

NORTH WEST LEICESTERSHIRE LOCAL PLAN

HEARING STATEMENT MATTER 3

DECEMBER 2016

REPRESENTATIONS ON BEHALF OF:

ROSCONN STRATEGIC LAND (ID: 36)

Pegasus Group

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PLANNING | **DESIGN** | **ENVIRONMENT** | **ECONOMICS**

1. INTRODUCTION

- 1.1 This further hearing statement is submitted on behalf of our clients Rosconn Strategic Land in respect of the submitted Local Plan.
- 1.2 This statement is in response to the to the Inspector's schedule of matters which will form the basis of the discussion at the examination hearing sessions commencing on the 5th January 2017.
- 1.3 This statement supplements original representations submitted on behalf of Rosconn Strategic Land, submitted by Define.

2. MATTER 3: HOUSING LAND REQUIREMENT

a. **Is the future housing development requirement of the Plan, stated in Policy S1, derived from a full objective assessment of need (OAN) within an appropriately defined housing market area (HMA) unconstrained by local consideration?**

2.1 The starting point is that it is important to determine the **full** objectively assessed needs (OAN), which includes a consideration of employment trends and market signals (house prices and affordability) of an area based on unconstrained local considerations. Once this has been established, a number of other factors need to be taken into consideration, such as neighbouring unmet need and other policy issues such as capacity to deliver the dwelling requirements, to arrive at a housing requirement.

2.2 There is concern that the OAN has been derived at the District level for the purpose of identifying a housing requirement for preparing the Local Plan. It has not been prepared in the context of the wider Housing Market Area as required by paragraphs 47 and 159 of the Framework, which requires the preparation of a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The only SHMA covering the wider HMA, is that which was prepared in June 2014.

2.3 It has subsequently been acknowledged by decision makers, for example at the S78 Appeal Inquiry for Land South of Greenhill Road, Coalville (Appeal Ref: 3005052), that the 2014 SHMA is out of date. In addition, a very recent Appeal Court Judgment (Oadby and Wigston BC v SoS and Bloor Homes [2016] EWCA Civ 1040) has further identified that elements of the 2014 SHMA are flawed in relation to its consideration of affordable need and employment projections. Indeed, the Councils within the HMA, as referred to in the Greenhill Road Appeal Decision, concluded within emails as early as August 2015 that a new SHMA was required, which clearly implies that the authorities were concerned about the existing SHMA being out of date and/ or deficient. Shortly after this correspondence, in September 2015, North West Leicestershire endorsed a FOAN of 535 dpa, which was evidently a departure from the SHMA.

2.4 Subsequently, a report has been prepared undertaking a Review of Housing Requirements (2011-2031) and published in April 2016. It should be noted that this report has been prepared at the District level, which identifies the OAN and then a housing requirement, which includes an uplift in order to take into consideration the effects of the East Midlands

Gateway Rail Freight Interchange (EMGRFI). There is concern that this work does not take into account any cross boundary issues, such as potentially catering for unmet needs of Leicester City. By undertaking housing evidence on simply a District-wide basis, wider cross boundary needs will not be addressed. Indeed, there are a number of other complications that specifically relate to addressing the housing-related needs beyond the administrative boundary of North West Leicestershire generated by employment development at EMGRFI.

2.5 In conclusion, the OAN has not been identified in the context of the appropriate HMA. It is understood the SHMA has been comprehensively updated, however, the HEDNA work, despite being completed, is not yet within the public domain and has not informed the preparation of the Local Plan.

2.6 It is therefore essential for the Local Plan examination to be paused, to enable its content to take into account the latest evidence on OAN, in the context of the HMA. The evidence that underpins the OAN assumed for North West Leicestershire cannot be properly tested at the examination in the absence of an HMA-wide assessment of need, being contrary to the requirements of paragraphs 47 and 159 from the Framework. The publication of the HEDNA is also essential to facilitate discussions with neighbouring authorities with the potential to arrive at an agreed distribution of any unmet need arising in the HMA, and to accordingly identify a housing requirement for the Local Plan which can be found sound.

b. Is the future housing land requirement of Policy S1 robustly based on appropriate adjustments to the OAN to take account of:

i. the latest practically available national population and household projections

