 62964 2026. This is due to an increase in population over the plan period and increased numbers of one and two person households. The average household size is projected to fall from 2.24 in 2011, to 2.13 in 2026.
- 5.12. Table 9 below summarises the key components of the 2011 projections which cover the Plan period (2011-2026).
- 5.13. The 2011 Principal based projection starts at a lower level than the 2008 Principal based projection (133,071 compared to 133,939) and rise at much slower rate to 136,489 in 2026, compared to 2008 based projection reaching 143,855.

Table 9 : Household Projections for Powys (2011- based) 2011- 2026

2011 based Household Projections	2011	2026
Principal Population	133,071	136,489
Number of households	58429	62964
Average household size	2.24	2.13

Source: Welsh Government 2011 Based Household Projections

Household Formation

- 5.14. A fundamental difference between the 2008 and 2011-based projections for Powys is the change in understanding of household size and formation trends. The 2008-based projections used 1991 and 2001 Census data to estimate projected membership rates for each household type. The 2011 based projections used improved 2011 Census data to estimate household formation. This change in data, combined with using 2011 based population projections and not 2008 based population projections resulted in the estimated average household size in 2011 to be higher than the 2008 based projection and to fall at a slower rate.
- 5.15. The 2008 based projection estimated average household size to be 2.23 in 2011, reducing to 2.07 in 2026. The 2011 based projections however found the average household size to be 2.24 in 2011 and reducing at a much slower rate than the 2008 projections had suggested to 2.13 in 2026.

Table 10: 2008 and 2011 Household Projections - Predicted Household size 2011 to 2026

	2011 (Household size)	2016 (Household size)	2021 (Household size)	2026 (Household size)
2008 Based Projections	2.23	2.16	2.11	2.07
2011 Based Projections	2.24	2.20	2.16	2.13

Source: Welsh Government 2008 based and 2011 based Household Projections

- 5.16. This change in household formation data is estimated to account for an estimated 2,664 households less in the 2011 based projections compared to what might have been expected from the 2008 based projections between the period 2011 and 2026.
- 5.17. The 2011-based projections predict a larger household size at 2026 when compared with the 2008 projections, this difference has implications to the anticipated level of households projected by the end of the LDP period and indicates a reduced requirement for new housing by 2026.
- 5.18. The 2011 Census found that the number of households between 2001 and 2011 had not grown as fast as previously believed. Household membership rates changed to reflect this.
- 5.19. There had been lower numbers of young people leaving home and starting their own households, lower numbers of young people living alone/in small households, more adult children remaining or returning to parental home, more households formed from unrelated adults and lower numbers of elderly females living alone as men are living longer. All these factors help explain the changes to household membership rates.
- 5.20. The impact of this is that the number of households in 2011 in Powys is lower than had been projected from the 2008 based household projections, and future 2011 based household projections are increasing at a slower rate than the 2008 based projections.
- 5.21. As a result of the improvements to the data relating to the household membership rate we know that between 2001 and 2011 average household size started at higher level and decreased at a slower rate than it had been projected to in the 2008 based projections, and

future projections also have average household size falling slower than previously projected.

“The results of the 2011 Census showed that population growth was higher than had been projected for 2011 using the 2006-based and 2008-based Local Authority Population Projections for Wales. Household growth was shown to be lower than projected for the years up to 2011 based on the 2006-based and 2008-based Household Projections for Wales. Conversely average household size was higher at the time of the census than had been previously projected for 2011. This reflected the difference between actual household formation trends and those than had been built into the assumptions for the previous household projections.” (Source: Household Projections for Wales (2011-based) – First Release, Welsh Government Knowledge and Analytical Services, 27 Feb 2014).

Projected Age Structure

- 5.22. The projected population figures for Powys (including the BBNPA area) is shown in Table 11 below :

Table 11: Projected Age Structure of Powys, 2011-2036 (2011 Principal projection)

Age group	2011	2016	2021	2026	2031	2036
0 – 15	22,761	21,634	21,609	21,116	20,195	18,958
16 – 44	40,346	38,429	37,127	36,833	36,254	34,312
45 – 64	39,437	39,151	38,071	35,807	32,842	31,846
65 – 74	16,384	19,538	20,146	19,731	21,118	21,530
75+	14,143	15,843	18,941	22,996	25,644	27,987
Total	133,071	134,595	135,894	136,483	136,053	134,633

Source: 2013 ONS Population Estimates Unit

- 5.23. Table 11 shows that the population is projected to increase in average age, with an increasing number of elderly over 65 and a decreasing number of people across all the age groups up to 65 and over.
- 5.24. Within the 16 to 44 year old age bracket there has been net out-migration, highlighting the key issue faced by the county of an aging population. Powys has the second highest average age in the whole of Wales and the largest population cohorts in Powys are the 60-64 and 65-69 year olds. For Wales and the UK on the other hand, the largest cohorts are 40-44 year olds and 45-49 year olds.

5.25. Critical issues for the Powys are therefore:

- The increasing number of retirement age residents significantly increasing the proportion of economically inactive people in the County.
- The trough in the population aged between 20 and 35 years, as these individuals offer a significant level of socio-economic contribution to a local economy and suggests a brain drain that commences when individuals head to university with them usually not returning until their late thirties at the earliest.

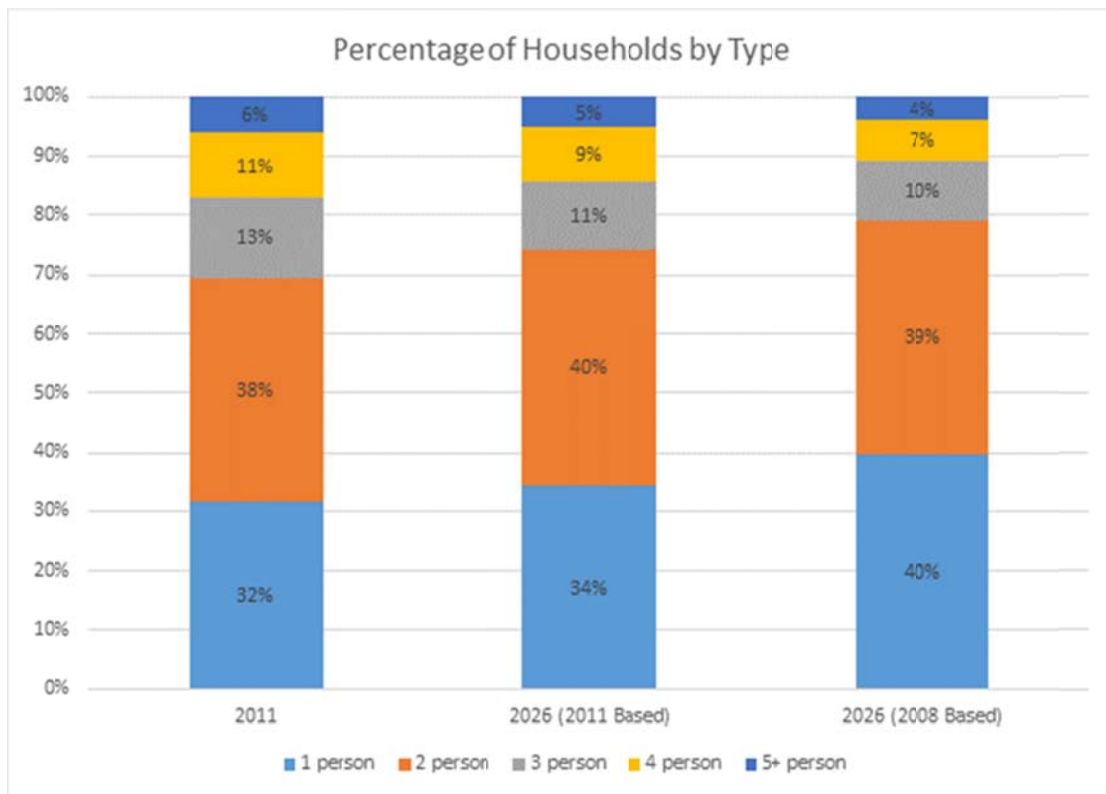
Variant Population Projections

5.26. The 2011-based population projections provide the estimates for both the principal population and also a series of variant projections based on the variant population projection scenarios published by the WG in September 2013. These variant projections are as follows:

- *Higher Population Variant*: based on assumptions of higher fertility rates and lower mortality rates;
- *Lower Population Variant*: based on assumptions of lower fertility rates and higher mortality rates;
- *Variant on Migration Assumptions*: a variant based on the migration of a 10 year average, as opposed to the 5 year migration average used in the principal projections; and
- *Zero Migration Variant*: based on a natural change only (difference between numbers of births and deaths) variant, used to illustrate the projected population should there be no future inward or outward migration.

