

Comments on Housing Growth Indicators 2016-based - publication by NISRA

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Summary

Having reviewed the recent 2019 HGI NISRA paper¹, DCSDC's position is that a number of significant additional changes have taken place since the last HGIs were published, notwithstanding our original observations on the appropriateness of the previous HGI approach. This means that while we accept the revised HGIs do not take account of, and would not be expected to take account of these factors (given the present NISRA and ONS methodology discussed below) we also contend that the previous factors and the new ones are materially important in any consideration of future housing demand within the DCSDC area.

These factors include;

- the impact of a number of large scale macro-economic initiatives including the delivery of the Strategic Growth Plan², the announcement of a North West City Deal and the accompanying Inclusive Future Fund
- The formal recognition and inclusion of the North West as drivers for growth within the Republic of Ireland's National Planning Framework, National Development Plan and Project 2040 which 'explicitly recognises Letterkenny, Derry City and Strabane functions as a cross-border city region'
- the changing context that pertains within the NW Region and in particular the high levels of population movement across the frontier (and the lack of knowledge as to how this is captured within both the 2011 NI Census and 2016 Census within the Republic of Ireland)
- the impact of the forthcoming Exit of the UK from the EU – much more uncertainty exists amongst cross-border workers than ever before
- exchange rate volatility and its effect on the behavioural patterns of cross-border workers as the value of salaries rises and falls
- forthcoming changes to rules on immigration (the Common Travel Arrangement applies only to UK and RoI residents) resultant from EU Exit
- the present numbers on the housing waiting list, including the numbers in housing stress
- NIHE projections for housing demand which are much higher than those of NISRA with applicants in housing stress now up by one third since 2011
- the composition of the housing waiting list, particularly the number of 'singles'
- the planned expansion of the Ulster University to over double its present size
- the impact of rapidly changing lifestyle attitudes, across all ages, to sustainability, carbon neutral lifestyles and towards city-living and thus lower levels of commuting from rural locations driven in part by increases in carbon taxes

¹ <https://www.infrastructure-ni.gov.uk/publications/2016-based-housing-growth-indicators-hgis>

² *Inclusive Strategic Growth Plan, 2017-2032*, DCSDC, 2017

<https://www.derrystrabane.com/Subsites/Community-Planning/An-Update-on-Our-Community-Plan>

Context

The Office for National Statistics (ONS) and The NI Statistics and Research Agency (NISRA) publish Housing Growth Indicators as a guide for those involved in the area of planning and for other uses.

ONS describe their purpose as follows³

Household projections have a number of uses, both direct and indirect, informing policy decisions at a national and local level.

- *assessing potential need and demand for housing and associated services*
- *planning future service provision such as household waste and recycling, school places, adult and child*
- *social services, and health and social care*
- *macroeconomic forecasting, central government policy simulation and planning*

All of these functions are critical to the functioning of society and ensuring orderly management but critically the letter accompanying the NISRA publication from the Chief Planner and Director of Regional Planning dated 25 Sept 2019 cautions:

*'...that HGIs do not forecast exactly what will happen in the future. They are policy neutral estimates based on recent trends ...they assume that recent trends will continue into the future ... and do not predict the impact that **future policies, changing economic circumstances** or other future events may have on housing developments.'*

This is also in line with the ONS Quality and Methodological Information Report (QMI, 2019) guidance which reports

*A robust and objective methodology is employed to create household projections that are relevant for all types of users. **The projections take no account of local development aims, policies on growth, capacity to accommodate population change, or economic factors that could impact the population in the future. As with the national and subnational population projections (SNPPs), they also do not try to predict any potential demographic consequences of future political or economic changes, including the UK's pending withdrawal from the European Union.***

DCSDC maintains that the issue of EU withdrawal is particularly relevant in the DCSDC area, along with the comments relating to non-assessment of economic factors within the ONS guidance.

³ *Quality and Methodology Information Report*, ONS, 27 Aug 2019
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/householdprojectionsinenglandqmi>

Commentary

- Summarised above is the context within which we contend the policy proposals contained within our Strategic Growth Plan up to 2032 and the more recent City Deal for DCSDC area (circa. £300m) once implemented should be considered. In our opinion they will constitute a real 'step change' in economic performance across the City and District which will result in increased employment and population, improved quality of life and ultimately increased overall demand for housing, both social and private.
- This step change intrinsically signifies a departure from the norm i.e. trends extrapolated from past data are no longer apt and therefore the base comparator period from 2016-2019 would thus, in our view, not be typical of the growth in housing demand that might be expected post 2019 following the early implementation stage of the City Deal and SGP actions.
- In addition to these changes in context compared to the previous period, the issue of Brexit and the migratory patterns resultant from it have not been factored into the projections, these are dealt with in detail later on.
- Examination of the (attached) paper which supports our view, *Review of the population forecasts for DCSDC 2017-2032*, Ulster University, Oct 2018 highlights the degree to which outward net migration from the district has impacted upon the population numbers resident here today.

