NORTH WEST LEICESTERSHIRE DRAFT LOCAL PLAN

BACKGROUND PAPER 1

Policy S2 – Future housing and economic development needs

1 INTRODUCTION

1.1 This is one of a number of background papers which have been published to support the draft Local Plan. The purpose of these papers is to provide more information in support of specific policies than can be included in the draft Local Plan document itself if it is to remain of a manageable size.

1.2 This paper provides more information in respect of Policy S2 (Future housing and economic development needs).

2 THE POLICY

2.1 Policy S2 identifies the future housing and economic development needs of the district up to 2031. It states:

Over the plan period to 2031 provision is made for a minimum of 10,700 dwellings (535 dwellings each year), 96 hectares[1] of land for employment purposes and 7,300 sq meters for shopping purposes.

2.2 The following section provides more detail behind how we have determined these requirements.

3 HOUSING AND EMPLOYMENT REQUIREMENTS

3.1 In determining the amount of new homes and jobs the National Planning Policy Framework (NPPF) and the Planning Practice guidance (PPG) provide advice to which it is necessary to have regard.

National Planning Policy Framework

3.2 Paragraph 158 sets out that local planning authorities should ensure that their assessments of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.

3.3 In terms of housing, paragraph 159 advises that "*Local authorities should have a clear understanding of housing needs in their area*". It goes on to state that a Strategic Housing Market Assessment should be prepared for the housing market area and that this should "*identify the scale and mix of housing and the range of tenures that the local population is likely need over the plan period*". Paragraph 47 requires that local planning authorities should "*use their evidence base to ensure that the Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area*"

[1] This does not include land for the Strategic Rail Freight Interchange.

3.4 In terms of jobs, paragraph 160 provides similar advice to that for housing but in relation to business needs. It advises that such information should be obtained by working "*together with county and neighbouring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market*". It goes on to set out that this evidence should be used to assess (amongst other things) the needs for land or floorspace for economic development and the sufficiency of the existing supply to meet identified needs.

Planning Practice Guidance

3.5 The PPG provides advice in respect of assessing housing and economic development needs. In particular it advises that: "*Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints*".

3.6 In effect any assessment needs should be 'policy-off' (i.e. any assessment should establish the actual needs of an area).

3.7 In terms of housing needs, the PPG advises that this should be assessed at a Housing Market Area (HMA) level, whilst economic need should be assessed at the Functional Economic Market Area (FEMA). The PPG sets out how these might be identified. For a HMA this includes factors such as house prices and rates of change in house prices, migration and search patterns whilst for a FEMA it includes Travel to Work Areas (TTWA) and extent of a Local Enterprise Partnership.

The evidence base

<u>Housing needs</u>

3.8 As noted above the NPPF requires that a Strategic Housing Market Assessment (SHMA) be undertaken to identify the objectively assessed needs for housing in the housing market area. North West Leicestershire is part of the Leicester and Leicestershire Housing Market Area. Therefore a SHMA has been undertaken for Leicester and Leicestershire. This work was jointly commissioned by all of the local planning authorities in Leicester and Leicestershire in November 2013.

3.9 The SHMA identified the objectively assessed need (OAN) for housing across the HMA and for individual local authorities for the periods 2011 to 2031 and 2011 to 2036. In doing so four different scenarios were considered using different demographic projections:

- PROJ 1 (2011-based Sub National Population Projections)
- PROJ 2 (2011-based Sub National Population Projections (updated))
- PROJ 3 (Experian job-led – Local Authority level)

- PROJ 4 (Experian job-led – Housing Market Area level)

3.10 In reaching a conclusion about the appropriate OAN the SHMA took account of factors other than the demographic projections, including affordability and issues related to economic growth.

3.11 For the period 2011 to 2031 (the Local Plan period) the OAN for the HMA and for North West Leicestershire were identified as set out below.

Table 1 – summary of Objectively Assessed Needs identified in SHMA

Leicester and Leicestershire Housing Market Area		**North West Leicestershire**	
Annual requirement	**Total for 2011-2031**	**Annual requirement**	**Total for 2011-2031**
3,775 to 4,215	75,500 to 84,300	285 to 350	5,700 to 7,000

3.12 Following completion of the SHMA the HMA authorities agreed a Memorandum of Understanding (MOU) which confirmed that each authority was able to accommodate the upper range of new housing suggested by the SHMA for the period up to 2028. In the case of North West Leicestershire this is 350 dwellings every year (7,000 in total for 2011-31). The MOU also set out how the local authorities would continue to work together to support the preparation of local plans post 2028.