5.27. The variant projections are for illustrative purposes to provide alternative scenarios of how projections would be impacted dependent upon variations in fertility, mortality and migration.

Figure 4 –Predicted Household Composition up to 2026



Source: 2013 ONS Population Estimates Unit © Crown Copyright.

5.28. The above graph (Fig.4) shows that in 2026, the 2008-based projection had much higher rates of single and two person households compared to the 2011-based projections, leading to higher household requirements.

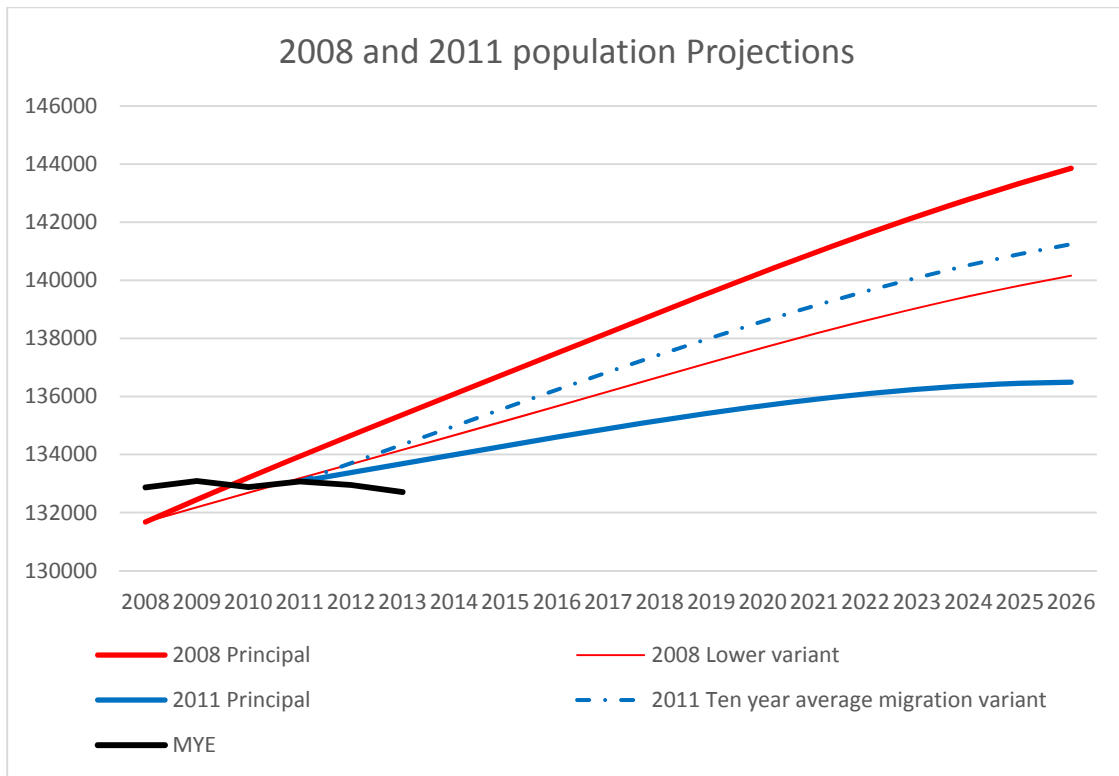
Comparison between the 2008 and 2011 Population Projections

- 5.29. Table 12 and the graph (Fig. 5) below both show the 2008 and 2011 principal population projections as well as the different variant projections. The Principal based projection shows a population rise of 3,418 between 2011 and 2026 compared to 9,916 for the 2008 based projections. The graph shows the mid-year estimate which is showing no early signs of the population growing at the rate that the 2008 and 2011 projections predicted and is actually showing a slight decline.

Table 12: 2008 and 2011 Population Projections – Principal and variant projections

		2008	2011	2016	2021	2026
	MYE	132865	133071			
2008	Principal	131677	133939	137492	140942	143855
2008	Lower variant	131677	133180	135661	138154	140158
2008	Higher variant	131677	134704	139365	143813	147673
2008	Zero migration variant	131677	131186	130545	130540	130734
2011	Principal		133071	134600	135897	136489
2011	Lower variant		133071	134251	134957	134994
2011	Higher variant		133071	134777	136448	137611
2011	Zero migration variant		133071	132255	131632	130934
2011	Ten year average migration variant		133071	136228	139117	141247

Fig. 5 - Comparison of the 2008 and 2011 Population Projections showing MYE

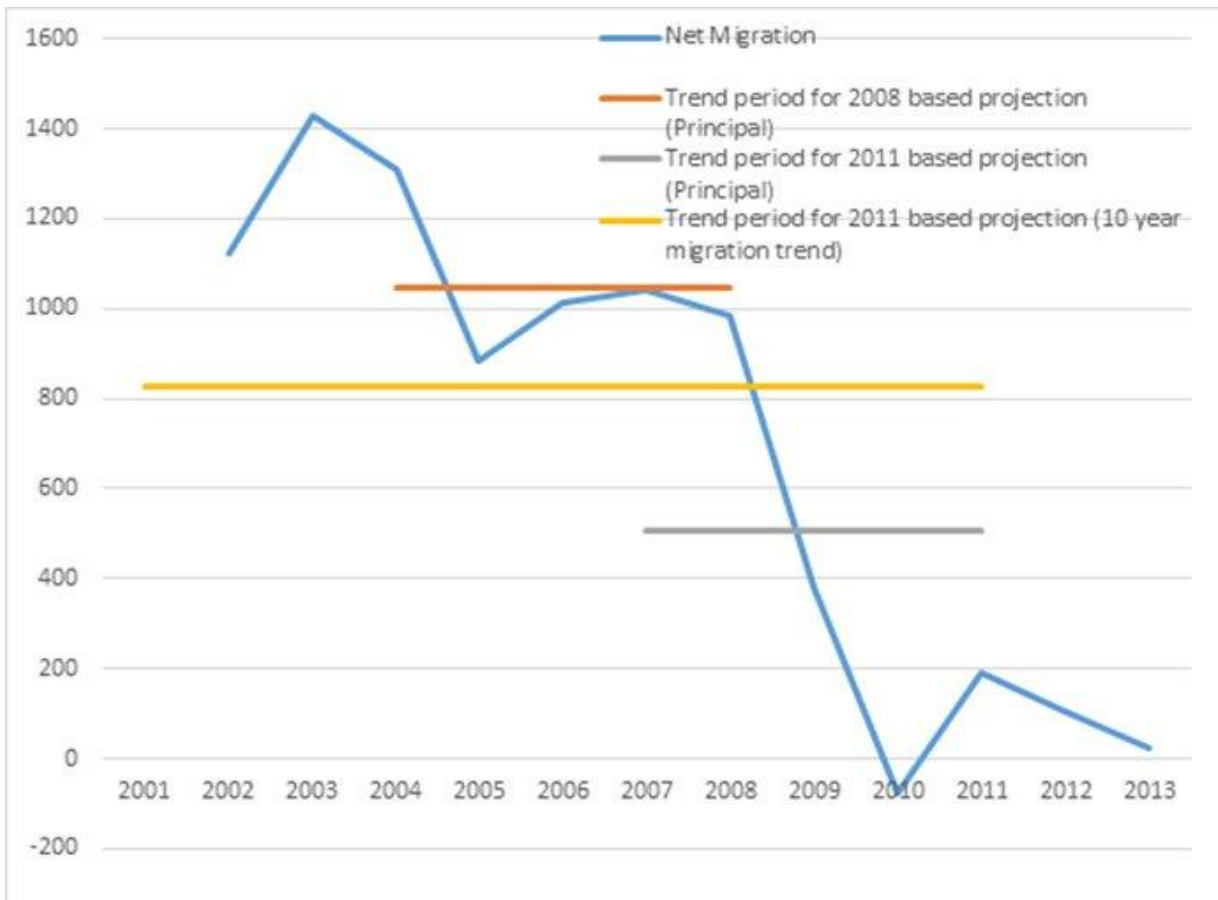


Sources: 2008/2011 Welsh Government Population Projections © Crown Copyright 2012/2013 Office for National Statistics Mid Year Population Estimates © Crown Copyright

10 Year Migration Variant (2011 Projection)

5.30. When the Welsh Government produced the 2011 based population and household projections, it produced some variant projections to go alongside the Principal projection. One of the variants was the ten year migration variant, based on average migration over a ten year period (2001 to 2011) in comparison to the Principal projection which used trends based on the previous 5 year period (2006-2011).