2.7 Subsequent to the publication of the Review of Housing Requirements (2011-2031) paper in April 2016, the 2014 Based Sub-National Population and Household Projections were published in May and July 2016 respectively. These identify that within the plan period, there is projected growth of 314 dwellings per annum (304 households per annum). This compares to 262 dwellings per annum from the 2012 Based Sub-National Household Projections, which is referenced in Table 3.19 of the Review of Housing Requirements document. The starting point figure has, therefore, increased by 52 dwellings per annum (20%). The baseline information contained in the latest evidence has therefore changed. In

light of this, there is concern that the modelling work contained within the Review will not have incorporated the implications of the latest projections and, therefore, should be updated to ensure that there is no arising unmet need within the District.

2.8 The Framework and the PPG are clear that up-to-date and relevant evidence should be used to inform the preparation of Local Plans. In order to derive an up-to-date demographic starting point as part of the determination of an OAN for housing, it is necessary to have considered the implications of the most recent population and household projections for both North West Leicestershire and the wider HMA.

2.9 In considering the implications of the latest 2014 based Sub-National Population and Household projections for the HMA, page 7 of the Review outlines that the starting point, which used the 2011 Based Sub-National Household projections, identified a need for 66,700 homes (3,335 dpa) between 2011 and 2031. This latest data, however, projects an arising need for 83,605 homes (4,180 dpa), which is an increase of 25%. In light of this significant increase in baseline figures, it is extremely important that the housing need on a HMA basis is considered, including at this examination of the North West Leicestershire Local Plan, so to ensure any unmet need arising is properly provided for.

ii. headship rates

2.10 Two different methods for dealing with headship rates have been applied to the SHMA and Review of Housing Requirement. In the 2014 SHMA, using the 2011 based data, the approach was to take a mid-point between the headship rates of change in the 2011 based and 2008 based CLG household projections. In the Review of Housing Requirements, using the 2012 based data, this has returned the 25-34 population age group headship rates back to 2001 levels (i.e. before the rate started to decrease) by 2031.

2.11 In light of more robust data, the change in approach is generally appropriate, however, the date at which headship rates are assumed to return to previous levels is set too far in the future and would result in additional unmet need if dwelling provision is not made soon enough. It is recommended that a five-year period, which is also consistent with the period for making up shortfalls on of overall unmet need against plan targets, is a sufficient period and, therefore, headship rates should be resumed by 2021. Importantly, however, the publication of the 2014-based household projections, and the associated headship rates, must be reflected in up-to-date evidence before this examination.

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- 2.12 In addition, there is concern that any headship rate adjustment is referenced as an uplift to the housing need/ requirement figures and, therefore, this justifies the proposition that a separate uplift relating to market signals is unnecessary. A headship rate uplift and a market signals uplift are for two different and distinct purposes.
- 2.13 The adjustment for headship rates is a correction of circumstances that arose principally as a consequence of the economic recession, whereby, younger households were prevented from buying homes and forming new households due to a lack of access to finance and a shortage of homes delivered previously. It is appropriate that this unmet need, where households have been unable to form separately, is recognised by adjustments to headship rates as part of the process of deriving the full OAN for housing.
- 2.14 A market signals uplift is to relieve pressure on the housing market for new forming households. For example, where there are high house prices (as a consequence of a shortage in supply to meet demand, finite resources increase in value), a nominal additional amount of housing will assist to improve the balance between supply and demand, which will assist to stabilise house prices.
- 2.15 This approach is recognised by the Local Plan Expert Group (LPEG) which, in its conclusions on a standardised methodology, recommends that separate adjustments are made. In light of this, further consideration of the market signals and an appropriate uplift address those pressures on the housing market identified should be made.

iii. affordability

- 2.16 The Review of Housing Requirements (2011-2031) identifies a deficit of 212 affordable homes per annum in the period of 2011 to 2031 (Figure 5.17). This represents 41% of the proposed overall dwelling requirement. Given the proportion of affordable homes in the context of the dwelling requirement, it is unlikely that the affordable need will be met. Indeed, paragraph 47 of EX17 acknowledges that 1,674 affordable dwellings will be provided within the plan period, which represents 16% of all new development. If, however, further adjustments are made and proactive policies to further enhance the dwelling requirement in accordance with the suggestions in this matter it is considered that there will be an improved prospect of meeting the affordable needs identified.