3.13 A copy of the MOU is included at Appendix A of this paper.

3.14 The SHMA is a vital component of the evidence of future housing needs and provides a clear steer. However, in line with the PPG the SHMA notes (page 12) that:

"*The conclusions on housing need do not take account of land supply, development or infrastructure constraints" and "the commissioning local authorities will need to consider whether there is a case for adjusting the level of housing provision to align with their evidence regarding local economic growth potential and to address where relevant any unmet needs from adjoining authorities*".

3.15 This is also reflected in the MOU which states that

"*Those authorities that do not have an up-to-date adopted plan or are reviewing an adopted plan are likely to be progressing plans with horizon dates of 2031 or 2036. In determining their housing target over the relevant plan period each authority will take account of all relevant evidence".*

3.16 Therefore, notwithstanding the completion of the SHMA it is necessary to consider the evidence in respect of economic needs before being able to conclude whether the SHMA recommendations are appropriate for North West Leicestershire.

Economic needs

3.17 Having regard to the advice in the PPG it is considered that the HMA can also be taken to accord to a Functional Economic Market Area (FEMA) due to the fact that most of the HMA is within the Leicester Travel to Work Area and all of it is within the area covered by the Leicester & Leicestershire Enterprise Partnership (LLEP).

3.18 An assessment of the future economic needs across the FEMA up to 2026 was undertaken in 2008 by the Public and Corporate Economic Consultants (PACEC) on behalf of the then Leicester Shire Economic Partnership. This work was then updated in 2013 on behalf of the LLEP and covered the period 2010 to 2031 (slightly different to that used in the SHMA although one year's difference is not considered to be significant).

3.19 The 2013 PACEC report forecast[2] the number of workplace jobs and the number of jobs in the B Use Class up to 2031. The latter are those uses which fall within the B Use Class of the Use Classes Order 2015 and are generally referred to as employment uses. These are summarised below.

Table 2 – summary of jobs forecast in PACEC study 2013

Workplace jobs			B Use Class		
Annual change	**Total change**	**Total jobs by 2031**	**Annual change**	**Total change**	**Total jobs by 2031**
381	9,400	65,600	267	5,600	34,500

3.20 The PACEC study took the projected growth in jobs in the B Class and converted this in to land requirements for employment purposes. In order to arrive at the future requirements the study applied assumptions to the above figures in respect of the floorspace per job for the different Use Classes and the density of development. The result of this was as set out in table 3 below.

[2] Table 4.83 of PACEC report

Table3– summary of land requirements PACEC study 2013

Use Class	Amount
B1	31,900 sq metres
B2	35.50 hectares
B8	51.89 hectares
Total	87.4 hectares plus 11,300 sq metres B1
Annual requirement	4.2 hectares plus 538 sq metres B1

3.21 The PACEC study identified the B1 uses in square metres. In order to try and understand how this would translate into land requirements we have turned this in hectares by applying a plot ratio for office uses of 4,000sq metres per hectare as used in an Employment Land Study (2012) by Peter Brett Associates. This coverts the office requirement to 7.98 Hectares and gives an overall total requirement of 95.4Hectares (i.e. 96 hectares).

4 DO THE HOUSING AND ECONOMIC EVIDENCE MATCH UP?

4.1 In considering whether the housing requirements in the SHMA are consistent with the job growth forecast in the PACEC study regard has been had to the advice in the Planning Practice Guidance which specifically refers to assessing "*the likely change in job numbers .... and also having regard to the growth in the working age population [in the HMA*]".

4.2 The Office for National Statistics (ONS) use job density as a measure of the balance between jobs and people of working age in a particular area. Under this the number of jobs in a defined area is compared to the number of people of working age (16-64). A figure of 1 would mean there is one job for each working age person. Anything above this would represent in commuting for work whilst anything less than 1 represents out commuting. A figure of 1 would be the ideal, although it should be appreciated that in even where the figure is 1 there will still be both in and out commuting for work.

4.3 As at 2011 (the start-date for the Local Plan) the job density was estimated as being 0.92[3].

4.4 Based on the population forecasts used to inform the SHMA it is estimated that the OAN for North West Leicestershire (350 dwellings each year) would result in 61,732 people of working age as at 2031. This is calculated as set out below.

[3] NOMIS

4.5 Information regarding background population data used to inform the various projections was obtained from G L Hearn, the consultants who undertook the SHMA. None of the projections match exactly to the OAN suggested in the SHMA. What is referred to as 'Experian forecast 2' was the closest forecast to the OAN – 360 dwellings per annum compared to 350 for the OAN.

