**HOUSING GROWTH TARGETS IN GREATER MANCHESTER**

**A REVIEW OF THE EVIDENCE BASE**

**PAPER PREPARED FOR AGMA PLANNING AND HOUSING COMMISSION**

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## 1. BACKGROUND AND INTRODUCTION

1.1 The Regional Spatial Strategy (RSS) for the North West was adopted in September 2008 and sets out the statutory housing figures for each Greater Manchester (GM) authority for the period 2003-2021. Given the Government's intentions to revoke RSS, local authorities who have yet to adopt their Core Strategies have been considering whether to continue to work towards the housing targets set out in RSS or whether there is alternative evidence available that would warrant a revised target.

1.2 Many GM authorities are in the process of preparing their LDF Core Strategies, which will include an annual district housing target. A number of these authorities will soon be going through the Examination in Public (EiP) process and will need to justify the housing targets that are being put forward.

1.3 This report gives a brief overview of the information and evidence that was considered at the EiP for the RSS, which subsequently informed the statutory housing targets within RSS. It then gives an overview of the most up-to-date information on household growth that is available sub-regionally to help determine whether the statutory RSS housing targets still form an appropriate basis for housing targets in the emerging GM Core Strategies.

## 2. RSS HOUSING TARGETS

2.1 The methodology that was used by the regional assembly to help derive the RSS housing targets was based on the following three key elements:

A) the use of raw data from household projections;
B) delivery and supply issues in individual districts; and
C) the spatial planning policies and priorities for the region and sub-regions.

### A) Household Projections

2.2 Table 1 sets out the main population projections that were considered at the EiP for the RSS in relation to the GM sub-region - namely the

CLG 2003 based projections and the Greater Manchester Forecasting Model (GMFM) 2006 projections. These are compared against both the draft and adopted RSS targets.

**Table 1 – RSS Household Projections**

| | GMFM 2006-2021 (2006 based) | | CLG 2003-26 (2003 based) | | DRAFT RSS 2003-21 | | ADOPTED RSS 2003-2021 | |
|---|---|---|---|---|---|---|---|---|
| | Annual Average Growth | % of GM | Annual Average Growth | % of GM | Annual Average Growth | % of GM | Annual Average Growth | % of GM |
| Bolton | 1,329 | 9.8% | 957 | 11.5% | 510 | 5.3% | 578 | 6.0% |
| Bury | 885 | 6.5% | 652 | 7.8% | 600 | 6.3% | 500 | 5.2% |
| Manchester | 4,149 | 30.6% | 2,000 | 24.0% | 3,500 | 36.7% | 3,500 | 36.4% |
| Oldham | 820 | 6.0% | 435 | 5.2% | 400 | 4.2% | 289 | 3.0% |
| Rochdale | 927 | 6.8% | 696 | 8.3% | 400 | 4.2% | 400 | 4.2% |
| Salford | 900 | 6.6% | 435 | 5.2% | 1,600 | 16.8% | 1,600 | 16.6% |
| Stockport | 1,110 | 8.2% | 565 | 6.8% | 450 | 4.7% | 450 | 4.7% |
| Tameside | 1,060 | 7.8% | 696 | 8.3% | 750 | 7.9% | 750 | 7.8% |
| Trafford | 951 | 7.0% | 783 | 9.4% | 430 | 4.5% | 578 | 6.0% |
| Wigan | 1,434 | 10.6% | 1,130 | 13.5% | 900 | 9.4% | 978 | 10.2% |
| **Greater Manchester** | **13,565** | **100%** | **8,349** | **100%** | **9,540** | **100%** | **9,623** | **100%** |

2.3 The figures show that the adopted RSS housing target for the GM sub-region is 9,623 per annum, which is over 13% higher than the CLG 2003 household projections but significantly less than the GMFM projections. It should be noted that further projections on population and household and economic growth were presented at the EiP by various other organisations.

2.4 The Panel of Inspectors that considered the different projections, attached the greatest weight to the household projections provided by CLG when making their recommendations on the final targets. However, because the CLG projections were primarily based on population growth, without taking any account of economic growth expectations, the Panel suggested that the GM sub-regional targets should be increased to take account of AGMA's growth ambitions over the plan period. Support for this approach came from the GMFM, which did take into account sub-regional economic forecasts.

