
Milton Keynes Housing Needs Study 1999-2000

Supplementary Analysis of Migration Findings

for

Milton Keynes Council and
English Partnerships



Opinion Research Services
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Analysis of Migration Findings

Introduction

1. Paragraph 5C.23 of the ORS Report of Findings for the Milton Keynes Housing Needs Study noted a significant disparity in the ONS estimate of out-migration from MK and the data derived from the ORS housing needs survey. Paragraph 6B.8 commented on the implications of the varying estimates of out-migration without seeking to reconcile the figures. This supplementary paper considers the differing estimates more fully, outlines how they might be reconciled and considers implications for the level of housing shortfall in the borough.
2. While the ONS/ORS out-migration estimates differ, the two sources generally agree with respect to in-migration rates. Neither source can be treated as absolute, of course, but it is illuminating to consider why they might differ significantly with respect to out-migration from MK.

Comparing ORS survey data with ONS projections

3. The ONS suggests that an average of 9,104 people leave MK each year, but there is no indication of their motivation in leaving. In contrast, the ORS survey data suggests that each year an average of 4,508 people from established households expect to leave MK within the next year. This figure does not include those people currently living as hidden households that expect to leave their host households in order to live outside the borough.
4. Figure 1 below shows the two latest ONS estimates (1997-98 and 1998-99) of people leaving MK in comparison with the ORS survey data for people living in established households that expect to leave MK.

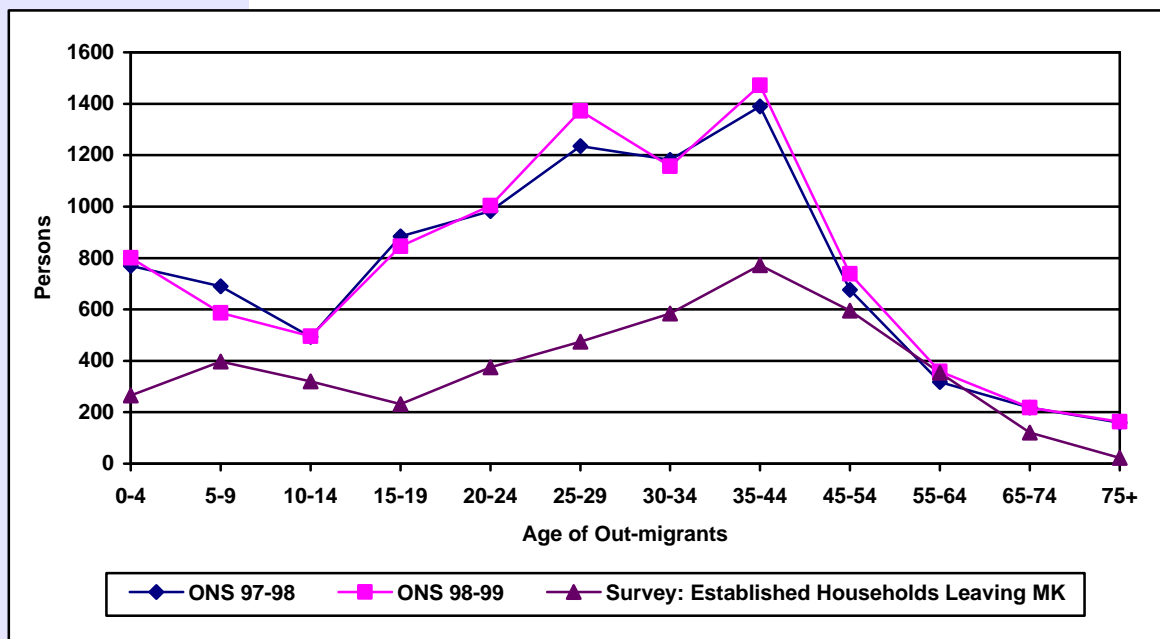


Figure 1: Age profile of out-migrants showing ONS figures and Survey data about established households expecting to leave MK



- Figure 2, below, shows how the survey data varies from the ONS average over the two years 1997-99. For the age ranges over 45 years, there is a very close match between the two sources, but the disparity for younger age groups is very clear.