Fig. 6 - Annual net migration for Powys, showing trend periods used in Welsh Government population projections



Source: mid-year population estimates, ONS; WG 2008 and 2011 based household projections

- 5.31. The main driver of population change in Powys is migration. Natural change is fairly stable and predictable, but changes to the level of migration are what significantly impact changes to the Powys population.
- 5.32. The above graph (Fig. 6) shows net migration for Powys between 2001 and 2013. Net migration between 2001 and 2008 was around 1,000 people per year into Powys. The 2008 based projections used trends based on 2004 to 2008.
- 5.33. The impact of the economic downturn which commenced in 2008 can clearly be seen on the levels of net migration. Net migration fell to under 400 into Powys in 2009, before Powys experienced its first net outward migration in 2010 before settling between zero and 200 between 2011 and 2013.

- 5.34. The new 2011 – based principal projection is based on a five year migration trend and looks at the period from 2006/07 to 2010/11 which includes the years of the economic downturn. The average annual migration for the 5 year period in this projection was +505.
- 5.35. The 2011 based 10 year trend projection took a longer period, between 2002 and 2011 which evened out some of the peaks and troughs seen over the shorter periods. The average annual migration for the 10 year period was +828.
- 5.36. These figures show how the annual average net migration for any selected period can fluctuate, there is significant difference between the highest and lowest trend used by Welsh Government and this can have a significant impact on the perceived continuity of projections methodology over time. Generally speaking, a longer trend period is more stable, however, it is difficult to accurately predict future migration trends due to factors which fluctuate such as the economic climate and housing market.
- 5.37. The volatile nature of the migration element of population change highlights the limitations of using trend based projections in isolation of other data and especially of using migration trends for only one short fixed period. Migration data is a key component of the projections process, but the resultant outputs from a projections model can vary widely, depending on the trend period which is selected.

WG 2008 & 2011 Household Projections and 2011 Census

- 5.38. Table 13 below shows the 2008-based household projections estimated the number of households in Powys (including BBNPA area) at 2011 to be 61,398, increasing to 71,712 households by 2026, equating to an increase of 9,070 new households (excluding BBNPA area) being forecast. The household growth of 9,070 households predicted under the 2008 projections is significantly higher than the requirement of 3,784 additional households by 2026 under the 2011-based projections.
- 5.39. The 2008-based projections estimated the number of households at 2011 to be 61,398 whereas the actual number of households at the time of the 2011 Census was 58429. The projections therefore estimated a significantly larger number of households at 2011 than there actually were and continue to predict large increases in the number of households for the whole period. This may be due to several factors, such as the projections being based

on a period of high in-migration and a large reduction in average household size which has not reduced at the rate anticipated.

- 5.40. The large variation between the predicted households at 2011 under the 2008-based projections compared to actual households under the 2011 Census supports the Council's view that the 2008-based projections were too high and would have required a level of house building that has never before according to past completion records been experienced in Powys.

Table 13: Growth of Households to 2026 – the differences between the 2008 and 2011-based projections

Source	Powys Households mid-2011	Powys Households mid-2026	Difference (Increase) in Powys households (estimated no. of h/holds in BBNP @ 17.735% - 2011 based)	Increase in Households in Powys LDP Area (excluding BBNP area) = Starting Point for Calculating the Dwelling Requirement for the LDP
2008 based Projections– Principal Projection	61,398	71,712	10,314	9,070
2008 based Projections– Lower Variant Projection	61,057	70,160	9,103	7,043*
2008 based Projections– Zero Migration Variant	60,094	64,093	3,999	4,711
2008 based Projections– High Variant Projection	61,742	73,343	11,601	9,544
ACTUAL 2011 Census Evidence	58,345			47,998
2011 based Projections– Principal Projection	58,400	63,000	4,600 (- 816)	3,784**
2011 based Projections– Low Variant Projection	58,400	62,400	4,000 (-709)	3,291
2011 based Projections– Zero Migration	58,400	59,600	1,200 (-213)	987

2011 based Projections– High Variant Projection	58,400	63,400	5,000 (-887)	4,113
2011 based Projections– Ten Year Average Migration	58,400	65,000	6,600 (- 1171)	5, 429

Source: Welsh Government 2008 based and 2011 based Household Projections

7,000 (7,043)* The figure taken forward into the Preferred Strategy

3,784** The figure taken forward into the Deposit Plan as the starting point

- 5.41. The 2011-based projections are derived from the 2011 Census which allowed for the recalibration of all data that was used to produce population and household estimates and projections. Fertility/mortality rates and migration trends and household composition were revised.
- 5.42. Consequently, it can be argued that the 2011 based projections are the most accurate and reliable. There are, however, other factors that need to be considered when reviewing these projections. Firstly, the 2011 Principal projection uses a five year migration, which has been calculated over a period of economic recession which could have reduced in - migration for that period. Moreover, the recession itself could have reduced the requirement for housing over that period due to affordability and limited mortgage liquidity.
- 5.43. Table 14 below provides a summary of the various housing requirements figures derived from the 2008 and 2011 Projections (Principal and the variant projections). The table also provides the housing provision figure for each of the projections which is the housing requirement plus a 10% flexibility allowance which acts as a contingency if site allocations do not for whatever reason come to fruition.

Table 14: Summary of Housing Requirements from the 2008 and 2011 Projections (Principal and Variants)

2008 & 2011 Household Projections	2008 Principal Projections	2008 Lower Variant (Preferred Strategy)	2011 - Principal (5 year migration)	2011 - 10 year migration
Households requirements	9070	7043	3784	5429
Dwelling Requirement (Plus conversion to dwelling rate = 8% (1:1.08))	9796	7606	4087	5863
Dwelling Provision (Dwelling Requirement Plus 10% flexibility)	10775	8366	4496	6449

6. Using the 2008 and 2011 Welsh Government Projections for the Powys LDP

Introduction

- 6.1. This section explains the use of the 2008 and 2011 Welsh Government population and household projections in the preparation of the Powys LDP, including the consideration of the Principal projections, the lower variant (2008) and the 10 year migration variant (2011).
- 6.2. Both sets of projections have been used to calculate the housing requirement for Powys LDP area at different stages of preparing the LDP process. At the Preferred Strategy (Pre-Deposit) stage in 2012 the 2008 projections (Lower Variant) were used and at the draft Deposit stage, when released in 2014, the 2011 projections were used. The use of two sets of projections at different stages of the LDP is due to the fact that the projections are released every few years and the preparation of a LDP can, as often happens, span several sets of projections released by the Welsh Government.
- 6.3. The next set of projections are due to be released in the early part of 2016 at approximately the same time as the Powys LDP Examination in Public (EiP) is due to take place and the Inspector of the EiP may well decide to take into account the new information available from those projections. Some flexibility as the plan progresses will be appropriate. The Council's decision to use the 2011 rather than the 2008 projections prior to the LDP was placed on Deposit in the summer of 2014, is in accordance with Planning Policy Wales, which recommends that:

'the latest Assembly Government local authority level Household Projections for Wales should form the starting point for assessing housing requirements'.

Preferred Strategy (Pre – Deposit) Stage - Use of the 2008 Lower Variant

- 6.4. At the time of the Preferred Strategy the various 2008-based projections for Powys (including BBNP area households) showed a possible range of household growth from 4,000 at the lowest (zero migration, based on natural change only) to 11,600 at the highest. The principal projection showed an increase of Powys households of 10,314 which accounting for households in the BBNP area, equated to an increase of 9,070 for the Powys LDP area.