4.6 Table 4 below summarises the population forecasts over 5 year time periods up to 2036 for the Experian 2 forecast.

Table 4- SHMA population forecasts, Experian 2

Age	2011	2016	2021	2026	2031	2036
0-4	5472	5934.4	5849.5	5753.4	5631.3	5668.0
5-9	5452	5755.6	6264.8	6184.3	6077.3	5926.7
10-14	5612	5516.8	5872.6	6412.9	6332.4	6199.4
15-19	5473	5168.9	5108.7	5464.8	5996.9	5887.3
20-24	4730	4575.3	4339.0	4250.8	4641.4	5092.2
25-29	4913	5578.4	5607.7	5308.3	5246.7	5685.0
30-34	5153	5585.8	6240.1	6309.7	5954.4	5842.3
35-39	6389	5691.7	6156.4	6818.2	6887.9	6452.0
40-44	7586	6588.5	6002.1	6521.7	7181.8	7215.7
45-49	7540	7639.2	6653.5	6136.8	6711.6	7340.8
50-54	6433	7531.1	7621.2	6656.3	6178.4	6765.2
55-59	5945	6406.1	7484.2	7577.0	6637.2	6184.8
60-64	6486	5824.9	6310.8	7366.9	7472.2	6549.7
65-69	5427	6218.8	5612.8	6119.5	7147.8	7255.8
70-74	3766	5055.8	5842.9	5304.4	5815.2	6792.5
75-79	2958	3353.7	4541.2	5281.1	4843.9	5346.2
80-84	2215	2380.7	2764.3	3808.2	4454.9	4150.3
85+	2120	2408.4	2829.1	3474.2	4737.8	6010.9
TOT	93670	97214.0	101100.9	104748.5	107949.3	110364.9

4.7 The table shows that the number of people aged 15-64 in 2031 is estimated to be 62,908.

4.8 This is not the same age range as that used for the number of people of working age used to calculate the job density figure (16-64).

4.9 To adjust the figure from Table 4 to obtain a working age population of 16-64 as at 2031 the number of people aged 15 as at the 2011 Census) (1,137) as a percentage of all people aged 15-64 (60,696) (Table KS102EW) (1.87%) was ascertained.

4.10 This figure (1.87%) was applied to the background data for the SHMA for those aged 15-64 (62,908) to find the number of 15 year olds ((1,176) and this was then deducted from the total aged 15-64 (62,908) to provide an estimate of 61,732 for those aged 16-64 as at 2031.

4.11 The PACEC study identifies that as at 2031 there would be 65,600 jobs within the district.

4.12 When this is compared to the estimated number of people of working age at 2031 (61,732) this would result in a job density of 1.06 (i.e. 65,600 divided by 61,732).

4.13 In effect this would represent a situation where there are more jobs than people of working age and when compared to the 2011 estimate would mean that there were more people commuting in to the district for work. In these circumstances this suggests that there would be a need to make provision for more housing than the OAN from the SHMA.

4.14 It was also considered necessary to determine as to whether there is any evidence to question the economic forecasts in the PACEC study outlined previously.

4.15 Economic forecasts are by their very nature inherently beset by uncertainty. Forecasts such as those used to inform the PACEC study are partly based on past trends of growth across different sectors. There is no guarantee that past trends will be reflected in future performance. Therefore, it is necessary to consider whether there is any evidence to suggest that the forecasts require adjustments in any way.

4.16 Of particular note is the fact that the PACEC study forecast an increase in the number of jobs in the B8 Use Class (Storage or distribution) of 3,400. However, current proposals for the development of a Strategic Rail Freight Interchange (SRFI) west of Junction 24 of the M1 and north of East Midlands Airport (the East Midlands Gateway Rail Freight Interchange) envisage the creation of about 7,400 jobs, mostly in the B8 Use Class.

4.17 This is more than that forecast by PACEC. It is considered therefore, that whilst permission has not yet been granted for this development (and there is no guarantee that it will be forthcoming), it would be prudent to consider a higher jobs growth figure in the B8 Use Class than that forecast by the PACEC study.

4.18 In considering what a revised job growth figure should be it has to be appreciated that not all of the jobs created by the East Midlands Gateway Rail Freight Interchange would be over and above that forecast by PACEC. Some of the jobs would be included within the forecast of 3,400 jobs for the B8 Use Class. The question as to how many is clearly open to debate, but it has been assumed that 5,000 of the projected job creation associated with the development (about about 66%) would be additional to that forecast by PACEC. This would mean that the total revised number of jobs as at 2031 would be increased to 70,600 (i.e. 65,600 from PACEC study + 5,000).

