

## **CHARNWOOD LOCAL PLAN EXAMINATION**

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

#### **Submission from CPRE Leicestershire**

**Sept 2022**

**Representation Number: 340**

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

#### Question 10.2

*Is the HENA (Exam 44a) assessment of Leicester and Leicestershire's housing need from 2020 to 2036 (91,408 dwellings) based on a robust assessment of relevant factors? Are there any exceptional circumstances which would justify planning for a lower or a higher figure?*

The HENA calculations predate the 2021 CENSUS. The interim CENSUS results have significantly downgraded the existing 2021 households in both Leicester (-10,367) and Charnwood (-2452), and overall, in Leicester and Leicestershire, (-7899) when compared with the ONS2014 figures. The number of households are closest to the ONS2016 projections.

This discrepancy is only likely to increase when projected forwards and gives sound evidence (as required in NPPG) for the use of a lower figure than the Standard Methodology result for Charnwood itself, reinforcing what we said in Matter 4.1.

This is also of particular importance, given that the main assumed unmet need is from Leicester and the SM calculation, includes, not only demographic need but an affordability uplift and a 35% addition to Leicester (some 639 dpa) a need which does not exist.

The CENSUS results would also suggest support for the contention that falling household size may not continue at the same rate. The HENA suggest household suppression as evidence for why the ONS2014 HRRs are

preferable to the ONS2018 HRRs (5.42-5.48). However, there is another interpretation which suggests that there have been structural changes (for example the age at which people buy property) which mean that relying on the longer 2014 trends does not allow for a levelling off of household size.

Importantly, we consider the CENSUS represents 'robust evidence' for a lower figure based on realistic assumptions of demographic growth, which alongside the local circumstances relating to urban regeneration, congestion and carbon emissions, justify a deviation from the SM.

### Question 10.3

*What implications, if any, do the levels of net migration in the 2018 Sub National Household Projections compared with the 2014 projections (on which the standard method is based) have for the standard method of assessing housing need for Leicester and Leicestershire? Is the use of an alternative internal migration assumption justified and if so, why? (Table 5.13)*

The 2018 sub-national main projections rely on only two years of internal migration data, largely reflecting changes in the way NHS data is gathered. The choice to limit the period is likely to make it both more volatile and more influenced by short-term effects including recent house-building activity.

This change has impacted both on the housing distribution nationally and regionally and has led to a distribution more concentrated in the Leicestershire districts rather than Leicester.

As stated above it would be consistent with the Census to use the 2016ONS projections. However, if the ONS 2018 projections are adopted a longer time frame for Internal Migration would seem appropriate.

### Question 10.4

*Is the minimum local housing need figure for Charnwood from 2020 to 2036 of 1,111 dwellings set out in the HENA (Table 13.1) robust and justified? Does the evidence in the HENA update any of the assumptions used in the Charnwood Housing Needs Assessment (EB/HSG/1)?*

The HENA analyses the jobs that would be supported by the Standard Methodology approach across Leicester and Leicestershire. Employment baseline growth is 27,000 but the SM would provide three times higher than this (Para 8.24). The aspirational growth figure would lead to 81,400 jobs. However, one needs to be careful in adopting aspirational figures which are potentially circular. Even so, the high figure would leave Charnwood in a position where it only needs 640 dpa based on 2011 CENSUS level commuting, 598 if it achieves 1:1 commuting.

There is an economic shortfall identified in North West Leicestershire, Melton and Blaby but promoting housing in Charnwood would still lead to an increase in car commuting over longer distances so cannot be supported. This would suggest that, even taking the ONS2016 figures, Charnwood would be likely to be exporting commuters to other areas.

This would also have implications for the sustainability of the SM figure, and suggests any increase to meet needs elsewhere would be likely to increase commuting, as well as other journeys to major services.

#### Question 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?*

If one adopted the most up to date Standard Methodology calculation (2022-2032, 2021 affordability) Charnwood's need would increase from 1,111 to 1,156 dpa, and in the case of the 2016ONS figures, which we favour, from 946 to 981.

This, of course, demonstrates one of the flaws in the SM approach as it is volatile to house price changes without any actual need being generated. Moreover, the additional 35% was fixed for cities like Leicester but any general deterioration in affordability does not reset that so it only meets the Government's political target.

Moreover, it is unclear how the impact of COVID and inflation will impact on house prices moving forwards. The HENA examines this and suggests on-going house price growth (Para 4.16 - 4.24), but acknowledges the market was driven in the pandemic by particular needs and that this growth could be impacted by external events. Of course, some of those, such as the current inflation level, were yet to emerge at time of writing. There is then a risk in adopting the latest affordability figures, especially as the existing SM calculation itself appears to be exaggerated.