- 6.5. The Pre-Deposit Plan (Preferred Strategy) contained a detailed explanation in Appendix 1 entitled 'Housing Growth Options Assessment and Justification'. It explained why it was considered that a housing growth scenario consistent with the Lower Variant Household Projection (7,043 plus 10% flexibility - Option C) was the most well evidenced and appropriate option for housing growth in the Powys LDP area. The Pre-Deposit LDP therefore, based on the Lower Variant, calculated the housing requirement to be 7,700 dwellings. In its comments on the Preferred Strategy the Welsh Government considered that the Council had not justified sufficiently the use of a housing growth option (lower variant) which had a significantly lower dwelling requirement than the principal projection preferred by the Welsh Government.
- 6.6. The main pieces of evidence justifying the use of the Lower Variant rather than the Principal projection included that the dwelling requirement associated with the 2008 Principal projections in the Powys LDP Area would have been at 10,010 (9,100 plus 10% flexibility) – (see Option B Table 7,pg 34, PS) which would have meant a build rate in the region of 667 dwellings/annum. The evidence of past build rates did not support this as a realistic or feasible option. The average number of dwellings built per annum was 279 dwellings between 2004 and 2014 using JHLAS records and over a longer period of 18 years using statswales figures from 1996 to 2014 was only 281 dwellings per annum. Another reason for using the Lower Variant rather than the Principal was that the mid-year estimates (MYE) from 2008 were not showing an increase in population at anywhere near the rate being predicted in the Principal projection as shown in Fig. 5.

Natural change

- 6.7. The Lower Variant is based on assumptions of lower fertility and higher mortality rates and as Fig. 8 shows this results in a net decrease of – 8223 whilst the Principal projection shows a net decrease of – 4527 (Fig. 7).

Migration

- 6.8. The lower variant is based on natural change only with the net migration being the same in this variant as it is in the Principal projection at +16704.

Figure 7: 2008 Based Principal Projection Components of Change 2008-2026

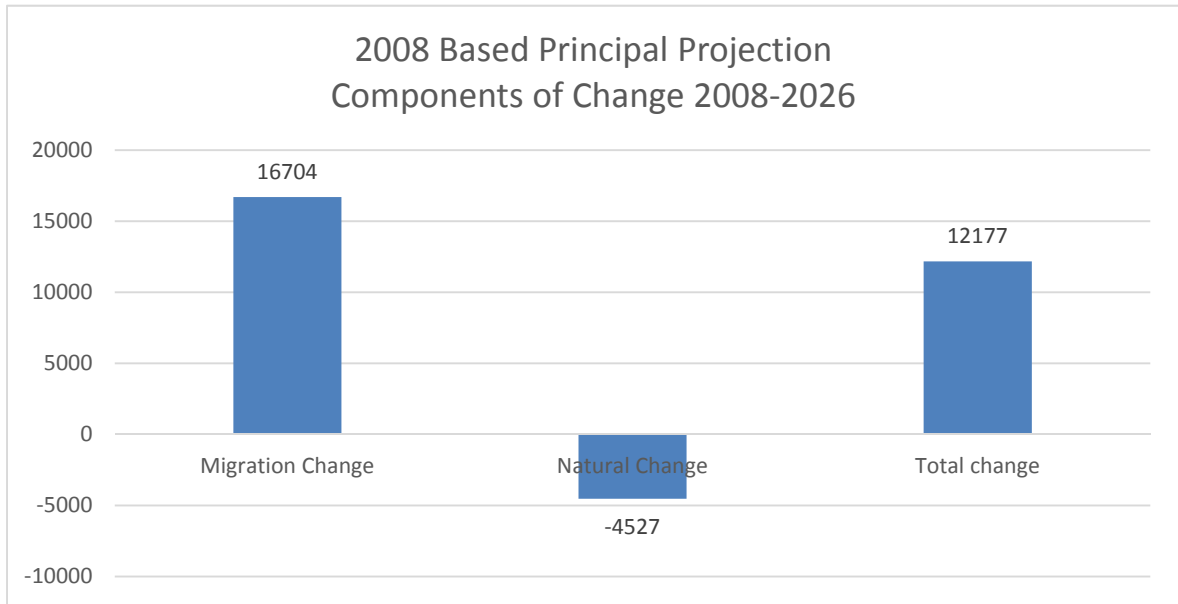
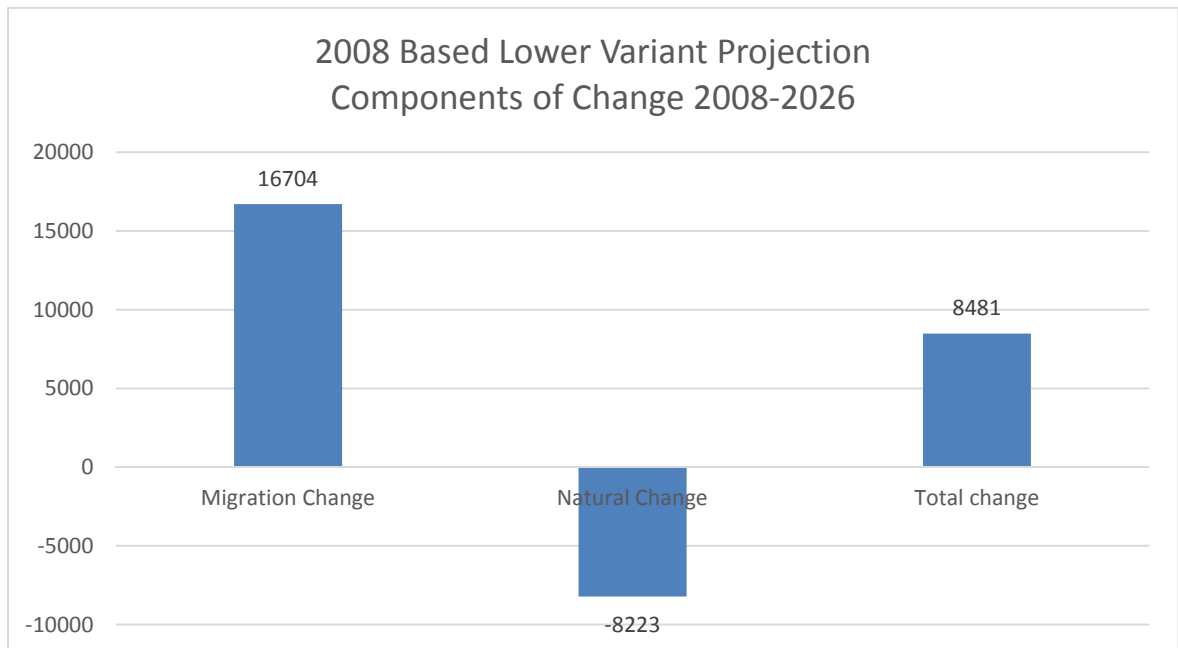


Figure 8: 2008 Based Lower Variant Projection Components of Change 2008 - 2026



The dwelling requirement using the Lower Variant

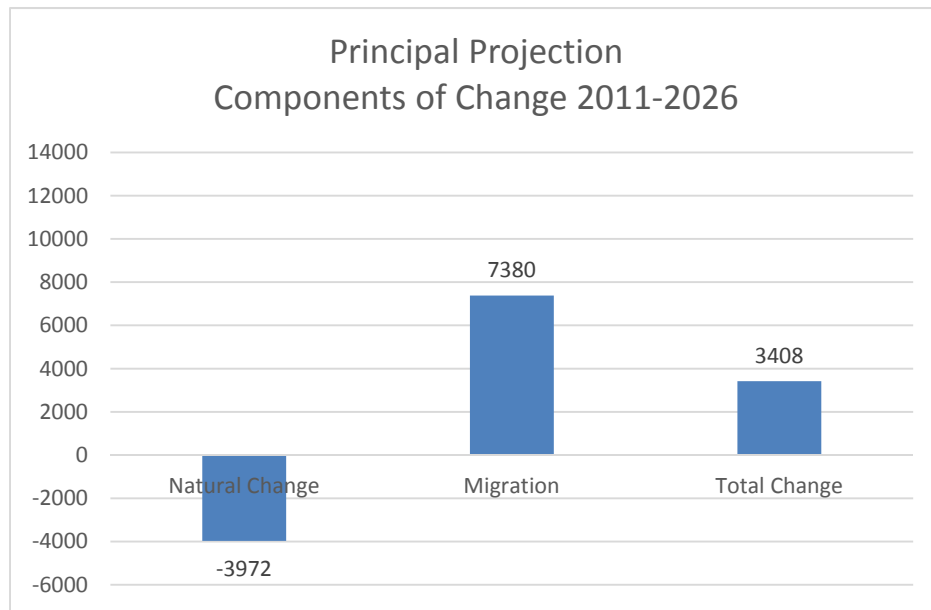
- 6.9. Even using the Lower Variant as a starting point the dwelling requirement derived from it of 7043 dwellings equating to a 470 dwellings per annum was considered at the time of producing the Preferred Strategy a challenging rate of build even if economic conditions were to return to what they were prior to the recession.
- 6.10. The Council recognised at the Preferred Strategy stage that more up to date information would be made available resulting from the 2011 Census and this would need to be considered before the LDP was due to be placed on Deposit. Information from the 2011 Census could obviously not be ignored in relation to informing the LDP and particularly the housing requirement and this was recognised in the Preferred Strategy which stated that:
- “the preferred option (ie 7,700 new homes) needs to be flexible enough to accommodate the 2011 census results when published. If the 2011 census identifies that population and households are lower than the 2008-based projection lower variant, the Council is likely to reduce the dwelling requirement for deposit”* (Appendix 1, 10.7.4, pg 66, Preferred Strategy).

