

Turley 2015 – Lancaster Housing Requirements Study (Update) and Critique by Green Councillors

The Turley report aims to establish an **Objectively Assessed Need (OAN)** in the Lancaster district by bringing together the available data and using it to decide how many houses are required 2013-2031

This is done through:

- A. Population Projections – estimating the number of extra people per year in the district
- B. Job Growth Projections – suggesting the number of extra jobs that might be generated
- C. Market signals – looking at house prices, overcrowding etc to prove the need for housing

A. Population Projections – the report gives 3 different suggestions on which to base the number:

1. *2012 Sub National Household Projections (SNHP)* ie Office for National Statistics (ONS)–projections for our area based on the updated 2011 Census figures. This is the figure the Planning Policy Guidance (PPG) says should be used as a starting point.

Net migration 333 Dwellings req. 341

2. *10 Year Past Growth (10YPG)* – a figure made up by Turley by averaging the population estimates from 2003-2013

Net migration 604 Dwellings req 521

3. *10 Year Past Growth with UPC* – the 2011 Census showed the previous estimates were consistently too high so *Unattributable Population Change (UPC)* reduces the number year on year in line with Census data

Net migration 325 Dwellings req 392

What's wrong with using 10 Year Past Growth (10YPG) of approx. 0.6% per annum

The data used - Mid Year Estimates provided by ONS is consistently higher than actual population count and this is recognised by ONS who created the UPC (see A.3 above) to deal with this. Turley show the effect of UPC on their figures once in the report then use the higher figure (without UPC) throughout in their calculations.

Other data could have been used if Turley wanted a 10 year period – most obviously 2001 – 2011 from Census to Census – but the population growth (net migration figure) would have been lower with lower estimated dwellings req (figures x?) Presumably more in line with our average yearly population growth of approx. 0.4 which has been consistent since 1981

What's wrong with all 3 scenarios –

- I asked the Turley representative about international migration figures – I had misunderstood the chart in appendix 1 but evidently there is still a mismatch between the numbers recorded as coming in and out of Lancaster and the ACTUAL number of migrants. This is because the ways of counting them in are more accurate than the ways of counting them out. So there is “a small but positive effect on population growth” P20 app 1 of people who probably are not in existence. No number supplied but this probably explains why the Census applied UPC to population estimates 2001 – 2011.

- **All students are included in the private household population which then translates as creating households that need houses - see P79 – a high (and if student village type accommodation increases, also a growing) proportion of these do not need dwellings when they are here studying or live in shared houses. The inclusion of the student population in the figures (representing more than 6 % of our total population) means we could consider even the 2012 SNHP figures as a possible over estimate.**

B. Job Growth Projections - the report gives 2 ways of estimating jobs created in the future

1. **Baseline – which is figures received from Experian (who create a national job growth picture and then translate it into a local estimate) 6846 jobs 2013-2031 or 380 new jobs per year**
2. **Baseline + - which is Experian figures above plus an estimate for extra jobs created by 8 “strategic development projects” (includes Canal corridor, Lancaster Castle, Health campus, Port of Heysham Carnforth business park, Mellishaw Lane north, Lancaster west and Walker industrial)
7645 jobs 2013-2031 or 425 new jobs per year**

The working age population of Lancaster according to projections in A could not support these jobs (we are all getting older) so workers will have to be drawn in from outside the district which will require more housing.

- a. **Baseline – would require an extra 206 houses per year which if added to the 10 Year Past Growth number would give a total of 727 houses per year**
- b. **Baseline + - would require an extra 244 houses per year which if added to the 10 Year Past Growth number would give a total of 765 houses per year**

What’s wrong with these figures?

- **Historically over the last 10 years (so including the boom time before 2008) we have created approx. 70-100 full time equivalent jobs per year so these figures are way above with no reason given for the increase.**
- **When Turley translates the job uplift into new households that require new houses they assume that progressively some of our local unemployed will take the jobs –going back to average figures 2004-7 ie dropping unemployment rate from 6.3% to 5.8% (approx 0. 5%) . Nearly 50% (over 3000 at a conservative estimate) of the expected jobs are in transport and warehousing, retail and health/caring so this assumption of low take up by unemployed people does not necessarily hold. The figures include a modest rise in the number of workers in the 60-64 and 64+ age group who will be expected to work longer under new pension arrangements. App 1 suggests that this is probably underestimating the number of women 60+ who will be in the workforce.**
- **Experian gave us job growth figures 2011-2031 two years ago of 9.600 which included approx 2000 jobs which should have appeared in the last 2 years and did not. This does not give confidence in their new set of figures.
They had not this figure checked by their “economist” in 2011 -he got it very wrong and if he is the same economist who backed the latest job forecasts, we should have very little faith in him.**
- **Finally the population growth figures show a high proportion of population growth to be based on inward migration including international migration. Presuming that the houses we aim to build for**

this group (variously 341-521 estimated to be needed) are to house incoming workers, then there will be no need to provide as many houses linked to the Job Growth Projections.

