

**NORTH WEST LEICESTERSHIRE LOCAL PLAN EXAMINATION
POSITION STATEMENT OF NORTH WEST LEICESTERSHIRE DISTRICT
COUNCIL**

MATTER 3 – HOUSING LAND REQUIREMENT



Matter 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]

- 1 The chronology behind the definition of the housing requirements is set out in the Council's letter which accompanied the submission of the Local Plan on 4 October 2016 (LP/20) whilst Background Paper 1 (BP/01) provides a summary of technical issues.
- 2 The 2014 Strategic Housing Market Assessment (SHMA) (HO/03) was commissioned by the Leicester & Leicestershire Housing Market Authorities (HMA) to provide an up-to-date assessment of housing needs to inform Local Plans.
- 3 Before considering what the Objectively Assessed Need (OAN) should be, it considered (Chapter 2) the issue of whether Leicester & Leicestershire represented an appropriate geographical housing market area. It concluded that *"there is a high level of self containment in Leicester and Leicestershire as currently defined. We consider there is a single core housing market, based on Leicester. However, at the edges of the county there are clear overlaps with other HMA areas, most prominently with Coventry/Nuneaton to the South West and the Derby and Nottingham HMAs to the north"* (paragraph 2.52).
- 4 It went on to note that whilst there were localised links across HMA boundaries, including those between North West Leicestershire and South Derbyshire, *"at a strategic level, the strongest links are with Leicester and Leicestershire"* (paragraph 2.54).
- 5 The SHMA was considered as part of the Charnwood Core Strategy examination in 2014/15. The Inspector noted (EX/12) that in the context of Charnwood that *"There is a considerable degree of consensus that Charnwood forms part of the wider Leicester and Leicestershire HMA and I am satisfied that evidence set out in the 2014 SHMA and previous studies supports this view"* (paragraph 20).
- 6 Charnwood, like North West Leicestershire, is subject to some overlap with other HMAs. In the case of Charnwood this is Nottingham and in the case of North West Leicestershire Derby. However, clearly the Inspector in the Charnwood examination did not consider that this was sufficient reason to question the inclusion of Charnwood in the Leicester & Leicestershire HMA. There is no reason why the same conclusion does not apply in the case of North West Leicestershire.
- 7 In terms of the Derby HMA (covering Derby City, Amber Valley and South Derbyshire) a separate SHMA was completed in 2013. The Inspector who considered the South Derbyshire Local Plan in 2014/15 concluded that *"I am satisfied that the evidence supports a Derby HMA comprising the three local authority areas"*.

- 8 In the case of both Erewash Borough and Rushcliffe Borough which adjoin the districts northern and north eastern boundaries respectively, they are both part of the Greater (or Core) Nottingham HMA. Both authorities have recently adopted Local Plans. The Inspector who considered the Erewash plan did not specifically address the issue of what the relevant HMA should be, but at no point did he raise any concerns to suggest that Erewash was not part of the Greater Nottingham HMA. In respect of Rushcliffe the Inspector specifically concluded that *“I agree with the Council that the Core Nottingham HMA provides an appropriate basis for assessing housing needs”*.
- 9 There is, therefore, clear support for North West Leicestershire not being part of either the Derby or Nottingham HMA. The only occasion on which the Leicester & Leicestershire HMA SHMA has been considered at examination supported the inclusion of Charnwood as part of the HMA, notwithstanding the SHMAs acknowledgment that it has a relationship with the Nottingham HMA. It is entirely appropriate therefore, on the basis of the above to conclude that a) Leicester and Leicestershire is a HMA in its own right and b) that North West Leicestershire forms part of the Leicester & Leicestershire HMA.
- 10 The relationship with South Derbyshire is recognised by both North West Leicestershire and South Derbyshire District Councils. To this end a Statement of Common Ground has been agreed whereby it is made clear that both authorities consider that they are part of different HMAs (LP/18). A similar agreement was put forward in respect of the South Derbyshire Local Plan examination and was duly noted by the Inspector.
- 11 Having identified that Leicester and Leicestershire is an appropriate HMA the SHMA went on to consider an extensive range of factors, including the latest sub-national population and household projections available at that time (2011 based). Having considered all of these factors the SHMA identified the (OAN) for the HMA and each of the constituent local authority areas. The OAN was identified as a range for the period 2011- 31 and 2011-36. For the period 2011-31 (the period covered by the Local Plan) the HMA range was between 3,775 and 4,215 dwellings per annum and that for North West Leicestershire 285 to 350 dwellings per annum.
- 12 In arriving at these conclusions the SHMA also looked at the issue of the relationship between demographic projections and distribution of jobs. In the case of North West Leicestershire it was noted (table 21) that Housing need to meet Econometric Forecasts would generate a significantly higher figure (478 dwellings per annum) than that under the demographic projections (284 dwellings per annum – Table 18). The figures in Table 21 reflected trend based forecasts. A further assessment whereby growth was distributed on the basis of where jobs currently were distributed concluded that the figure for North West Leicestershire would be 372 dwellings per annum (Table 23).
- 13 As such the OAN identified in the SHMA is that which represents an appropriate figure within the context of ensuring that the needs of the wider HMA will be met. It was based on various assumptions regarding factors such as household

