

Matter 17: Housing requirement

At the hearing session on Tuesday 5 February reference was made to paragraph 4.15 of the West London Strategic Housing Market Assessment (SHMA) (NLP/AD/20). This suggests an internal inconsistency with the data in the London SHMA (NLP/HOU/001). In order to assist the Panel in its consideration of this Matter, the Mayor is requested to provide a brief answer to the following supplementary question.

SQ17. Could the Mayor please respond directly to paragraph 4.15 of the West London SHMA in relation to average household size. This should be limited to that paragraph alone and provide an explanation or comment on the emboldened text which refers to a discrepancy between population projections, household projections and projected household types.

Response:

The GLA 2016-based household projections employed a methodology based on that applied by DCLG in the preparation of the official subnational 2014-based household projections.

This methodology applies a two-stage process to convert a given population projection into projected households by type:

- `Stage 1` applies household representative rates (HRR) to the projected private household population disaggregated by age, sex and relationship status. These HRR are derived from and extrapolated forward from 1971 to 2011 census data.

The result of this stage is projected households by age, sex and relationship status of the `head of household` (a definition which is no longer contemporary). It is in this stage that total households and average household size are determined.

- `Stage 2` applies headship rates to the projected private household population disaggregated by age and sex. These headship rates are derived and extrapolated forward from 2001 and 2011 census data. This step results in an `initial` projection of households by type by age of household representative person. The initial projection is then `constrained` to the Stage 1 results by scaling the total number of households such that they match the total number from Stage 1.

It is a feature of the methodology that **the total number of projected households and the average household size are independent of the subsequent calculations that produce the household types.**

The rates applied in the two stages are based on different periods of past data – forty and ten years respectively. As a result, each will effectively

apply different weights to recent trends. In the case of London, 2001 to 2011 was a period over which rates of household formation fell, in large part due to housing market constraints.

This trend is reflected more strongly in the data informing Stage 2 and so it is inevitable that the projected types are likely to be consistent with larger average household sizes than those informing Stage 1. Had the rates in Stage 2 been based on a longer period of past data, it is very likely that the projected household types would have been consistent with a lower average household size.

The GLA acknowledges that the method can produce results that are counterintuitive. While this is the case, there is also a clear primacy given to the Stage 1 results in terms of the absolute number of projected households and the average size of those households. If adjustments were to be made to the projections to better align the projected types and sizes of households, they would likely involve the reallocation of larger household types to smaller ones.

Taking the distribution of projected household types as a basis for arguments in favour of higher household size assumptions (and lower projected growth in the number of households) would be much the same as arguing in favour of the use of the methodology developed by ONS for the 2016-based projections, insomuch as each would be based on the extrapolation of trends from a ten-year period over which household formation became increasingly constrained.