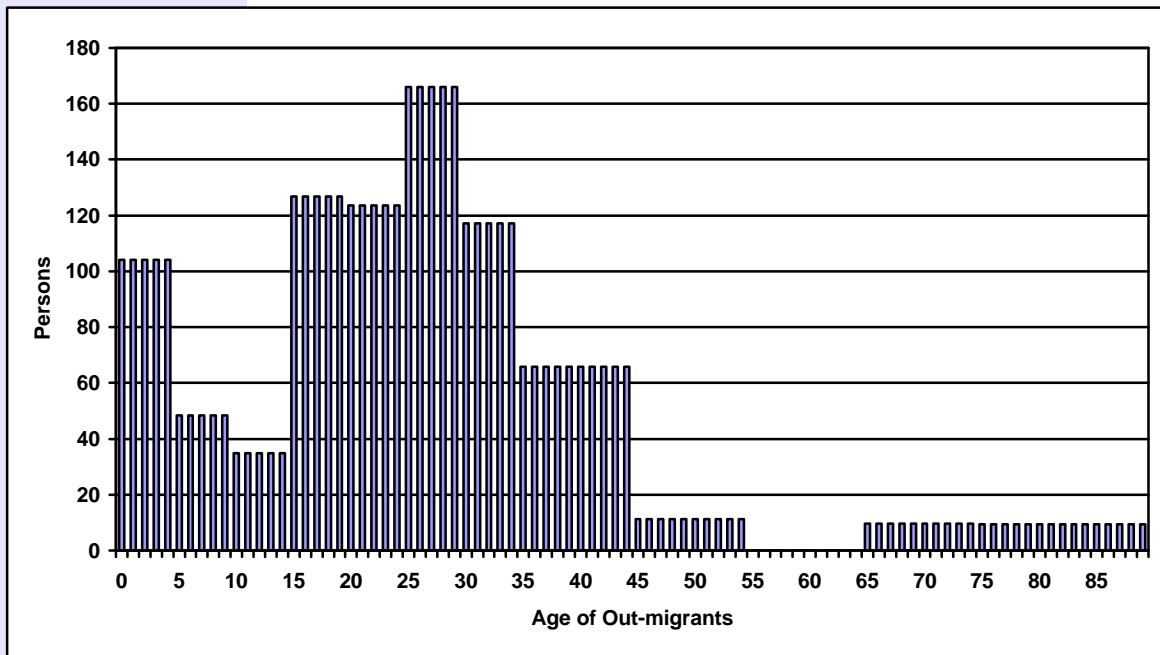


Figure 2: Mismatch between ONS figures and Survey data about established households expecting to leave MK

- There is a disparity of 4,596 between the ONS estimate of the total number of people leaving MK in practice, on the one hand, and the ORS estimate of how many expect to leave, on the other. While the two figures are not formally contradictory, the disparity invites explanation.

Established Households: Leaving and Expecting to Leave

- The ORS survey could not, of course, gather data on established households that had recently left MK – so it cannot generate trend-based data about actual out-migration by established households (but is limited to expectation-based data). However, the ORS survey does provide trend-based data on the number of established households that have moved within MK recently – and this ‘historical’ data can usefully be compared with the current expectations of established households. The comparison reveals that whilst 14% of established households currently expect to move within MK during the next two years, 17% actually moved during the last two years. This difference does not affect the modelling of the housing market significantly, because the additional likely movers release a corresponding number of vacancies.
- Nonetheless, if the ORS survey data suggests that more people actually move within the borough than expect to do so, it is plausible also to suggest that in practice more will leave the borough than expect to do so. Whilst the reasons for households moving within and outwith the borough are likely to differ, the only plausible way to achieve an effective re-calculation of established households expecting to out-migrate is to increase the original number in proportion to the difference between those expecting to move and those having moved within the borough, making some allowance for variations in likelihood of moving by tenure. When these adjustments are made, the number of



households leaving MK per year increases from 1,940 to 2,445 – which increases the number of people leaving from 4,508 to 5,681.