2.17 Furthermore, the Review of Housing Requirements document indicates that many households secure suitable housing in the Private Rented Sector and, therefore, based on this and other factors there is no strong evidence to suggest additional housing over and above that suggested by the demographic and economic based projections. In light of changing tax regimes, the availability of buy-to-let properties may be reduced over the plan period which would lead to the Private Rented Sector making a reduced contribution to dealing with affordability issues. In addition, the Oadby and Wigston v SoS and Bloor Homes Court of Appeal Judgment also recognises the concern with this approach utilised within the 2014 SHMA.

iv. economic growth

2.18 Whilst a number of economic growth options are considered and tested within the Review of Housing Requirements document, there is concern that there has been no validation of the data by analysing sector growth trends and whether these are considered to be reasonable to plan future dwelling requirements upon.

2.19 Given the difference between the figures put forward, it is suggested that a sense check is undertaken to ensure that an appropriate level of economic growth is being planned for.

2.20 In addition, given that a significant amount of work has been prepared as part of the PACEC, which has identified employment land need and supply based on the Leicester and Leicestershire Housing Market Area, it is particularly important that this work is taken into consideration alongside appropriate housing evidence prepared at the same level, in accordance with the requirements of the Framework in paragraph 158. As outlined above, there is concern that cross boundary issues, especially in relation to employment growth and resulting dwelling implications, will be neglected if proper consideration of the HEDNA conclusions are not taken into account at this stage.

v. other market signals and

2.21 See response above in relation to headship rates.

vi. national policy to boost housing supply?

- 2.22 To conclude, there are a number of concerns with the evidence presented by the Council, in particular in relation to the unwillingness to await the publication of the HEDNA report. As outlined above, the consideration of the HMA level work in the context of all the matters set out in this statement, will more comprehensively address the housing and economic need issues, which will ultimately boost housing supply over the plan period.
- 2.23 There is serious concern that if the draft Local Plan as currently presented is adopted, additional unmet need is very likely to arise, which will put more pressure on the housing market and be detrimental to economy and the quality of life of the population.
- 2.24 in this regard, for the reasons set out above, the Plan is not Framework-compliant in respect of the identification of the full OAN for housing, which is the necessary first step towards identifying the housing requirement.

c. Is the future housing land requirement of Policy S1 robustly based on appropriate adjustments to the OAN to take account of the employment generation potential of the East Midlands Gateway Strategic Rail Freight Interchange (SRFI) and evidence of the likely residential locations and travel patterns of its work force?

- 2.25 The Review of Housing Requirements has provided likely implications for dwelling requirements arising from the East Midlands Gateway Strategic Rail Freight Interchange based upon an application of existing commuting levels to the arising job growth, in order to provide a ‘policy off’ view of what could happen if the trends that occur today are continued into the future. This results in only providing homes for circa 50% of arising employees in the District. The report goes on to provide guidance as to how other authorities are to consider the impact of this development proposal. This clearly highlights the crucial importance of having to work across local planning authority boundaries, and adds strength to an argument to await the publication of the HEDNA report.
- 2.26 Based on the information contained within the Review of Housing Requirements, the Council has decided to pursue the dwelling requirements identified on this erroneous basis, despite only providing for a proportion of the residential needs to support the proposal and its employees.

2.27 There is concern that there has been no consideration by the Council of ways to use land use policies to improve matters as they currently are. For example, it is clear from the tables in section 6 of the report that there are a number of long commuting distances, which most likely take place by unsustainable means (i.e. the private car). It seems perverse that the Council would plan to maintain these undesirable travel patterns and, therefore, in making a 'policy on' decision the Council should seek to provide additional homes in order to reduce the need for commuting. Based on the fact that the proposal is consented and the evidence provided to support the planning application for the SRFI, there is a clear steer as to what is needed with regard to dwelling provision which should, accordingly, be provided for.