The UUEPC paper finds p9 that the DCSDC area

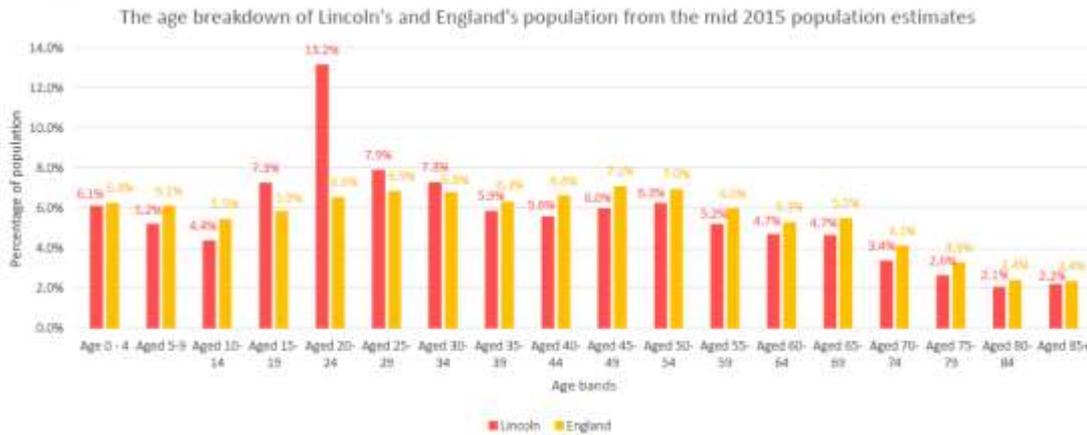
In terms of natural change, Derry City & Strabane has the *third highest average number of births* of all the 11 councils with 2,100 births per year between 2001 and 2016. It also *has one of the lowest numbers of deaths*, with, on average, 1,100 deaths per year. This results in an average natural change level of +1,000 per annum, leaving Derry City and Strabane within the top half of councils with the highest natural change level.

- Thus the primary impactor upon the population growth is net outward migration which reduces the population growth from mid-table to last within LGDs. Turning to this topic of the factors underlying outward migration it is evident that the SGP and the City Deal both have large elements dedicated towards increasing inward migration and turning the tide. This is ultimately why the City Deal projects and expansion of the Ulster University at Magee are game-changers for the district. One example in particular would be the NI Graduate Entry Medical school (NIGEMS) which by its nature and function will attract older students who are already post-graduates who it is recognised are more likely to remain here (than younger graduates) following their studies and, in our view, following the University expansion to 9,400 students, overall population growth can be expected in line with the Lincoln experience.
- While accepting that there has been some diminution in the births and slight increase in deaths more recently it still remains the case that the positive impact expected from the significant investment in physical infrastructure and increased places at Ulster University will more than offset this change.

- Support for our proposition of increasing population and thus housing demand is contained within the case studies presented in outline in the UUEPC report on Lincoln, Galway and Waterford and in more detail in the measured impact of University expansion on population numbers by the Regeneris Report on the Social, Cultural and Economic Contribution of the University of Lincoln, Regeneris, Oct 2017.

Population of Lincoln by age

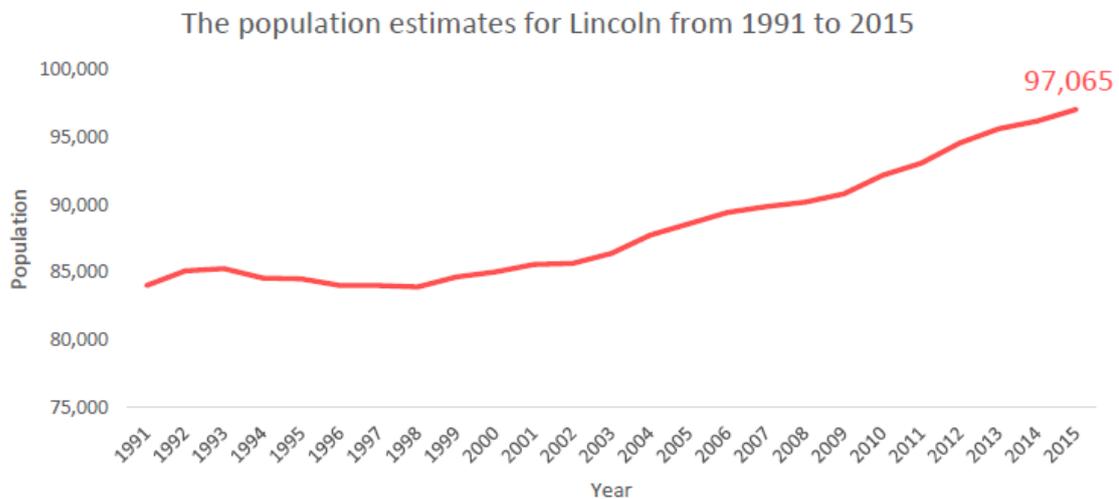
The most common age range in Lincoln continues to be 20-24, accounting for 13.2% of the population. We know that much of the increase in population since 2001 was due to the growth in residents aged in their 20s, and that part of the reason for this was the expansion of the University of Lincoln over the same period.