9. Whereas increasing the number of established households moving within MK does not normally reduce the available stock, increasing the number of established household out-migrants does do so. In other words, the shortfall is reduced correspondingly by the increase in established household out-migrants – though the available stock profile does not alter significantly, since almost all out-migrants are either private renters or owner-occupiers.
10. In brief, then, the calculations above mean that because about 1.5% more of established households move in any year than expect to do so (an increase over two years of 3% points from 14% to 17% - equivalent to a proportionate increase of about 21%), more also leave MK than expect to do so. In fact, our estimate is that whereas in any year about 2.3% of all established households in MK expect to leave the borough, a further 0.5% leave the borough without having foreseen their move up to two years in advance (assuming an equivalent proportionate increase of about 21%).

Hidden Households: Emerged and Formed

11. The ORS survey provides information about both hidden households that previously left their host household and recently formed households in MK. The trend-based survey data shows that an average of 4,347 people left their host households to live independently, whereas only 2,143 people formed new households in the borough. Hence, it may be inferred that there were 2,204 out-migrants, who went elsewhere to form their own households.
12. The age profile of those people that have left their host household and those that have formed new households in the borough can be seen in Figure 3 below.



Figure 3: Age profile of all people previously living as hidden households emerging from host households in MK and those forming new households in MK



Reconciliation of ONS and ORS Out-Migrant Estimates

13. It is reasonable, then, to argue that the ORS survey data should be adjusted to account for all out-migrants, including those established households that do not foresee a move (1,173 people) the MK hidden households than form outside the borough (2,204 people). When this is done the total number of out-migrants from established households becomes 5,681 people and the total for hidden households becomes 2,204 people, meaning that the grand total of out-migrants is 7,885 people – which is relatively close to the ONS figure of 9,104. However, such assumptions should be treated with caution, for whilst the arguments seem reasonable, we actually know very little about these additional moves and the reasons behind them.
14. Not only is the adjusted total number of out-migrants based on the ORS survey data now broadly in line with the ONS annual average, but the age profiles from the ORS survey also match the ONS forecast (see Figure 4 below).