2011 Population and household Projections for Powys - Principal (5 year migration) Projection and 10 year Migration Variant

Principal Projection

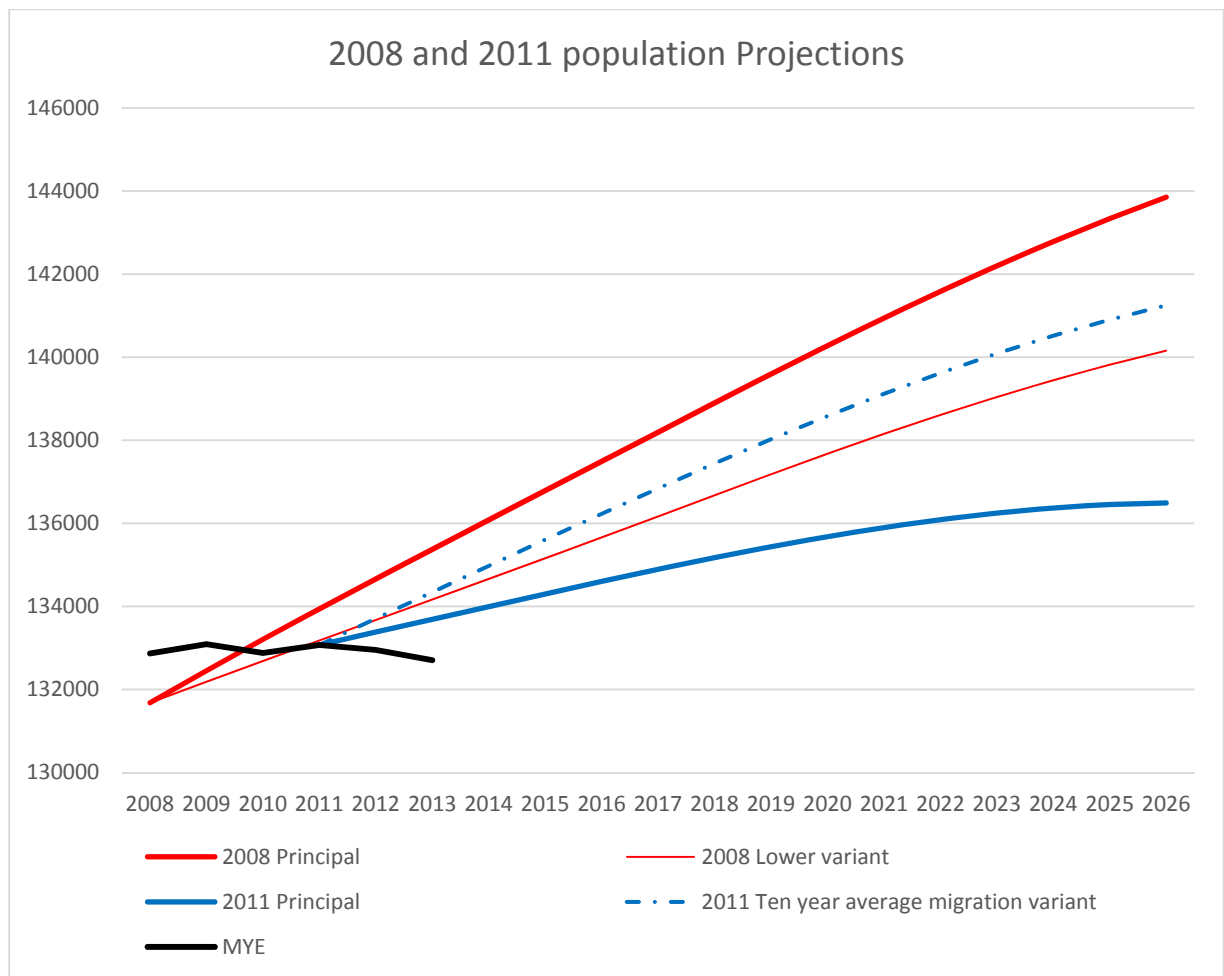
- 6.11. The 2011 Principal projection assumes a continuation of natural change and migration rates that were experienced in the five years preceding 2011. This projects a population increase for the County of 3,418 people by 2026 which equates to 228 new residents per annum over the plan period. Deaths exceed births in 2011 and over the plan period this gap is predicted to increase (from 181 in the first year to 453 in 2026). This excess of deaths over births means by the end of the plan period, the population of Powys is expected to peak and after the end of the plan period begin to fall.
- 6.12. It is considered that the natural change components of the Principal projection are feasible given the long term trends and known demographic changes taking place.
- 6.13. Net migration is expected to be positive over the Principal projection period (a net figure of +463 UK migrants moving in and 29 overseas migrants in migrating per annum) resulting in a net gain of 492 people per annum, 7380 over the plan period.

Figure 9: Principal Projection Components of Change 2011- 2026



- 6.14. This level of net migration is considered to be feasible taking into account that the most recent mid – year estimates (released in 2013 and 2014) are currently showing a decline in the population of Powys in the last few years and in 2013 net migration was only at +22.
- 6.15. The graph (fig. 10) below shows the various 2008 and 2011 population projections: the principals (2008 and 2011), the lower variant (2008), the 10 year migration (2011) and also the mid- year estimates since 2013, the most recent of which show a decline in population in Powys.

Fig. 10: Comparison of the 2008 and 2011 Population Projections showing MYE



Sources: 2008/2011 Welsh Government Population Projections © Crown Copyright 2012/2013 Office for National Statistics Mid Year Population Estimates

Average Household Size

- 6.16. The average household size is projected to reduce over the plan period from 2.14 to 2.13. The 2011 Principal projection predicts a larger household size at 2026 when compared to the household size predicted in the 2008 projections. This difference has implications for the anticipated level of households projected by the end of the LDP period and indicates a reduced requirement for new housing by 2026.
- 6.17. The 2011 Census found that the number of households between 2001 and 2011 had not grown as fast as previously predicted in the 2008 household projections. There has been lower numbers of young people leaving home and starting their own households, lower numbers of young people living alone/in small households, more adult children remaining or returning to the parental home, more households formed from unrelated adults and

lower numbers of elderly females living alone as men are living longer. All these factors help explain the changes and improvements to data relating to household membership rates.

- 6.18. The number of households in Powys projected by 2026 is 62,964 (2011 Principal projection) which equates to a growth of 4,535 households between 2011 and 2026 which when revised to the Powys LDP area is 3,784 households. When the household number of 3784 is converted to number of dwellings (plus 8%, as explained in section 6 paragraph 6.9), 4,496 dwellings would be required over the LDP period which equates to 300 dwellings per year.
- 6.19. Whilst the Principal population projections do form a useful starting point to determine how the future population will change if short term population trends continue, it is not considered that the level of growth that is projected is truly reflective of what may happen over the course of the plan period, particularly if the economic climate improves over the plan period.