The graph above shows the impact on population that expansion of the University of Lincoln has had on the city (Lincoln City Profile, 2016).

This is further evidenced in the overall population growth which shows a decline from 1993 to 1998 followed by an accelerating rate of growth from then. (Lincoln City Profile, 2016).

The population of Lincoln has continued to increase, rising from 96,202 in 2014 to 97,065 2015.



- The 2019 May announcement of the City Deal/Inclusive Future Fund for the North West with a value of circa. £300m+ and the centrality of University Expansion within that overall project again highlights the growth factors that are now evident. Its catalytic role in driving economic growth through innovation and place-making will see large numbers of students opting to live here with consequent increased demand on housing both from students and staff both academic and ancillary.
- Returning to the issue of what is in essence part of the Functional Economic Market Area, As UUEPC illustrated in their commentary
- The number of NI-born residents in Donegal has grown sharply since the 1986 Census when it stood at 4,400 people or 3.4% of the county's population. As Figure 3 shows there was a sharp rise between 2006 and 2011 (an increase of 4,200 people). This was a period when 'border settlements' such as Muff, Killea and Bridgend added significant population and, by 2011, 2,500 people born in the UK were living there, almost 50% of the total population of nine settlements.
- From a behavioural point of view then the DCSDC/Donegal County Council Border area is unique within this island. No other areas would contain populations in which 50% were from the UK and consequently any pull factors such as changes in tariffs, quotas or restrictions on service exports/imports can reasonably be expected to have an effect on population movement and thus patterns of migration.

This 'special relationship' is well defined within the National Development Plan

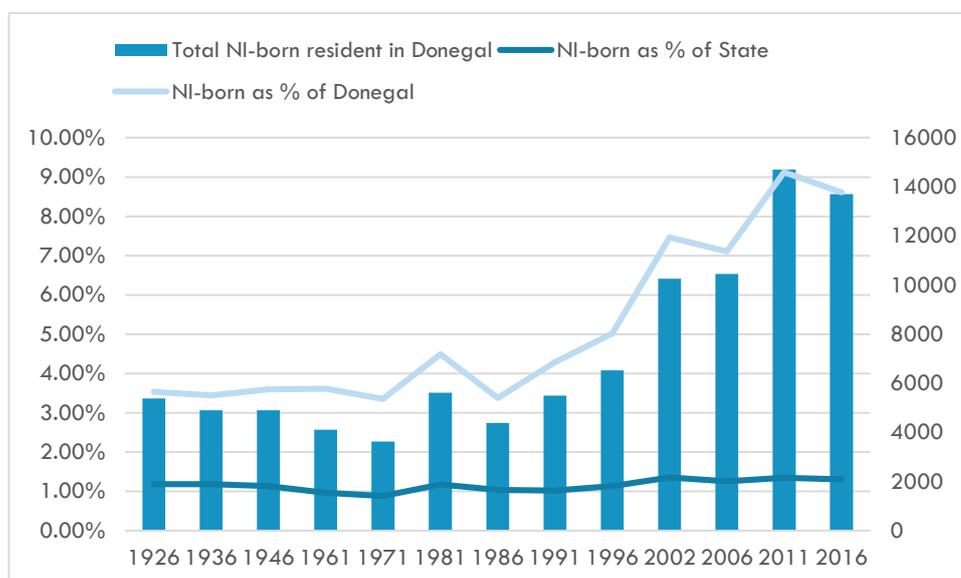
Working together, we can realise the full potential of the North-West, the Central Border Region and the Dublin-Belfast Corridor. That is why the NPF explicitly recognises:...Letterkenny, with Derry City and Strabane, functions as a cross-border city region;

Project Ireland, National Development Plan, 2018-2027

As previous work from UUEPC has shown the Functional Economic Market area extends well beyond the DCSDC area to encompass parts of Donegal, Limavady, and Omagh⁴.