#### Question 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?*

Leaving aside the structural long-term changes described above that might impact on household formation, it is worth asking the question whether household size has significantly changed in reality. The CENSUS figures from 2011 and 2021 suggest that in the case of Charnwood there has not been a significant change, the average dipping from 2.497 to 2.492. The growth is also closer to 11% (up to 2021) rather than 12% (up to 2019) in both households and population.

<b>Charnwood</b>	Population	Households	Household Size
Census 2011	166,100	66,516	2.497
Census 2021	183,900	73,800	2.492

In terms of the distribution of development it is also worth noting that past trends do not provide a policy basis for any future redistribution. This needs to be guided by sustainability aims.

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

### Question 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?*

As set out above, the actual number of households in Leicester is considerably lower than that provided in ONS2014 (-10,367). This would suggest that the unmet need (18,700) may become untenable when the Leicester Plan is tested against up-to-date ONS projections taking account of the CENSUS.

Furthermore, there is no up-to-date publicly available evidence to support the supply figure which is given in the SoCG. It is simply assumed to be the case. Our criticisms (Question 1.8) remain substantially the same, in terms of out-of-date evidence, low level of windfalls and the likelihood of new sources of supply. Any shortfall is also likely to be late in the plan process.

It is worth noting two further factors. Para 3.37 of the HENA refers to the oversupply of office space in Leicester with the main demand for downsizing by some 30% in size. This would support the view that additional housing supply can be expected to come forwards as a result of changes of use from offices, retail and leisure.

Fig 4.3 also shows how different the housing need is in Leicester with more terraces, semi-detached and flatted properties sold. This would suggest both that there is more opportunity to meet the need with additional land in Leicester as development will be higher density and also that building in other areas may not provide what is needed in Leicester, indeed it may only attract specific higher income segments of the Leicester population, increasing social segregation.

### Question 10.8

*Why is an unmet need of 15,900 dwellings tested through the Sustainability Appraisal (Exam 47a) and how was this figure arrived at? Has the figure of 18,700 dwellings been tested?*

The 15,900 dwellings figure appears to be based on the previous SoCG and the 18,700 has not been tested but the results are considered similar and comparable. We would be concerned that this under-estimates the impact of the additional 17% of dwellings on traffic growth and other issues and suggests too superficial an analysis.

#### Question 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?*

This would clearly depend on whether the Local Plans committed to higher housing levels to meet Leicester's unmet need and then allocated land. If so, those allocations could not be reversed. The CENSUS data would suggest it is more likely that there would be over-supply.

### **Issue 3 – Apportionment of the Unmet Housing Need**

#### Question 10.10

*The Housing Distribution Paper (paragraph 7.3) (Exam 45) refers to the proposed distribution of the unmet need as an 'interim arrangement'. What does this mean, is it justified and how would any changes to the evidence or other circumstances be dealt with?*

It cannot simply be an 'interim' arrangement if it includes allocations in plans as those would be fixed and could only be added to not removed. We are concerned that in practice it would lead to a social hollowing out of Leicester which could not be reversed, as well as increasing commuting, congestion and carbon emissions.

Moreover, as 16 Dec 2020 statement says, the 'increase in the number of homes' to be delivered is expected to be met by the cities and urban centres themselves'. So, it is the additional land which should not be found in surrounding areas. In other words, it is anticipated that 10,224 (639x16 dpa) additional dwellings should be found in Leicester to meet that 35% uplift (assuming the ONS2014 figures). The urban opportunities to be examined are set out in the PPG and should be fully explored through the Leicester Plan before any land to meet that need is released elsewhere. This exploration has not yet been done.

It is worth noting, for comparison, that the West Midlands Combined Authority, faced with similar uplift and unmet need issues in the Black Country commissioned the Chilmark Study<sup>1</sup> to examine Brownfield land availability which has found considerable additional potential and is feeding into the evidence base for that Plan.

So, any interim consideration needs to be in terms of future plan reviews not immediate plan releases.

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<sup>1</sup> <https://blackcountryplan.dudley.gov.uk/t2/p4/t2p4m/>

### Question 10.11

*Are the following factors set out in the Housing Distribution Paper a robust and logical basis for the apportionment of the unmet need of 18,700 dwellings to 2036:*

In our view the approach should be to consider the most sustainable option. This should include a study of capacity on routes into Leicester from Charnwood and the implications for congestion.

- *the functional relationships between the respective Leicestershire authorities and Leicester City based on migration and commuting patterns;*

Past commuting and migration rates can act as a starting point, but we do not consider these represent a desirable output situation. Table 4.3 of the SoCG shows the imbalance in commuting patterns between Charnwood and Leicester. This is likely to be exacerbated if housing is provided in Charnwood to meet Leicester's need. The Housing Distribution Paper shows a gross commuting rate of 24% (from 2011 census) but this masks an imbalance of 9,863 which may have deteriorated.

