

## Reading Borough Council - Note for the Inspector

This note is prepared to inform the Inspector's decision in relation to the appropriateness of Reading Borough Council's housing requirement as set out in their submitted Local Plan.

Policy H1 of the submission local plan states that "Provision will be made for at least an additional 15,433 homes (averaging 671 homes per annum) in Reading Borough for the period 2013 to 2036."

This is a capacity led figure based on the need as set out in the SHMA. The SHMA identified a figure of 699 dpa based on:

1. The 2012-based household projections (revised to take into account of the 2013 mid-year population estimates) – 541 dpa (including an allowance for vacant homes)
2. Adjustments to return migration from London to pre-recession levels – 68 dpa
3. A further adjustment to support local economic growth – 33 dpa
4. A final adjustment to improve local affordability – 57 dpa

Since that time there have been two new sets of household projections. The 2014-based household projections were produced by the Department for Housing, Communities and Local Government published in July 2016 and the 2016-based household projections produced by the Office of National Statistics (ONS) and published in September 2018.

The 2016-based household projections were based on the 2016-based population projections published by ONS in June 2018. Nationally these resulted in a significant decline in population growth in comparison to previous assessments. In total the population nationally was expected to be around 1.8million fewer in 2040 than in the previous 2014-based version.

There are a number of reasons why this is the case:

- Fertility rates were reduced by around 3.5% reflecting recent trends in women waiting longer to become mothers
- Mortality rates were increased by 4.7% as the expected improvements to life expectancy had slowed (although it is still expected to improve)
- Net international Migration, which is based on the view of an expert panel, was expected to fall by 8% as a result of many factors including Brexit and a weakened pound making it less attractive to international migrants.

These population projections formed the basis of the household projections, however in translating the population growth ONS took a different approach to the DCLG. In summary ONS relied on trends from 2001 to 2011 while the DHCLG had used trends back to 1971 when arguably housing was more affordable and thus household formation was easier.

As a result of these changes the household growth in the 2016-based projections was significantly down on the 2014-based projections. Nationally the 2016-based projections calculated a household growth between 2016 and 2026 which was 2.2 million fewer than its predecessor.

In Reading the difference was 4,792 fewer households over the same period. Using a like for like period to the SHMA (2013-36):

- The 2016-based household projections showed a household growth of 396 households per annum.
- The 2014-based household projections showed a household growth of 515 households per annum.
- The 2012-based household projections showed a household growth of 499 households per annum.