House building trends

- 6.20. In determining how robust it would be to base the LDP housing requirements entirely on 2011 based Principal projection, it is important to consider long term trends in house building. Table 7 identifies the total number of units completed on small and large sites since information was recorded by the JHLAS process since 2004. The cyclical nature of the house building is clearly demonstrated in the graph on page 16 (Fig. 3), being strongly linked to the condition of the economy with periods of high completions in economically buoyant times and periods of low completions in poor economic conditions, such as the early 1990s since 2007/2008.
- 6.21. The table below (Fig.15) shows annual completions derived from JHLAS records going back to the first available record from 2004. The average annual completions rate over the 10 years between 2004 and 2014 was 279 dwellings. The 10 years consisted of two contrasting periods of economic conditions which the numbers in the table clearly reflects. In the first 5 years, 2004 to 2008, there was an average number of completions of 358 dwellings and over the 5 years, between 2009 and 2014, the average was only 199 dwellings. Completions in the years 2004 to 2007 were around 420 per annum which reflects this buoyant economic period prior to the start of the economic downturn in 2007/08.

Table 15: Average Annual completion rates using JHLAS info – longer term trends

2004-09 (5 years)	2009-14 (5 years)	2004 to 2014 Average (10 years)
358	199	279

6.22. Having regard to the long term house building trends, using the housing requirement derived from the principal projection of 4087 dwellings the average number of dwellings per annum would be 272 over the plan period. The number of 4087 dwellings is calculated using the number of households of 3784 which is predicted in the principal projection and converting that figure to derive the number of dwellings by adding 8%. This conversion is explained later in this topic paper in paragraph 6.9 page 45). It is considered that a housing requirement of only 272 dwellings per annum (although close to the average number of dwellings completed over the last 10 years of 279) is too low and is not considered a sufficiently aspirational amount of housing for the future growth of Powys.

Structure of the Population

- 6.23. The Principal Projection predicts that by 2026 there will be less males and females of working age for all age groups up to the age of 65. The decline in working age population over the projection period and increase in the number of elderly people, who will not be working, is again likely to have implications for the economic prosperity of the County as there will be not only be potentially fewer workers in the age group to occupy jobs but also fewer people of the age (40-55 age) with the greater experience and more skills who are most likely to set up their own businesses and in turn employ people.
- 6.24. The decline in the working age population identified in the Principal projection would not accord with aims and objectives of the LDP, which seeks to increase the economic prosperity of the people and communities in the County through the provision of land for employment opportunities, supported by appropriate housing, facilities and services.

Conclusion

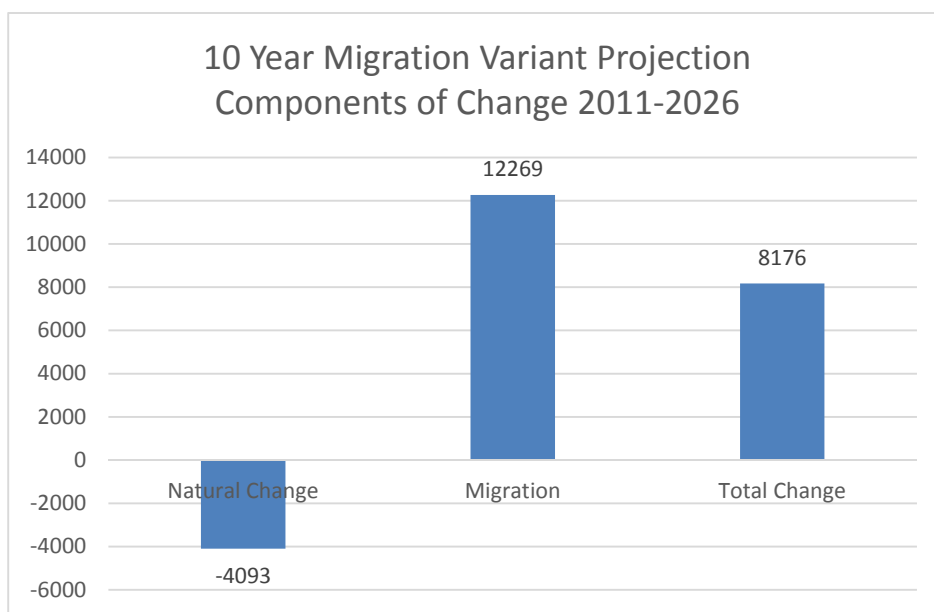
- 6.25. It is considered that a housing requirement based solely on the 2011 Principal based population and household projections, although reflecting house building trends of recent years, would not be appropriate when longer term trends for migration and house building are considered and would not support other aims and objectives of the LDP, specifically in terms of ensuring a strong labour force to encourage economic prosperity, by attracting people in the age bands most likely to contribute to the economy or who are most likely to relocate their existing businesses in the County or set up businesses and employ local people.
- 6.26. Conversely the net migration level predicted in the Principal projection of +7380 (+492 per annum) is considered a more feasible rate of migration than that predicted by the 10 year migration variant (see below) due to the fact that recent mid- year estimates are indicating a decline in the population of the County and a net migration of only +22 in 2013. The rate of net migration predicted is therefore considered in accordance with the economic growth aspirations of the LDP.
- 6.27. Therefore, the housing requirement in the deposit LDP has been substantially increased from the LDP that was placed on deposit in 2014 in order to both take account of the economic and social aspirations of the Plan and the letter sent to all local planning authorities in 2014 from the Minister of Natural Resources, Carl Sargeant AM urging local planning authorities to take a cautious approach to using the 2011 projections when calculating their housing requirements as they were based on a 5 year migration trend that spanned the years of the economic downturn.

10 year Average Migration Variant

- 6.28. In light of the concerns raised over the short term nature of the migration trends used to inform the 2011 based principal projections an additional scenario, the 10 year average migration projection, has been considered which assumes an average migration rate for Powys based on last 10 years of migration rather than 5 years as is the case with the principal projection.

6.29. This projection shows a significant increase in population during the plan period increasing by 8,176 people from 133,071 in 2011 to 141,247 in 2026.

Figure 11: 10 Year Migration Variant Projection Components of Change 2011-2026



6.30. The 2011 based 10 year migration trend projection took a longer period which evened out some of the peaks and troughs seen over the shorter periods. The average annual migration for the 10 year period is +828 compared to +492 for the 5 year Principal projection.

6.31. As a 10 year average for migration rather than a 5 year migration has been used to inform the projections the effect of the economic downturn on migration rates is not as marked but would still influence the average. However, although it is acknowledged that a longer term projection period is considered more robust as it would recognise that the last 5 years have been exceptional due to economic circumstances, the 10 year migration projection is indicating an average annual migration for the 10 year period 2001 to 2011 of +828.

6.32. This is a level that the Council does not consider net migration will return to during the Plan period, particularly the first half of the Plan period based on the evidence of the most recent mid -year estimates which are showing the population of Powys declining not rising.

The net migration figure for 2013 was only +22 and the next mid-year estimate figures are due to be released in June 2015 which may provide an indication of whether or not the annual net migration is beginning to rise at a rate which could eventually reach the +828 per annum predicted in this projection during the plan period. Four years of the Plan period have already passed and there are no signs of the net migration returning to the levels experienced in the years leading up to the economic downturn in 2008 and predicted in the 10 year migration projection.

House building trends

- 6.33. When the household projections derived from the 10 year migration projection are converted into number of dwellings, an annual house building figure of 390 dwellings would be needed to meet the requirement over the Plan period of 5863 dwellings.
- 6.34. It is considered that 390 dwellings per year is an ambitious rate of build when compared with historical build rates whereby the average annual completions has been 279 dwellings per annum over the last 10 years since 2004, but it is considered a feasible rate as this period included several years when annual build rates exceeded 400 dwellings.

Structure of the Population

- 6.35. The age structure of the population in the 10 year migration projection is very similar to that in the Principal projection.
- 6.36. The comparison of those working age (18-60/65) in 2011 and those projected to be within this age group in 2026 identifies a decrease of 6,330 working age people. Similar to the Principal projection this raises concerns about future economic growth and prosperity over the Plan period in Powys.

Conclusions

- 6.37. Recent mid-year estimates (2012 and 2013) are not indicating a return to levels of net migration levels (+828 per annum) predicted in this projection. The annual house building rate associated with this projection are significantly higher than the historical build trends and therefore would be challenging but still considered feasible considering that several years prior to the recession in 2008 exceeded 400 dwellings per annum.