⁴ FEMAs, population and the North West of the island of Ireland: Some assumptions & scenarios. Briefing note for Derry City & Strabane District Council, UUEPC, August 2018

Percentage and numbers of NI-born living in the State, Donegal, 2016 (UUEPC)



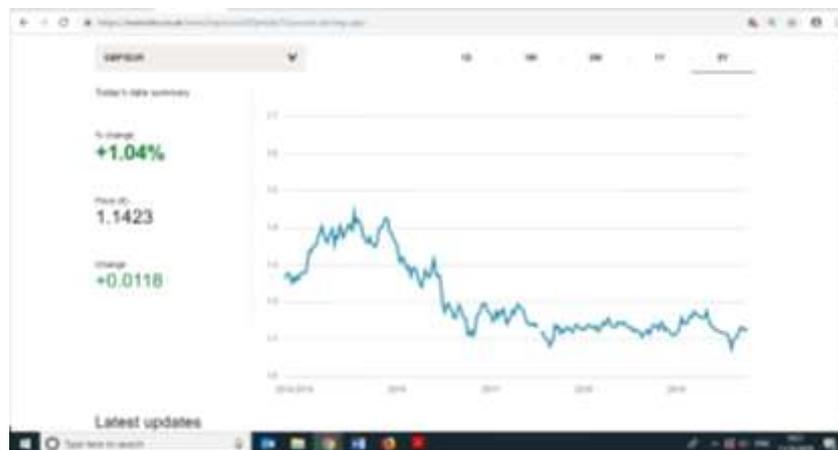
- Returning to the impact of Brexit specifically it is estimated within the UUEPC report that a minimum of 2,500 individuals who were born in NI reside in the Republic of Ireland in the border settlements closest to the Border of DCSDC. (Coverage in local media suggests that at least some of these individuals are planning to return to NI). Preliminary research also shows, for example, that within the Health sector 25%-30% of employees in DCSDC are resident in the Rol, the corresponding figures are similar for local government, education and some large private sector employers. Without knowing the exact nature of the Brexit that will occur it is impossible to be entirely sure of the magnitude of any change in living patterns but it is unlikely to be neutral and more likely to see positive in-migration from Rol (former NI residents).
- Similarly commuting patterns within the DCSDC region are quite exceptional highlighting the interconnectedness of the Regions. The table below from the Dept. Economy Aug 2018 shows the movement patterns.

⁵ Research Bulletin 18/5, *The movement of people across the Northern Ireland - Republic of Ireland border*. Andrew Doherty, Analytical Services, Department for the Economy, September 2018

Table 5: The origin for cross border travel and the crossing zone for NI to ROI border crossings, NI residents (weekday, %)

	Origin for cross border travel for NI residents (%)	Crossing zone for border crossings (NI to ROI) for NI residents (%)
Derry	35.6%	40.2%
Fermanagh	14.6%	14.9%
Newry and Mourne	14.0%	19.6%
Strabane	7.9%	9.5%
Dungannon	6.6%	7.9%
Armagh	6.6%	7.3%
Limavady	2.3%	0.5%
Omagh	2.2%	-
Belfast	1.9%	-
Banbridge	1.1%	-
Down	0.9%	-
Craigavon	0.9%	-
GB	0.8%	-
Lisburn	0.8%	-
Coleraine	0.6%	-
Antrim	0.6%	-
All other LGDs ^{iv}	2.5%	-
	100%	100%

- 36% of crossings originated in Derry LGD and 40% of the Border crossings by NI residents to ROI went through the Derry crossing zone. This was 34,600 crossings each day.
- If we review the exceptional levels of cross-border movements above and the proposed introduction of increasing levels of carbon taxes on fuel in the ROI⁶ alongside changes in public opinion towards the use of private transport they will all impact on commuting patterns and this housing demand. Indeed, the ESRI have calculated that the impact of the introduction of carbon taxes on rural areas will be more severe than in cities, as they use private transport more than those in urban areas.
- Any exchange rate volatility (of which we have seen a lot since the referendum result) acts as a 'pull factor' for NI based staff who are paid in sterling but whose main expenditure on their mortgage, car etc. is in Euros. Sterling has fallen from £1.44 in July 2015 to £1.07 August 2019 - an almost 25% fall in value and thus salary for ROI residents. (See GBP/EURO graph below)



⁶ Ireland, Budget, 2019 Carbon Tax 26 Euro per tonne

- While acknowledging the methodology applied by NISRA within the HGI report the question of how to address housing stress seems incomplete with the NIHE CEO indicating at the Strategic Governance Committee (draft minutes) in Sept 2019 that there were 2,079 applicants who presented as homeless with 1,315 accepted as such.
- Indeed, the NIHE projection for housing is 2,744 homes over the next five years which contrasts with the HGI figure of 4,100 total houses over 14 years between 2016-2030
- Housing Waiting list figures also highlight the need within the City and District in 2017/18 there were 5,492 on the Waiting List with 3,924 in Housing Stress.