**B) Delivery and Supply Issues**

2.5 The total sub-regional housing target that was eventually incorporated into the adopted RSS generally reflected the overall target that was included in the Draft RSS (i.e. total of 9,623 new dwellings per annum as opposed to the draft figure of 9,540). Most districts supported the draft housing targets as these figures could be accommodated in sites identified in district Urban Potential Studies (subsequently replaced by

SHLAA's). However, Oldham and Bury argued for a slightly lower figure because of emerging clearance programmes and capacity issues respectively, whilst Bolton, Wigan and Trafford suggested that they had the capacity to accommodate a higher figure. The reasoning was accepted by the Panel and their recommended reductions in Oldham and Bury were balanced by increased housing targets in Bolton, Wigan and Trafford.

2.6 The ten GM districts were broadly supportive of the adopted RSS housing figures and have been committed to delivering these. Indeed, over 55,000 new homes (net) have been delivered in the GM sub-region between the period 2003 – 2010 and planning permissions have been granted on numerous other sites to accommodate thousands more.

**C) Spatial Planning Policy**

2.7 As stated, AGMA supported a higher sub-regional housing target than the CLG household projections to reflect AGMA's growth ambitions and the expectation that public sector intervention and economic performance in GM would exceed CLG's projections. Much of this expected intervention and economic growth was to be centred in and around the sub-regional core (i.e. in and around Manchester City Centre / Salford) and AGMA argued that the distribution of the housing targets should reflect this. The sub-regional core was also identified as having the greatest opportunities for accommodating housing growth.

2.8 Accordingly, the distribution of RSS housing targets within the GM sub-region are not evenly spread; the planned distribution of new housing reflects the policy priority to repopulate the core of the conurbation[1] and reconnect neighbourhoods in inner areas to the economic opportunities nearby. Manchester and Salford's RSS targets combined account for 53% of the total provision for GM. This is a significantly higher proportion than forecasted in the CLG household projections (29%) as the CLG projections.

[1] The conurbation core refers to the Regional Centre and surrounding inner areas as defined in RSS: the Regional Centre, comprising Manchester City Centre and Central Park to the east, the Higher Education Precinct and Central Manchester Hospitals to the south and Salford University, Salford Quays, Trafford Wharfside and Pomona Docks to the west. The inner areas surrounding the Regional Centre comprise of North Manchester, East Manchester and Central Manchester regeneration areas, Trafford Park, North Trafford and Central Salford.

## 3. EVIDENCE BASE REVIEW

### Future Housing Demand

3.1 Since the adoption of the RSS both the CLG and the GMFM household projections have been updated. The CLG projections are the Government's official projections; the 2003 based CLG projections were given the greatest weight at the RSS EiP. The most recent CLG projections have a base date of 2008. Table 2 compares the latest projections against the 2003 based projections (the ones that were considered as part of the RSS process).

**Table 2: Comparison of 2003 and 2008 CLG Household Projections**

| District | 2003 based CLG Projections 2003-26 | 2008 based CLG Projections 2008-33 | Difference No & (%) |
|---|---|---|---|
| Bolton | 957 | 680 | -277 (-29%) |
| Bury | 652 | 520 | -132 (-20%) |
| Manchester | 2,000 | 2,960 | 960 (48%) |
| Oldham | 435 | 560 | 125 (29%) |
| Rochdale | 696 | 400 | -296 (-43%) |
| Salford | 435 | 1,080 | 645 (148%) |
| Stockport | 565 | 920 | 355 (63%) |
| Tameside | 696 | 760 | 64 (9%) |
| Trafford | 783 | 1,040 | 257 (33%) |
| Wigan | 1,130 | 880 | -250 (-22%) |
| **Greater Manchester** | **8,349** | **9,800** | **1,451 (17%)** |

3.2 The figures in Table 2 show that the latest CLG (2008) household projections for the GM sub-region are higher than the 2003 CLG projections that were considered as part of the RSS process. The updated annual increase of 1,451 dwellings represents an increase of 17% on the 2003 projections.

3.3 The household projections in four of the GM districts have fallen from the 2003 projections (Bolton, Bury, Rochdale and Wigan). The district with the largest fall, numerically and in percentage terms, was Rochdale. Of the six districts that have seen higher forecasts, Manchester (960 units) and Salford (645) have seen the highest rise numerically.

3.4 Since 2006, Oxford Economics have provided an annual update of household projections through the GMFM, which is an integrated model bringing together economic change, employment change (including migration) and household formation through a set of linked econometric equations. The latest update (2010) has been based on a slightly different methodology than that which was used to produce the projections considered as part of the RSS EiP process. Therefore, whilst the updated figures are not directly comparable, the projections outlined in Table 3 nevertheless provide an alternative up-to-date evidence source of household projections across the GM sub-region.