Overall Conclusion

Use of the 2011 Principal Projection as a Starting Point

- 6.38. The net migration level predicted in the Principal projection of 492 per annum over the plan period is considered more feasible than the level predicted in the 10 year migration projection of 828 per annum as recent mid-year estimates have shown a very low level of net migration, 2013 being the most recent with a figure of only +22.
- 6.39. The Principal projected housing requirement of 4,087 dwellings forms a starting point and the Council has taken into account other local factors in assessing the dwelling requirement, including the need to increase levels of net migration, the retention of young out-migrants, the need to deliver affordable housing and the availability of suitable sites. Having assessed these factors it is considered that the LDP should plan for a higher level of housing growth. However, this level needs to be realistic and capable of being delivered so an assessment against past build rates was undertaken.
- 6.40. The conclusion of this assessment is that the LDP's forecasted dwelling requirement is for 5,519 dwellings (using the Principal projection as a starting point) which include allocations and an estimate of windfall sites likely to come forward over the plan period. The required 5,519 dwellings equates to 368 dwelling per annum which although considered ambitious when compared to the average annual build rate of 279 dwellings between 2004 and 2014 the JHLAS records show that this rate of build is feasible when there were several years prior to the recession when annual build rates exceeded 400 dwellings per year.
- 6.41. In planning to deliver this dwelling requirement, the LDP also includes a flexibility allowance just in case site allocations for whatever reasons cannot be delivered in the plan period. An additional 10% flexibility has therefore been added which is a standard percentage used by other local planning authorities (LPAs) in Wales in their LDPs and also recommended to LPAs by Welsh Government. Consequently the plan makes an overall housing provision for 6,071 dwellings in order to meet the dwelling requirement of 5,519 dwellings.

7. Housing Requirement, Provision and Flexibility

- 7.1. There are a number of factors that have been used to calculate the LDP housing requirement for Powys including the Welsh Government household projections and the consideration of local evidence such as the Local Housing Market Assessment and Economic Needs Assessment.
- 7.2. To provide the required housing an adjustment is applied to allow for vacancies in the dwelling stock plus the building in of flexibility to account for uncertainty, the economic downturn and affordable housing need. The housing need that is derived from the calculation should be considered achievable and it is past annual completion rates that can act as benchmark.

Evidence base studies informing the Housing Requirement

Powys Local Housing Market Assessment Update 2014

- 7.3. A Local Housing Market Assessment (LHMA) Update has been produced to assess housing needs over a 5 year period (2011-2016). The Assessment identified a need for affordable dwellings of 765 dwellings over the first 5 years of the LDP period which equates to 153 per annum and 2,295 in total over the 15 year plan period. It is not considered realistic for the planning system to meet this level of affordable housing and thus the importance of other delivery mechanisms to release affordable homes is paramount. Nevertheless the planning system has a fundamental role to play and the LDP, through its combination of affordable housing policies, can certainly contribute to the overall supply of affordable homes in the county. The Affordable housing requirement and provision, including viability considerations, is discussed in greater detail in the separate Affordable Housing Topic Paper.
- 7.4. To achieve 2,295 affordable dwellings over the plan period on housing land committed sites and new housing allocations would, assuming affordable homes were viable on larger (5+) development sites at an amount of 20%, mean planning in the region of 11,500 new dwellings. A build rate of 765 dwellings per year would therefore be needed which based on past building trends is an unprecedented level of development in Powys. Such a level of new housing is therefore regarded as unachievable especially given Powys' local

characteristics (e.g. the rural nature of the Plan area, lack of national volume housebuilders, low wage economy, travel to work patterns, out-commuting etc and the other wider economic factors at play in the development industry and the national housing market (mortgage availability, the affordability gap, developer financing, viability etc).

It is considered that the housing land bank and new housing land allocations alone could deliver **869** dwellings over Plan period. Other sources of affordable housing provision will come forward including individual local needs dwellings and the possibility of affordable homes on exceptions sites, empty homes being brought back into use, and affordable dwellings resulting from Social Housing Grant used to fund 100% Affordable Homes.

Using past completions data in addition to the affordable homes being planned on larger housing sites (ie Appendix 1 sites) the Deposit LDP (revised) sets a target of **1,044** affordable dwellings over the Plan period.

Economic Needs Assessment (2013) and Addendum (2015)

- 7.5. The Assessment and the Addendum the latter of which considered the WG 2011 population projections as opposed to the 2008 projections concluded the requirement for additional employment property to accommodate expansion in the economy is relatively modest, with an estimate of around 3-5 hectares.
- 7.6. The Assessment concluded that the primary driver of future employment land and property requirements is anticipated to be the need to replace and upgrade the existing supply of premises in order to tackle issues of dilapidation and the need to deliver the required type and quality of premises for modern occupiers. The estimate of requirements within this category was 21-29 hectares. This figure was increased to 49 hectares to ensure choice and range across types, settings and locations of provision and introduce a flexibility allowance.
- 7.7. Although the allocation of 49 ha of employment land in the LDP appears relatively high, it is based on the identified need from the Economic Assessment for mainly replacing and upgrading the existing supply of business premises.

Housing Requirement

7.8. The housing requirement figure set in the Deposit Plan is 5519. This figure is derived from the starting point of the 2011 WG Principal Household Projection which has been converted into a dwelling requirement as shown in the table below

Table 16: LDP Dwelling Requirement derived from the 2011 Principal Projection

	Projected increase in Powys Households 2011-2026	Projected increase in Powys LDP Area Households 2011-2026 (ie Less 17.74% Households in BBNP)	Conversion Rate 1:1.08 (based on Powys Census vacancy level)
Dwelling Requirement derived on 2011 Principal Projection	4600	3784	4087

Conversion of Households to Dwellings

- 7.9. There is a distinction between what a household is and a dwelling. A dwelling can be an empty or a second home, and a dwelling can have more than one household living in it. Since the number of dwellings will usually be higher than the number of households, a calculation is required to account for the level of vacancy in the dwelling stock. The most recent source of comparable measure of the number of households and the number of dwellings is the 2011 Census which showed that across Powys there were 63,482 dwellings of which 58,345 were occupied by resident households. The “home vacancy rate” in the dwelling stock is therefore calculated to be 8.1% and the ratio of households to dwellings is therefore 1:1.08. This relatively high vacancy rate is due to the ageing population and number of second homes within Powys.
- 7.10. If a similar ratio is applied to the household projections then the projected rise in households in the Powys LDP Area of 3,784 would be converted to a dwelling requirement of 4087 as shown in the table above.
- 7.11. On analysing and applying local evidence, in particular given historic build rates, the quality and suitability of candidate sites and the continuing opportunities for windfall provision, the housing requirement starting figure of 4087 has been adjusted and increased accordingly.

A figure of 4087 would equate to a build rate of 272 dwellings per annum which is not reflective of the higher build rates experienced in Powys in previous years since 2004. In planning for 5519 dwellings, the revised Deposit LDP opts for a more representative annual average build rate of 368 dwellings per annum.

- 7.12. The revised figure of 5519 is an update to the housing requirement figure of 4,500 as published in initial Deposit Plan in 2014 and has been calculated mainly through further assessment work regarding the likelihood of future windfall development (ie unallocated sites including small sites with 5 or less dwellings) which contribute significantly to annual housing provision across the Powys LDP Area (as supported by JHLAS evidence).

The Reasons for the increased Dwelling Requirement

- 7.13. The updated figure of 5,519 dwellings is considered an appropriate planning response to:
- The Minister for Housing and Regeneration, Carl Sargeant’s letter (April 2014) sent to all local planning authorities requesting that the cautionary use of the 2011-based projections due the poor economic background to those projections.
 - Providing a range and choice of sites (evidenced from the candidate sites register and the assessment of sites).
 - Be comparable with historical house building rates across the Powys LDP Area.
 - The LHMA and to provide the necessary amount of affordable homes.
 - Provide flexibility so as to reduce uncertainty and risk – for example, over-provision in housing could assist in addressing a labour shortage if one is identified in the monitoring and review of the LDP.
 - Recognise more fully the contribution that windfall sites, including small sites, are likely to make to overall housing provision in Powys (these were not all included in the initial Deposit Plan 2014).
 - Being suitably realistic. Given that the LDP period officially started in 2011, and build rates have not fully recovered to pre-recession levels, the Plan needs to accommodate scope for appropriate “catch-up” to achieve the house building levels required to match the overall average build rate (368/annum) by 2026.