NB there is no doubt that there is a challenge here in the district because we will need to attract some younger workers into the district as well as increase the number of unemployed getting in to the job market and increase the age 60+ population who are working if we are aiming to fill the jobs we currently have available and currently increase by each year. The question is how far will simply providing a house solve these problems?

SNHP figures suggest 54 extra workers will need to come in just to cover current jobs so that needs to be taken into account because those vacancies will naturally draw in outside workers (or older workers??)

The Review of Employment Land 2015 by Turley gives us 3 sets of figures

1. Experian 2014 predicts job growth (2011 to 2031) by sector at 9,595

The majority of these jobs are: construction and allied 1600 transport and storage 1400 wholesale and retail 1700 public services 2000 (mainly education) and admin/professional 2700

2. Labour supply basis ie depending on just how many people we are predicted to have in the population available to work 2012-2031 suggests we will create 510

3. Potential new employment projects (2011-31) estimated by Turley at 4, 465

This is factoring in the number of jobs created at the Port, Castle, University etc and includes things we know are not going ahead or likely to be delayed/substantially reduced

So if we were hugely ambitious like the local Planners want to be we could factor in ALL the jobs on number 3 above that Turley suggests new projects should produce ie 223 per year- this would suggest a demand for **under 100 more houses**. When we consider that some of these jobs might well go to unemployed people or over 60s who currently live in houses in the district it would further reduce the job number.

Will we create all those 4465 jobs? Firstly 1100 of those jobs were to be created at Canal corridor and the Castle so we should reduce the numbers Also 1,100 are allocated to the Business park areas for new small enterprises. Whilst this sounds good Turley also produced a report **Prospects and Recommendations for Achieving Economic Potential April 2015** which tells us **“Lancaster District has one of the lowest rates of Business formation in the country”**. The Innovation Campus should contribute the lion’s share at over 2000 but they say themselves that it will not be till later into the 2011-2031 period..

C . Market Signals – this section looks at 7 other signs there might be that we have too little housing and so need to increase the yearly number to be built above the population growth prediction

- 1. Rental costs** – debunked by City Councillor Tim Hamilton-Cox and being reviewed by Turley
- 2. Rise in house prices** – in real terms there has been a £5k on the average Lancaster house price since 2007 even though we were shown a statistic of a 140% price rise compared with other areas. This was a bit of smoke and mirrors achieved by comparing average 2001 prices to average 2014 prices. See P48.
- 3. Affordability** – houses are less affordable in Lancaster than they were 10 years ago though trends over the last 2 years show they are becoming slightly more affordable – not a clear market signal

4. Land availability – this shows that only 10% of the planning permissions for houses given each year have been built over a number of years. There is no lack of land so this is not a market signal.
5. Land prices – this shows they are low in Lancaster district as in the NW so not a significant market signal.
6. Concealed families – ie where there is more than one family within a housing unit - this is historically a low number and there has been no significant rise.
7. Overcrowding has increased across the country but locally is half the rate of England as a whole so not a significant factor.

D. Turley then picks up on household formation (known as headship rates ie how many new families are formed per year). These show a drop in recent years possibly for a number of reasons like women having children later but according to Turley it is because young people have not been able to afford a house (nb you would think they would get together and live with parents or share with friends – then we would find them in the **concealed family numbers**). So Turley says we need to increase our housing numbers in an aim to encourage a house price to lower quartile income ratio that last occurred in 2001. This **adds 5-9% extra onto the housing numbers**

- **SNHP 2012 figure** goes from 341 up to **370**
- **10YPG** goes from 521 up to **553**
- 10YPG plus UPC - no figure calculated
- **Jobs Baseline** figure goes from 727 to **763**
- **Jobs Baseline+** figure goes up from 765 to **802**

What's wrong with Turley market signals? Well

1. basically they do not find any market signals that suggest we have a shortage of housing in the district – the two they find significant – rents and house prices have no valid evidence
2. The **Headship numbers argument** is frankly bizarre but according to Turley has to be applied and areas which don't do it get the Inspectors after them. BUT It is more a matter of POLICY than an Objective Needs Assessment and the connection between building 5-9% more housing and bringing house prices down at the rate needed seems tenuous.

As to a reasonable final total, here is a starting point for discussion:

<i>Take the original Baseline from 2012 SNHP</i>	341
<i>Add in a generous jobs forecast of about 200 per year</i>	100?
<i>Plus the Headship numbers 5 - 9%</i>	31
Total	472

This report is first responses to a complex set of figures presented by the consultants in their report. Readers should feel free to comment or point out inaccuracies or alternative interpretations.

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