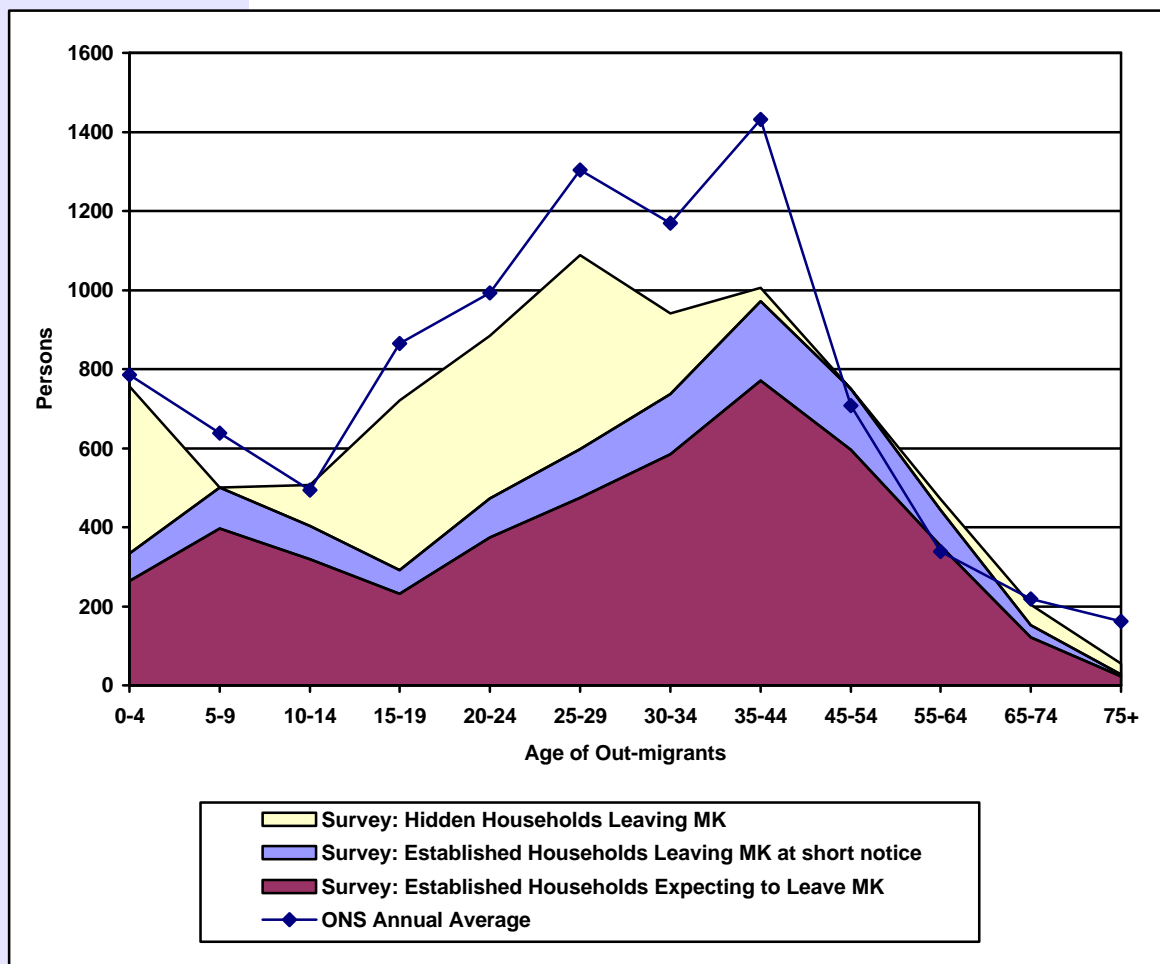


Figure 4: Age profile of out-migrants showing ONS figures and adjusted survey data about all likely to leave MK

15. Figure 5 overleaf shows that there is no significant variation between the adjusted survey outputs and the ONS data for any particular age group. Nevertheless, the out-migrants that remain unaccounted for are predominantly either young adults or likely to be young families (with adults aged 25-44 and children aged under 10).



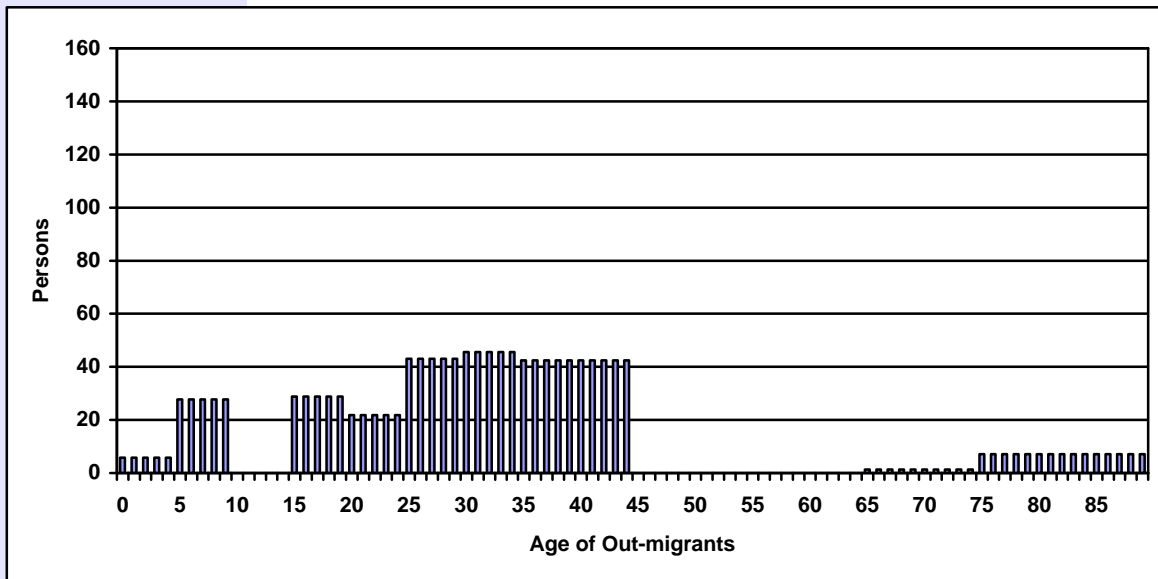


Figure 5: Residual mismatch between ONS figures and adjusted survey data about all people expecting to leave MK