formation rates and migration which were applied across the HMA and was not constrained by local factors.

- 14 However, the OAN was tested as part of an appeal on land south of Greenhill Road, Coalville (EX/13). The Inspector concluded in his decision dated 5 January 2016 that the figure of 350 dwellings per annum was not the OAN and that the SHMA was out of date.
- 15 In addition to this appeal decision, on 6th January 2016 the Secretary of State for Transport approved a Strategic Rail Freight Interchange (Roxhill) near to East Midlands Airport. In view of the changed circumstances that these decisions represented the Council commissioned additional evidence to take account of more recent evidence but to also consider the potential implications of the decision to approve the SRFI in terms of the balance between jobs and population.
- 16 It was decided to commission this additional work, rather than wait for the outcome of a replacement to the SHMA (in the form of a HEDNA) which was commissioned by the HMA authorities in early 2016, in view of the need to progress the plan as quickly as possible. The outcome of this study is set out in HO/01. The study found that, to meet the anticipated housing need that would flow from the significant job creation as a result of the Roxhill scheme which is over and above that which had thus far informed the progress of the local plan, an uplift should be applied to the housing target to give an annual requirement of 520 homes within the District. The Council invited the HMA partners, as well as neighbouring authorities outwith the HMA, to workshops and other meetings, to consider the implications of adopting the 520 figure. None of the authorities from outside the HMA raised any concern, and in fact ongoing dialogue in relation to their own local plans has not raised any issues either with the housing target or the employment land requirement.
- 17 There was some concern within the HMA regarding this approach as it was suggested it would weaken the SHMA until such time as the HEDNA was in place. Instead, it was suggested, the Council should proceed on the basis of the SHMA. However, this was rejected by the Council in view of the Inspector's findings in his decision at Greenhill Road, Coalville and the Roxhill decision. If the Local plan has been based on the SHMA it would not have been up-to-date in terms of available evidence, but it would have also failed to recognise local circumstances and so would have constrained housing supply contrary to the clear intentions of the NPPF. The Council took independent advice from a number of reputable experts, including DCLG and Counsel, each of who advised to continue to use the 520 figure.
- 18 To summarise this point, it has been shown that the District is part of the Leicester & Leicestershire HMA, and that the housing target of 520 homes per annum is based on robust and credible evidence, applying an uplift to the need figure as set out in the 2014 SHMA to take account of a significant change in circumstances. In this way, the housing target is informed by local circumstances, and is not constrained by them.