5 WHAT DOES THIS MEAN FOR FUTURE HOUSING REQUIREMENTS?

5.1 On the basis that it would be appropriate to seek to achieve a similar job density at the end of the plan period as that reported in 2011 (i.e. 0.92), a revised job total of 70,600 as outlined above would require the number of people of working age to be 64,952 (70,600 x 0.92) . This is higher than the working age population projected by the OAN from the SHMA (61,732).

5.2 Therefore, more dwellings would be needed than suggested by the SHMA.

5.3 To turn this in to dwellings requirements the following calculation is undertaken:

- Using data from the SHMA the number of people of working age as at 2031 (61,732) would equate to 57.18% of the total projected population as at 2031 (109,949)
- Assume that the number of people of revised working age population (64,952) equates to 57.18% of all people in 2031 would mean that the total population would be 113,952 in 2031.
- Based on a household size of 2.33 persons per household (from SHMA) this would equate to 48,906 household/dwellings as at 2031.
- The SHMA identifies 38,189 households in 2011 and so the overall increase would be 10,717 (48,906 minus 38,189).

5.4 On the basis of the above the housing requirement in the Local Plan would need to be about 10,700 dwellings.

6 FUTURE SHOPPING NEEDS

6.1 The NPPF advises that "*the needs for retail, leisure, commercial, office and other main town centre uses [should be] met in full* "and "*Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites*".

6.2 To identify the future shopping needs a Retail Capacity Study was commissioned in 2014. This built on work previously undertaken in 2012 in support of the then Core Strategy. The 2012 study had undertaken a healthcheck for each of the main settlements and also provided a forecast of future shopping needs based on then household forecasts. This had involved undertaking a household telephone survey to ascertain shopping patterns and habits.

6.3 The new study was specifically prepared to provide a new forecast of future shopping needs based on more up-to-date household and population forecasts. The household survey from the 2012 study was used to inform these forecasts as it was considered that it was still sufficiently up-to-date and robust, but account was taken of any additional retail development or commitments which had come forward since 2012 as well as revised expenditure forecasts and data.

6.4 As with the 2012 study, requirements were considered in respect of both convenience shopping (i.e. food) and comparison shopping (i.e. non-food).

6.5 Four different scenarios were used to identify future floorspace requirements, using both a static or increased expenditure retention rate as well as varying levels of retail commitments.

6.6 These scenarios were:

- *Scenario 1:* A static retention forecast
- *Scenario 2:* An increased retention rate. For comparison goods the rate was increased from 36% in 2012 to 45%. For convenience goods the rate was increased from 75% to 80%.
- *Scenario 3:* Static retention forecast but with the Belvoir Shopping Centre development not implemented (other commitments implemented).
- *Scenario 4:* Increased retention rate but with the Belvoir Shopping Centre development not implemented (other commitments implemented).

6.7 The Belvoir Shopping Centre extension was excluded in scenarios 3 and 4 because of the significant uncertainty regarding whether or not the development was likely to take place.

Findings of study

6.8 In terms of convenience shopping the study identified the following.

Table 5 – summary of convenience shopping needs

	2014-16 (Sq.m net)	**2016-21 (Sq.m net)**	**2021-26 (Sq.m net)**	**2026-32 (Sq.m net)**	**Total: 2014-31 (Sq.m net)**
Scenario 1	-8047	339	531	508	-6669
Scenario 2	-8047	1258	856	569	-5634
Scenario 3	-4911	386	577	563	-3385
Scenario 4	-4911	1305	632	617	-2358

6.9 Under scenario 1 and 2 significant oversupply was forecast to persist for the duration of the study up to 2031. Under scenario 3 and 4, although oversupply would be reduced, an oversupply would still remain at the end of the study period.

6.10 When compared with the 2012 RSU, the oversupply has significantly increased mainly as a result of new convenient retail commitments, including the new foodstore at Castle Donington, and lower convenience goods expenditure.

6.11 In respect of comparison shopping requirements these are summarised in Table 6 below.

Table 6: Comparison Floorspace Requirements.

	2014-16 (Sq.m net)	2016-21 (Sq.m net)	2021-26 (Sq.m net)	2026-32 (Sq.m net)	Total: 2014-31 (Sq.m net)
Scenario 1	-9756	1090	2492	3139	-3035
Scenario 2	-9756	6964	3682	4492	5383
Scenario 3	-1266	1699	3101	3748	7282
Scenario 4	-1266	7574	4292	5101	15700

6.12 The Study recommended that the most realistic scenario was Scenario 3. This scenario suggested a quantitative requirement of 7,300 sqm of additional comparison retail floorspace in the District for the period to 2031, with the need not arising until after 2016. The Study also suggested that this floorspace be located in Coalville in particular to assist in the delivery of needed quantitative and qualitative improvements to Coalville town centre having regard to the finings of the 2012 healthcheck.