

**Home Builders Federation
Respondent No. 85
Hearing Session : Matter 3**

NORTH WEST LEICESTERSHIRE LOCAL PLAN EXAMINATION

MATTER 3 - Housing Land Requirement

Inspector's Key Issues and Questions in bold text.

The following Hearing Statement is made for and on behalf of the Home Builders Federation (HBF) in regard to the North West Leicestershire Local Plan. This Statement responds to selected questions set out in the Inspectors Matters & Issues document. The following answers should be read in conjunction with our representations to the Local Plan pre submission consultation ended on 15th August 2016.

3a. 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 considerations? [BP/01, HO/01, HO/03]

The proposed housing requirement in Policy S1 is not derived from OAHN for an appropriately defined HMA. The appropriate HMA is Leicester & Leicestershire. The original SHMA 2014 for this HMA is now out of date as confirmed in the recent planning appeal decision (APP/G2435/W/15/3005052) and by the commissioning of up dated evidence in the form of the HEDNA 2016 by the HMA authorities themselves. Unfortunately this report is not yet published even though it is believed to have been completed. The later additional work set out in the Report for North West Leicestershire District Council Review of Housing Requirements is not for the HMA as a whole (see previous HBF criticism submitted in response to the pre submission consultation which is not repeated) and so it is not consistent with the requirements of the NPPF (paras 47 & 159). The soundness of a Plan not based on robust up to date evidence of OAHN is also set out in the HBF's Matter 1 Hearing Statement in answer to Question 1b.

3b. Is the future housing land requirement of Policy S1 robustly based on appropriate adjustments to the OAN to take account of :

The proposed housing requirement is not based on a robust OAHN for HMA (see the HBF's answers to Question 3a above & Matter 1 Question 1b). The HBF is also critical of a number of assumptions used in the Council's assessment as set out below.

i. the latest practically available national population and household projections

The original SHMA 2014 is based on historic out of date SNPP & SNHP. The latest up dated Report uses the 2012 SNPP & SNHP but it is not for the whole HMA and therefore not compliant with the NPPF. The new HEDNA is not yet published so it is not known which SNPP or SNHP are used. The 2014 SNPP

& SNHP are now available. The Council has not confirmed if any meaningful change has arisen from the publication of these projections. Indeed the 2014 SNHP indicate household growth in the HMA over 10% higher than the unadjusted demographic starting point of the original 2014 SHMA.

ii. headship rates

It is agreed that an adjustment to Household Formation Rates (HFR) in younger age groups is appropriate (NPPG para 2a-017-20140306) as the applied methodology of the SNHP is reliance upon recent trends from the last 10 years rather than those experienced over the longer term. The implication of this bias is that the latest SNHP continue to be affected by suppressed trends in HFRs associated with the impacts of the economic downturn, constrained mortgage finance, past housing undersupply and the preceding period of increasing unaffordability which particularly affected younger households. There is also evidence to show that HFR for these groups are likely to recover as the economy improves (see Town & Country Planning Tomorrow Series Paper 16, "*New estimates of housing demand and need in England, 2001 to 2031*" by Alan Holmans).

However this adjustment is considered necessary as an adjustment to the demographic starting point rather than as a market signal adjustment. The approach recommended in the Local Plans Expert Group (LPEG) Report March 2016 for a standard methodology for OAHN proposes separate adjustments to both HFR in younger age groups and for worsening market signals. The LPEG Report recommends a demographic adjustment of 50% between 2012 and 2008 HFR in younger age groups (see Flowchart Steps A & B in Appendix 6 of LPEG Report) together with a market signal uplift of up to 25% dependant on house price and rental affordability ratios (see text in Appendix 6 of LPEG Report). Therefore the use of a modest HFR adjustment in younger age groups as a mechanism to respond to market signals is not considered to provide a significant enough adjustment to properly account for identified worsening market signals.

iii. affordability

With regard to affordability despite the Council's own evidence identifying unaffordability problems arising from some demand / supply imbalances, low rates of development resulting in an undersupply against planned housing targets and overcrowding rising between 2001 – 2011 no uplift other than a modest adjustment to HFR in younger age groups has been applied.

Furthermore despite a significant identified affordable housing need of 212 dwellings per annum representing 40% of the proposed housing requirement no increase in the total housing included in the Plan has been applied to help deliver affordable homes as suggested in the NPPG (ID : 2a-029-20140306). The Council's own viability evidence suggests that only between 20 – 30% affordable housing provision will be provided from S106 contributions meaning that unmet affordable housing needs will continue to increase.

Indeed the Council's latest evidence confirms that only 16% of affordable housing has been delivered from S106 contributions.

iv. economic growth

It is appropriate for the Council to take into account economic growth generated from the Strategic Rail Freight Interchange (SRFI) but it should be in the context of the HMA as a whole.

v. other market signals and

The NPPG confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). Again the Council's own evidence identifies a notable increase in house prices but no adjustment other than a modest adjustment via HFR is applied. The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306).

vi. national policy to boost housing supply? [HO/01, HO/03]

The overall conclusion is that the OAHN for the Leicester & Leicestershire HMA and North West Leicestershire as a constituent part of this HMA cannot be properly determined until the new HEDNA is published. On the information available at this time the proposed housing requirement of 520 dwellings per annum may be an under-estimation of OAHN derived from a calculation which is not compliant with the NPPF and therefore it will not boost housing supply.

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 workforce? [HO/01]

See answer to Question 3biv above.

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