**Table 3: Comparison of 2006 and 2010 GMFM Household Projections**

| | **2006 Base GMFM Forecasts** | | **2010 Base GMFM Forecasts** | |
|---|---|---|---|---|
| | Annual Average Growth | Proportion of GM | Annual Average Growth | Proportion of GM |
| Bolton | 1,329 | 9.8% | 681 | 6.8% |
| Bury | 885 | 6.5% | 677 | 6.7% |
| Manchester | 4,149 | 30.6% | 2,807 | 27.9% |
| Oldham | 820 | 6.0% | 611 | 6.1% |
| Rochdale | 927 | 6.8% | 657 | 6.5% |
| Salford | 900 | 6.6% | 894 | 8.9% |
| Stockport | 1,110 | 8.2% | 903 | 9.0% |
| Tameside | 1,060 | 7.8% | 916 | 9.1% |
| Trafford | 951 | 7.0% | 891 | 8.8% |
| Wigan | 1,434 | 10.6% | 1,036 | 10.3% |
| GM | **13,565** | **100%** | **10,073** | **100.0%** |

3.5 In contrast to the CLG update, which forecasts an increase in household projections, the 2010 GMFM forecast predicts a decrease in the sub-region's annual growth projections from those produced in 2006. The fall from 13,565 units in 2006 to 10,073 in 2010 is a decrease of 3,492 units, representing an overall 26% decrease for the sub-region. The household projections have fallen for all the GM districts since the 2006 baseline figures, with the largest projected fall being in Manchester (1,342 units).

3.6 The updated GMFM projections are linked to the continued forecasted increases in population in GM. Despite the downward revisions to both migration rates and rates of natural increase, the GMFM is still forecasting significant increases in population in GM due to 'natural increase', which remains strong and continues to be the major component in driving population growth. The updated figures are now more closely comparable to the updated CLG figures.

**Housing Forecasts and GM Targets**

3.7 Table 4 sets out the recent CLG and GMFM forecasts in comparison to the statutory RSS housing targets. It also compares these projections and housing targets against the draft GM district wide targets that are beginning to emerge through the GM Core Strategies.

**Table 4: Updated Household Forecasts 2010**

| | 2010 GMFM Forecasts (annual average households) | 2008 CLG Projections | RSS annual average (net) | Core Strategy annual average (net)* |
|---|---|---|---|---|
| Bolton | 681 | 680 | 578 | 694** |
| Bury | 677 | 520 | 500 | 500 |
| Manchester | 2,807 | 2,960 | 3,500 | 3,333 |
| Oldham | 611 | 560 | 289 | 289 |
| Rochdale | 657 | 400 | 400 | 400 |
| Salford | 894 | 1,080 | 1,600 | 1,688*** |
| Stockport | 903 | 920 | 450 | 480 |
| Tameside | 916 | 760 | 750 | 750 |
| Trafford | 891 | 1,040 | 578 | 694 |
| Wigan | 1036 | 880 | 978 | 1,000 |
| **GM Total** | **10,073** | **9,880** | **9,623** | **9,828** |

*Please note that these figures are subject to change.
** Bolton's Core Strategy has already been found sound with these housing targets.
*** The figure for Salford is taken from its Draft Core Strategy published in November 2009. Salford City Council is currently considering whether its draft housing figure should be revised in light of the proposed revocation of the RSS, which would open up a much wider set of options than had previously been considered. Salford's figure could therefore be subject to significant change.

3.8 The figures in Table 4 indicate that the cumulative (GM) RSS target of 9623 remains broadly in line with the most recent forecasts (both CLG and GMFM); in relation to the statutory RSS housing targets, there is a difference of 450 units (4.5%) with the GMFM projections and a smaller difference of 257 unit (2.6%) with the CLG projections.

3.9 The figures illustrate that the housing delivery targets emerging through the individual GM Core Strategies are closely related to the RSS targets; five of the authorities propose to increase their targets slightly from the RSS targets, whilst only one proposes to decrease this slightly – all to reflect particular local circumstances. It is important to note that the proposed increase in housing targets in Bolton and Trafford reflect a 20% uplift from the RSS housing targets as part of the GM Growth Point Initiative and reflects an ambition across GM districts to accommodate additional housing growth.

