

## **Matter 10: Leicester and Leicestershire Housing and Employment Needs**

### **Issue 1 – The Assessment of Housing Need**

#### Context

The Planning Practice Guidance (PPG) states that there is an expectation that the standard method for assessing housing need will be used and that any other method will be used only in exceptional circumstances. The PPG also indicates that the standard method provides a minimum starting point and that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. Such circumstances would include where an authority agrees to take on unmet need from neighbouring authorities, as set out in a SoCG. (PPG References 2a-003-20190220 and 2a-010-20201216).

#### **Questions:**

**Q.10.5 Notwithstanding that the Charnwood Local Plan has been submitted for Examination, is the use of 2020 affordability data for Charnwood (HENA para 8.13) justified? Would the use of 2021 affordability data for Charnwood feeding into the standard method affect the calculation of housing need for Charnwood in Table 8.1? If so, how?**

- 1** In paragraph 3.5 of our May 2022 Hearing Statement, we highlighted the fact that house prices in the area have increased significantly and exceeded the regional and national average increase, whilst average household income has not risen by the same amount. We went on to point out that this is a significant barrier for homeownership which is having a negative impact on economic and social sustainability.
- 2** Whilst the Council's use of the 2020 affordable housing data was understandable in the Submission Draft Local Plan, there is now an opportunity to take account of more recent and relevant data.
- 3** The latest ONS figures indicate that the 2021 property price to earnings ratio in respect of Charnwood was 8.4. This represents a significant increase from the ratio figure of 7.7 recorded in 2020.
- 4** Government Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%. With regard to the standard methodology, we believe that the adjustment figure currently used for Charnwood of 1.23125 would increase to 1.275 if the latest ONS data is used.

- 5 In summary, we consider that, the use of 2021 ONS affordability data for Charnwood to be necessary in order to take full and proper account of the recent deterioration in affordability, and ensure that the standard method calculation of housing need is both up to date and robust.

**Q.10.6 What are the implications, if any, of Charnwood having a 12% increase in population 2011-19 but a 9.2% increase in dwelling stock over the same period as indicated in the HENA (Table 5.16)? Does this point to a level of suppressed household formation which would justify an uplift in the level of need? Does this trend have any implications for the future distribution of development as indicated at paragraph 5.36 of the HENA?**

- 6 We consider that it is important to take full account of the content of Table 5.16:

Table 5.16 Comparison of Growth in Dwelling Stock and Population, 2011-19

	<b>% increase in stock</b>	<b>% increase in population</b>
Leicester	8.2%	7.5%
Blaby	9.7%	7.9%
<b>Charnwood</b>	<b>9.2%</b>	<b>12.0%</b>
Harborough	10.5%	9.5%
Hinckley & Bosworth	8.2%	7.4%
Melton	4.5%	1.4%
North West Leicestershire	12.5%	10.6%
Oadby & Wigston	3.5%	1.9%
Leicestershire	8.9%	8.4%
Leicester & Leicestershire	8.7%	8.1%

Source: MHCLG Live Table 125 and ONS

- 7 It is quite evident from looking at the above table that Charnwood's increase in population between 2011-19 of 12% was higher than that experienced by all other local authorities in Leicestershire (in some cases, very significantly so).

- 8 Furthermore, whilst every other Leicestershire local authority saw its dwelling stock increase at a higher rate than its population, this was not the case in respect of Charnwood.
- 9 Charnwood's population increase 2011-19 of 12% was significantly in excess of the 9.2% increase in its total dwelling stock.
- 10 Consequently, we consider that the above evidence clearly points to a level of suppressed household formation, which justifies an uplift in the level of need in order to address this important issue. It is vital that Charnwood seeks to provide enough new homes to meet the needs of its growing population.
- 11 We have previously identified that our Land East of Thurmaston (SHELAA reference: PSH120) is a site that is capable of contributing towards meeting Charnwood's significant housing requirement. It is 38.8 hectares in size and is being promoted to deliver 585 dwellings.

## **Issue 2 – The Scale of the Unmet Need for Housing**

### Context

The SoCG (Appendix B) (Exam 43) states that Leicester's minimum local housing need from 2020 - 2036 is 39,242 dwellings (2,464 dwellings per year) and the supply over the same period is 20,721 dwellings. The SoCG (paragraph 3.20) indicates that the residual unmet need of 18,700 dwellings will be tested through the Leicester Local Plan.

**Q.10.7 Is the 18,700 dwelling figure a reasonable working assumption for Leicester's unmet need from 2020 to 2036 as set out in the Housing Distribution Paper (paragraph 3.7) (Exam 45) and the SoCG (paragraph 3.19), pending further testing through the Leicester Local Plan? Is it a reasonable basis on which to apportion the unmet need across the Leicestershire authorities?**

- 12 We consider that figure of 18,700 dwellings outlined in the latest Statement of Common Ground (April 2022) represents the most up to date evidence of Leicester's unmet need for the period 2020 to 2036. Accordingly, we consider that this figure does indeed form a reasonable basis upon which to apportion unmet need across the Leicestershire Authorities.
- 13 Given the significant scale of unmet need that has been identified, we are of the firm opinion that prompt action needs to be taken by the Leicestershire Authorities in

order to begin to rectify this problem. We consider that the Charnwood Local Plan has a vital role to play in assisting Leicester by accommodating a significant proportion of its unmet housing need.

**Q.10.9 If the scale of the unmet need of 18,700 dwellings changes as a result of the Leicester Local Plan Examination, how would this be addressed by the respective Leicester and Leicestershire local authorities under the Duty to Cooperate? What would the implications be for plan making in other authorities in the Housing Market Area?**

- 14** We consider that each Authority needs to have a Local Plan in place that contains a policy that states that a Local Plan Review will be triggered if Leicester's unmet need changes significantly, or if another Leicestershire local authority states that it will no longer be capable of accommodating its agreed apportion of Leicester's unmet housing need.
- 15** This would be similar to the approach adopted by Policy IMR1 (Monitoring and review of the Local Plan) of the Harborough Local Plan (2011-2031) which specifies that a full or partial update of the Local Plan will be commenced within 6 months of a number of sceneries ,which includes the adoption by the Council of a 'Memorandum of Understanding (MoU) or Statement of Common Ground (SoCG), which proposes a quantity of housing or employment development to 2031 that is significantly greater than the housing requirement or employment need identified in this Local Plan'.
- 16** Policy IMR1 also specifies that any full or partial update of the Local Plan that is triggered, will be submitted for examination within 30 months from the date it commenced.
- 17** We believe that it is important that Charnwood and other Leicestershire Authorities have Local Plan policies in place that contain similar time commitments, in order to ensure that all Local Plan updates are undertaken in a timely manner and do not delay Leicester's significant unmet housing needs being promptly addressed.