Matter 3b - 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**
 - ii. **headship rates**
 - iii. **affordability**
 - iv. **economic growth**
 - v. **other market signals and**
 - vi. **national policy to boost housing supply?**
[HO/01, HO/03]
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- i. **the latest practically available national population and household projections**

19. The April 2016 Review of Housing Requirements (RHR) takes the core of its data from the 2012-based ONS subnational population projections (SNPP) and CLG household projections (SNHP) – these were the most up-to-date available at the time. The RHR also took account of mid-year population estimates (MYE) up to mid-2014. Since the report was published, new (2014-based) projections have been released, along with a further year of MYE data. Given that the RHR had already taken account of 2014 MYE data, and the fact that key aspects of the modelling in the SNHP did not change significantly between the 2012- and 2014-based versions, it is considered that the April 2016 analysis remains robust for the purposes of considering housing needs/requirements in NWL. In many ways a debate about the baseline projections is of limited relevance to the estimated housing need given that this is ultimately driven by economic growth, the need being somewhat higher than shown when looking at demographic trends alone (i.e. had the 2014-based projections been available, the need would be virtually the same as it is based on increasing the population to ensure a sufficient labour supply, rather than being based on past demographic trends).

ii headship rates

20 The headship rates in the 2012-based SNHP are virtually identical to those in the 2014-based SNHP. This is the case in NWL as it is for all local authorities across England. The reason for the similarity is that both sets of projections are based on Census data; this data being identical for both releases given that nothing new is available post the 2011 Census.

iii affordability

21 Affordability is taken to include both an affordability ratio (price:income) and the need for affordable housing. The first of these is one of the market signals set out in the PPG. Figure 5.10 of the RHR identifies that whilst the ratio has been rising, it is quite low in comparison with other areas. In terms of the PPG this market signal arguably suggests that some uplift to housing need is required. However, the PPG is clear that any uplift should be from the 'start point', which is the latest SNHP. Given that the RHR was already suggesting a substantial uplift from the start point (of 98%) to take account of economic growth, it is not considered reasonable to include a further uplift. Affordable housing is more

complex with the link between affordable need and overall need being far from straightforward; this is discussed in some detail in the RHR (see paras 5.33 to 5.66) with the conclusion again being that no further uplift need be applied (this again needs to recognise the near doubling of the suggested need when compared with the 'start point').

iv economic growth

- 22 Economic growth is the key driver of housing need in NWL (and as set out in the RHR). The RHR has accessed a number of different baseline forecasts and also taken account of the impact of East Midlands Gateway (EMG). The range of outputs from forecasts (see Figure 4.1 for example) is quite wide, making it difficult to be definitive about likely baseline growth. The main analysis in the RHR has used a PACEC forecast – for NWL this forecast sits very much in the middle of the range and so is arguably the most balanced position to take. The additional level of jobs as a result of EMG was taken directly from the EMG Environmental Statement and can be seen in Figure 2.2 of the RHR.

v other market signals

- 23 A full range of market signals was considered in the RHR, including all of those noted in the PPG. The conclusion is as for affordability (see above) – given that the housing need is nearly double the 'start point' it would not be reasonable to suggest a further uplift to housing provision.

vi national policy to boost housing supply

- 24 The Council's proposal to provide 520 dwellings per annum would certainly be a significant boost to housing supply. According to Figure 5.12 of the RHR the average number of completions between 2001 and 2015 in NWL was 355 per annum; the proposed target is therefore 46% higher than past levels and would represent a substantial 'boost'.

Matter 3c - 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]

- 25 The RHR has looked in some detail at the likely job creation at EMG and the locations from which workers are likely to travel (see paras 2.11-2.19 and also Section 6 for example). On the basis of 2011 (Census) commuting dynamics it was estimated that around half of new jobs could be expected to be filled by people living in NWL. As part of the Roxhill proposal it was suggested that 20% of employees would seek to move to the area. It is not totally clear from the assessment undertaken as part of the Roxhill proposal how the figures were arrived at. Instead applying the 2011 Census figures results in a somewhat higher growth figure than the (implied) 20% suggested by Roxhill and hence the need generated in the RHR will be somewhat higher (i.e. a 20% assumption would have shown a lower housing need). The assumptions used are based on

the best available data and have been applied appropriately so as to not minimise the potential impact on housing need in NWL.