These figures, at first look, appear incompatible with the much lower HGI numbers within the 2019 report.

- Additionally, none of the work has taken cognisance of the possible impact of the ending of the Mitigating Measures for Welfare Reform which are scheduled to run out in Spring 2020 nor indeed the increasing demand for single person dwellings with over 50% of the NIHE waiting list for singles in DCSDC.
- NIHE have indicated that they are already seeing large numbers of individuals in arrears and the consequences of this on private and public housing demand in the short and medium term are still unclear but NIHE did comment

*The findings illustrate that the impacts of welfare changes do not uniquely impact social tenants and landlords, but that we must also understand how the changes affect **private tenants, private landlords and homeowners** in order to consider the impacts for the whole housing system.*

NIHE, Welfare Reform NI, Scoping Report,

The NIHE report went to state that (p40)

Furthermore, due to a lack of available smaller dwellings within Northern Ireland's social housing stock, many would be unable to move to a property with fewer bedrooms even if they were willing to do so; as a result, other mechanisms may be needed to incentivise social landlords to build additional smaller properties.

Thus, while theoretically the existing housing stock may be closely matched to demand, the supply side response is somewhat constrained by the inability of many to find more suitable smaller accommodation. As NIHE conclude there may need to be action required to ensure smaller properties are to be available. In the interim the mismatch between dwelling type and tenant will require more dwellings than perhaps anticipated within the HGI.

Conclusion

DCSDC agree with both ONS and NISRA that the HGIs represents a starting point for analysis and planning but that further research is then required to fully contextualise the results and, in the case of DCSDC, recognise that the majority of the factors driving both population and demand for housing locally are both exceptional and unique.

We are of the opinion that the factors outlined within this short report, alongside reading of the document produced by Ulster University Economic Policy Centre makes a robust case for this geographic area required substantially more units of housing than that outlined within the HGI 2019 paper. (Appendix 3 of HGI Report below)

Indeed, as noted by NISRA, HGIs P 6 (2016 NISRA) are a 'starting point' from which we should 'take account of the full range of factors that may influence housing requirements over the plan period in terms of how many houses are needed in any area'.

We fully endorse the NISRA and ONS approach and view the projected dwelling numbers within the Strategic Growth Plan / Local Development Plan (LDP) in this wider context of change, the key components of which have been outlined within this response.

Appendix 1

LGD level Northern Ireland Housing Growth Indicators 2016-2030 - estimating each of the 5 key components

Table A1: Estimate of housing need by Local Government District 2016-2030

District Council	Household projection 2030	Second Homes 2030	Vacant Stock 2030	Net Conversions Closures and Demolitions 2016-2030	New Stock Estimate 2030	Housing Stock at April 2016	Projected New Dwelling Requirement 2016-2030
Antrim and Newtownabbey	59,200	400	3,200	-400	62,400	58,300	4,200
Ards and North Down	70,100	900	4,500	200	75,800	70,300	5,500
Armagh City, Banbridge and Craigavon	90,500	900	6,300	2,000	99,700	82,500	17,200
Belfast	148,200	1,500	13,000	900	163,500	156,100	7,400
Causeway Coast and Glens	58,300	2,700	5,200	2,400	68,600	62,900	5,600
Derry City and Strabane	60,000	200	4,300	100	64,600	60,500	4,100
Fermanagh and Omagh	46,200	500	4,300	1,300	52,400	48,000	4,300
Lisburn and Castlereagh	63,500	400	3,700	1,100	68,700	58,000	10,700
Mid and East Antrim	59,200	200	3,600	1,000	64,100	58,700	5,400
Mid Ulster	57,000	200	3,500	2,300	63,000	52,600	10,300
Newry, Mourne and Down	72,300	800	5,300	300	78,700	68,600	10,000
Northern Ireland	784,600	8,700	57,000	11,100	861,300	776,500	84,800

Cells are rounded to the nearest 100. Calculations have been worked out using unrounded data. Therefore summing individual figures in the table above may not add to total.