16. Of course, there could be numerous explanations of why the actual out-migration rate exceeds residents' own expectations. One obvious explanation is that many people leave (and move within) the borough at relatively short-notice for non-housing-needs-related reasons – in which case the level of housing shortfall may be somewhat lower than suggested in our housing needs assessment (though it nonetheless exceeds the current level of provision). Another explanation could be that many people leave the borough due to a shortage of suitable, affordable housing. A further explanation could be that households prefer to move elsewhere due to limited executive housing in more rural locations. It is worth noting that the unmet demand for housing outside the city boundaries in the northern more rural areas exceeds the current provision in the area by approximately 5 times – which has inevitably contributed to an increase in the price of these houses and the apparent overheating of this part of the market. This is not necessarily a bad point, being as development in this area is deliberately restricted by policy decisions. There is no reason to assume that any of these explanations are more correct than any others; and it should not be assumed that housing needs is not a driver in many moves undertaken at relatively short notice (that is, moves not foreseeable up to two years in advance).
17. For example, 4,347 people from hidden households form new households each year, but about half of them form outside MK. Jobs and education might well attract some of these at relatively short notice, but so might housing opportunities. Exactly the same argument applies, of course, to established households whose evolving family plans might well make the prospect of cheaper housing or better schooling, for instance, more attractive elsewhere.



Implications

18. The housing shortfalls identified in the ORS report might perhaps be adjusted downward in the light of the above reconciliation of the out-migration estimates. The out-migration of hidden households has no effect on the estimated housing shortfall since they neither take-up nor release dwellings. The adjusted out-migration rate for established households does affect the shortfall, because they create but do not take up vacancies.
19. However, it is certainly not the case that the estimated housing shortfall should be reduced by the difference between the original and adjusted out-migration estimates.
20. The hidden household out-migrants neither take-up nor create a vacancy in leaving MK; but if at least some of them leave MK for housing-needs-related reasons, then to that extent they should be considered as *increasing* the level of needs, and hence the housing shortfall.
21. The additional established households that have been shown to out-migrate (in the adjusted figures) do increase the number of vacant dwellings. Nevertheless, if at least some of them leave MK for housing-needs-related reasons, then to that extent they too should be considered as *increasing* the shortfall.
22. Hence, we should embrace a non-vicious paradox: at least some of the additional out-migration identified in the ONS and adjusted ORS estimates *does not imply a reduction in housing requirements but could even increase the level* (if we assume that some of the out-migrants are 'reluctant leavers').
23. In fact, the computation is difficult because of a shortage of information about the number of 'reluctant leavers', but the formula is straightforward.

If we assume that:

- X is the original estimate of housing shortfall
- Y is the total number of additional established household out-migrants, of whom:
 - Y1 are willing leavers, and
 - Y2 are reluctant leavers
- Z is the total number of hidden household out-migrants, of whom:
 - Z1 are willing leavers, and
 - Z2 are reluctant leavers

then the adjusted total housing requirement is equal to:

$$X - Y + (Y2 + Z2)$$

24. That is, the adjusted total housing requirement is equal to the original estimate of housing shortfall, less the total number of additional established household out-migrants, plus the total number of reluctant leavers (both households that are currently established and households currently hidden).
25. To attribute values to these variables is, as noted above, difficult. However, if we were to assume that the overall housing shortfall was 3,184, set against an anticipated provision of 1,555 new dwellings (1,246 owner occupied homes, 43 shared ownership, 265 social rented and 1 private rented dwelling; as noted in section 5D of the original



Report of Findings), the original estimate of housing shortfall would be 1,629 units. Based on our earlier assumptions about the increase in out-migration, the total number of additional established household out-migrants would be 505 units. It is difficult to estimate the number of out-migrant established and hidden households that are reluctant leavers, but the limiting case would be to assume that none were reluctant. Therefore, our formula could be represented as follows:

$$X = 1,629; Y = 505$$

$$Y2 = 0; Z2 = 0$$

$$X - Y + (Y2 + Z2) =$$

$$1,629 - 505 + (0 + 0) = 1,124 \text{ units}$$

On these assumptions, the total housing shortfall would be 1,124 units in addition to the 1,555 new dwellings already planned. Using the Housing Market Model, we are able to profile these figures by tenure, which shows shortfalls of 898 owner occupied properties, 427 shared ownership dwellings, and 115 private rented homes, set against an excess of 316 social rented homes. These figures would imply that about 20% of the additional supply needs to be shared ownership or rented accommodation.

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