3.10 The collective sub-regional target emerging through draft Core Strategies exceeds the statutory RSS targets and is broadly in line with the CLG and GMFM household projections. The emerging GM housing targets are only 245 under the GMFM projections (a difference of 2.4%) and only 52 units below the Government's official projections (a difference of only 0.5%).

3.11 It must be noted however that Table 4 presents figures included in *draft* Core Strategies. Some GM authorities are going through a process of reassessing options for their Core Strategies in light of the proposed revocation of the RSS therefore the correlation between housing projections and the cumulative housing delivery target for GM is based on the assumption that draft Core Strategy targets will be retained.

### Land Supply

3.12 As with RSS targets the distribution of individual district housing targets emerging through the Core Strategies differs from the household projections, primarily because of land supply issues and the wider GM policy approach (see next sub-section). Table 5 illustrates the estimated capacity for new homes in each GM district based on land supply data (SHLAA data has been used where available). The figures generally show that those authorities with the largest capacities to accommodate growth have the highest emerging housing targets. It is clear that the distribution pattern across GM remains in keeping with the capacity identified in previous land availability assessments that informed the RSS housing targets.

**Table 5: Estimated Capacity for New Homes**

| | Core Strategy annual average (net) | SHLAA / Supply (net)* |
|---|---|---|
| Manchester | 3,333 | 61,500 |
| Wigan | 1,000 | 25,564 |
| Salford | 1,688 | 23,663 |
| Tameside | 750 | 15,572 |
| Bolton | 694 | 13,739 |
| Trafford | 694 | 10,855 |
| Rochdale | 400 | 9,418 |
| Stockport | 480 | 9,195 |
| Oldham | 289 | 9,091 |
| Bury | 500 | 8,474 |
| **GM Total** | **9,828** | **187,071** |

Source: Local Planning Authorities, November 2010
*NOTES: Please note that whilst the GM SHLAA's have all followed the CLG methodology and are broadly comparable, there are some slight differences in certain assumptions to reflect local circumstances (e.g. some of the district figures have been adjusted to take account of large scale clearance programmes, whilst others have windfall allowances built in). All SHLAA / Supply data provided by relevant local authority based on published SHLAA data.

3.13 The SHLAAs are an assessment of housing land available over a 15 year period and the above figures generally reflect the capacity of the sub-region up to 2026. The total annual provision required in GM as set out in the emerging Core Strategies is 9,828 households, which over a 15 year period amounts to an overall target of 147,420 new homes. Based on the supply evidence, the sub-region has sufficient capacity to accommodate this housing target, along with a surplus of land capable of accommodating an additional 40,000 units; 21% of the housing land supply.

3.14 It is considered that the 21% surplus of land supply over the build target will allow flexibility in the housing land supply over the next fifteen years, in the event that some sites do not come forward as envisaged, (a recent assessment of a large sample of sites found that around 20% of these had been adversely affected by the current market conditions). There are some signs that the market is slowly improving but it may take some time for build rates to pick up to pre-recession levels and, whilst a number of sites are available, they may take longer to deliver. It should also be noted however that the emerging housing figures in the district LDF's are minimum requirements and can be exceeded in any given year or over the longer term.

**GM Policy Approach**

3.15 The other major influence on the distribution of housing targets within the sub-region relates to the wider GM priorities and strategies for growth. The distribution of housing targets between GM authorities reflects the GM policy priority to repopulate the core of the conurbation and reconnect neighbourhoods in inner areas to the economic opportunities nearby. The current spatial distribution of the targets as set out in draft Core Strategies reflects this approach.

## 4 SUMMARY

4.1 The ten GM authorities are currently in the process of progressing their LDF's, initially through the production of a Core Strategy that will set out the housing targets for the next 15 years. RSS currently provides the statutory housing targets for each district but it is clear that the Government intends to abolish RSS in the near future and districts, therefore, need to determine whether the RSS housing targets are still appropriate as a target to be included in the emerging Core Strategies and whether current evidence still supports the RSS targets.

4.2 The current RSS targets were largely based on the 2003 CLG household projections, adjusted to reflect capacity issues and wider planning policy priorities, along with an increase to reflect economic growth assumptions. This report demonstrates that the cumulative RSS housing target for GM is still in line with the most up-to-date household projections from CLG and the GMFM.

4.3 Based on the emerging draft Core Strategy targets for household provision, as set out in Table 4 of this document, the cumulative total of the ten GM districts is broadly in line with the total household projection for GM and should therefore help ensure that the sub-region's housing needs are adequately met.