FLEXIBILITY ALLOWANCE

- 7.14. The housing requirement figure is adjusted to include a 10% flexibility allowance to provide a contingency in case some allocated or committed sites do not come forward as anticipated. The housing provision figure for revised Deposit Plan (2015) which is the requirement figure of 5519 dwellings plus 10% is therefore **6,071** dwellings.

Explanation of Housing Land Calculation

- 7.15. The LDP housing supply will come from a number of sources but a significant proportion (43 %) will be enabled by new housing land allocations made in the Plan. Additionally there will be the existing land bank (40%) which has been monitored for the first three years of the LDP period (ie 1.1.11 to 31.12.13). Furthermore, future windfall development (ie on non-allocated sites) will add to the housing supply (17%). These sources of supply are explained further below.

Housing Land Bank.

- 7.16. Through monitoring work over the first three years of the LDP period since 2011 it has been established that the existing housing land supply consists of the following sources of housing listed in the table below:

Table 17 – Housing Landbank

		Town s	Large Villages	Small Villages	Rural/Open Countryside*	Totals
Row A	Completions to 31.12.13	138	112	34	132	416
Row B	Commitment s – having p.p. but not started	878	401	165	239	1683
Row C	Commitment s – having p.p. and under construction	184	67	30	60	341

	at monitoring date (31.12.13)					
Row D Totals (Rows A, B,C)	Housing Land Bank (Dwellings)	1200	580	229	431	<u>2440</u>

7.17. *The monitoring of development in the rural settlements and open countryside has historically been inadequate – these figures have been calculated using the best available evidence. The LDP Monitoring Framework will be used to improve this situation going forward.

7.18. Within the overall figure of 2440 will be the dwellings on large (5 + dwellings) committed housing sites – these are shown in the LDP as HC (housing commitments) sites to distinguish them from new housing allocations (referenced HA) allocated in the LDP. The dwellings projected on HC sites total 1144.

Predicted Future Windfall Dwellings

7.19. The predicted number of dwellings from future windfall opportunities (sites with >5 dwellings) has been derived from past completion information from the first 3 years of the LDP (2011 to 2013). The number of dwellings has been calculated at 252 over the 3 year period, an average of 84 dwellings per year. This number of dwellings derived from windfall sites has been projected for the remainder of the Plan period (12 years) as shown in Table 18 which equates to a total 1008 dwelling derived from windfall sites in all levels of settlement.

7.20. Table 18 also shows the different levels of settlement and the number of dwellings that have been completed on windfall sites in each of them in the first 3 years of the LDP. It is of note that the rural/ open countryside with 528 dwellings has contributed the largest number of windfall dwellings in the first 3 years of the LDP which is understandable considering the large geographical size of the County. Also of note is that the small villages contributed a relatively small amount of dwellings via windfall sites compared to towns and

large villages. Going forward into the remainder of the LDP period it is considered that the policies contained in the LDP will restrict further development in small villages to allow only the development of only infill sites and therefore the opportunities will be limited in most small villages and will therefore continue to contribute a relatively small proportion of dwellings provided by windfall sites. This is in accordance with the hierarchical settlement growth strategy of the LDP which aims to focus the majority of development in the towns and the large villages but allowing for limited growth in small villages and rural/open countryside.

Table 18 – Windfall Provision (ie non allocated sites including small housing sites <5 dwellings).

		Towns	Large Villages	Small Villages	Rural/Open Countryside	Total
Row E (as Row A in Table 1)	All Completions to 31.12.13	138	112	34	132	(416)
Row F	Completions on non-allocated sites (= windfall) – 1.01.11 to 31.12.13	56	47	17	132	252
Row G	Average annual Windfall Completion Figure (Row F divided by 3)	18.6	15.6	5.7	44	84
Row H	Projected for Remainder of Plan Period (Row G x 12 years)	224	188	68	528	<u>1008</u>

New housing land allocations

- 7.21. Any shortfall between the overall housing requirement and the housing supply figures in Table 17 (2440) and Table 18 (1008) above should be accommodated by new housing land allocations.
- 7.22. The Deposit LDP provides housing land allocations, referenced as HA sites, which can provide a total of 2623 dwellings. In calculating their capacity, a notional density figure of 25/dwellings per hectare has been used. Any deviations from this standard density are explained in Appendix 1 to the Plan (Settlement Allocations Table). In reality some sites may support higher density development in line with the policy to make the most efficient use of land but this is not possible to determine in detail at the strategic planning stage.
- 7.23. The table below shows how the Powys LDP will provide 6,071 dwellings which includes a 10% flexibility allowance to meet the housing requirement of 5,519.

Table 19 – Total Housing Provision (number of Dwellings)

		Towns	Large Villages	Small Villages	Rural/Open Countryside*	Totals
Row D	Housing Land Bank (Dwellings)	1200	580	229	431	2440
Row H	Windfall allowance	224	188	68	528	1008
	Dwellings Enabled by New Land Allocations	1790	833	n/a	n/a	2623
Total		3214	1601	297	959	6071
As % of Total Growth		53%	26%	5%	16%	100%

The Housing Allocations Table

- 7.24. As detailed in Appendix 1 of the Deposit Plan (2015), the LDP makes provision for **3767** dwellings (of which 869 are affordable) on larger housing sites (5+ dwellings) split between the following:
- I. provision via new housing land allocations (HA sites) for 2623 dwellings and
 - II. provision from commitments (HC sites) already having planning permission from the Unitary Development Plan (or earlier) of 1144 dwellings.

8. Conclusion

- 8.1. The LDP Strategy sets out the framework for positively managing change up to 2026 to achieve a balance between environmental protections, improving quality of life and ensuring sustainable development. The LDP Strategy seeks to direct housing in Powys to the most sustainable locations in accordance with the LDP Settlement Hierarchy. This hierarchy provides the planning framework for the sustainable distribution and direction of development across Powys and has been used in the identification of sites for housing development within the LDP.
- 8.2. When considering the level of housing growth to be planned for in Powys over the Plan period to 2026 it was necessary to consider the strategy identified for Powys at a national level in People , Places, Futures – The Wales Spatial Plan (WSP). The WSP includes Powys in its Central Wales Area and advocates the use of primary settlements and hubs and clusters as a potential model for sustainable development whereby they act as focal points for appropriate plan-led growth and investment.
- 8.3. The Welsh Government household projections are useful in understanding what population and household numbers would be if recent trends were to continue and PPW(9.2.2) advises that the latest projections should form only the starting point for assessing housing requirements and use other sources of local evidence be used to calculate the appropriate level of housing growth for Powys over the Plan period.
- 8.4. The local evidence used to calculate the housing requirement includes: the Local Housing Market Assessment (update 2014) which identifies the housing market requirements and need for affordable homes in Powys; and the Economic Needs Assessment (2013) and Addendum (2015) which provided information on the current state of the economy in Powys and a strategy for helping to grow the economy over the Plan period. Other sources of local evidence included ‘The One Powys Plan’ which replaces the community strategy and includes an action to ‘align the Local Development Plan to ensure it provides a sustainable infrastructure that underpins the delivery of the One Powys Plan’.
- 8.5. Other considerations taken into account for the level of growth include social considerations with the Powys experiencing a slight decline in its population in recent years; an aging population; out migration of young economically active adults and net migration at

only +22 in 2013. It is recognised therefore that the LDP has an important role in helping to replenish the population of Powys by providing more jobs and more homes for young people to live in. The LDP has also taken into consideration the factor of Climate Change in deciding the location of housing growth, particularly in relation to the avoidance of developing new housing or employment uses on flood plain.

- 8.6. Taking all of these factors into account the housing requirement for Powys has been calculated at 5519 dwellings over the plan period which equates to 368 dwellings per annum.
- 8.7. The LDP and its policies will be closely monitored as detailed in the LDP Monitoring Framework and if necessary the housing requirement figure reviewed to take into account any new evidence that emerges during the life of the plan including mid-year estimates showing net migration levels. If the mid-year estimates are showing net migration is starting to increase at rate that indicates it will reach a similar level apparent during the years prior to the recession in 2008 then additional housing land would be allocated through the review of the LDP in order to meet the revised housing requirement.