The assertion (Housing Paper 4.13) that locating housing where there is existing commuting into Leicester could lead to reduced journey times is simply untested. Any reduction in commuting is likely to be trivial compared to the comparative attractiveness of employment in the city. Moreover, there is no consideration of the capacity of the local network to accommodate extra traffic.

This is not a new issue. It goes back to the SGP where the supporting transport modelling only modelled large zonal inter-relationships. This resulted in an infrastructure analysis that concentrated on longer distance movement and not on the local traffic which plays such a key role in congestion, especially as you enter a city.

- *balancing the provision of jobs and homes;*

This makes more sense but there is no guarantee new jobs will materialise or that commuting will reduce.

It may lead to a justification for urban intensification but if jobs don't emerge it could lead to more commuting.

- *deliverability, based on potential supply, the rate of housing growth and adjustments to support a sustainable and deliverable distribution of development.*

This risk being a chicken and egg situation. Moreover, the assumption about housing land in Charnwood is based on supply in plan. Para 6.9 of the Housing Paper is cautious about this approach because the evidence on supply is out of date in some authorities. This is particularly the case in Leicester itself, suggesting any apportionment elsewhere should only take place when that evidence is in place.

*Are there any other relevant factors which should be taken into consideration?*

Sustainability, and not just economic growth, should be the key factor, including access to services, as well as reducing the need to travel and the availability of alternative modes. In particular the ability of congested roads going into and out of Leicester to accommodate additional traffic needs to be properly examined, both in terms of congestion and the increase in pollution (such as PM10s/2.5s) on sensitive links.

#### Question 10.12

*Is the proposed 1.4% 'cap' to the redistribution of housing provision justified as a general approach and in relation to Charnwood in particular? What effect does the 1.4% cap applied to Charnwood have on the redistribution of the residual unmet need across the other Leicestershire authorities?*

According to the SoCG Hinckley considers this arbitrary as it leads to higher housing in their area. CPRE simply does not consider redistribution is required at this level so the issue of the cap need not apply.

Even if the current level were accepted, we would approach the problem by allowing for a future review rather than allocating extra housing now.

In that case, applying the Compound Annual Growth Rate (CAGR) cap in Charnwood need not automatically lead to additional housing in Hinckley in the future. The appropriate approach would need to be assessed as part of that plan process.

#### Question 10.13

*Have land supply, capacity and constraints issues been assessed in the apportionment of the unmet need? If not, how will these matters be addressed?*

We are not convinced that these have been adequately considered, both in Charnwood, but as importantly elsewhere, and most significantly in Leicester, as we say above.

#### Question 10.14

*What role will the review of the Strategic Growth Plan (EB/DS/6) have in the distribution of housing growth across the Leicester and Leicestershire Housing Market Area in the longer term?*

The SGP is out of date and, in particular, failed to consider climate change. It was also based on assumptions about infrastructure that cannot be justified or delivered. It doesn't address commuting that would result from moving population out of Leicester. An updated SGP needs to be more focused on sustainable development and reducing the need to travel.

### Question 10.15

*How has the SoCG Sustainability Appraisal report (Exam 47a) informed the apportionment of the unmet need?*

While, the SA considers the sustainability implications of various targets, as well as the distribution it does not consider whether that 18,700 target is justified. Our evidence suggests that the target itself could be inflated and so result in a distribution which undermines some sustainability goals.

We have particular concerns about the Transport implications. Para 5.2.8 of the SA raises the spectres of increased congestion on roads into Leicester in line with our concerns and this could be a major negative impact (See also detail on Page 109 of the SA). The SA goes on to suggest that equally this could lead to public transport benefits that would be extremely positive, although these are undefined and may simply never be delivered.

Para 5.2.9 of the SA then makes assertions about public transport which we do not think will stand up to scrutiny either in terms of the way sites have been selected or designed to facilitate Public Transport or, equally, the likelihood of any source of funding to make them viable in a commercial de-regulated environment.

This is underlined by the Infrastructure Delivery Paper (Exam 30) which suggests Public Transport Investment will be concentrated on Loughborough and Shepshed, albeit without assessing its impact. In contrast, on arterial roads, the main emphasis is on providing capacity because public transport investment is seen as insufficient, which undermines the assertion in the SA.

Given the already high level of car-commuting, the major negative impacts seem more likely (but untested by any traffic modelling). This is likely to result in additional congestion problems and hence rises in carbon emissions as well as pollution. At the same time, it would, almost inevitably, further increase calls for additional road capacity with no consideration of the implications or funding.

Notably Para 5.2.8 on climate change does not seem to give great weight to traffic growth in terms of emissions (See also p125). Such an approach to climate change is, in our view, simply not acceptable given government commitments and the need for urgent action.

### Question 10.16

*Overall, is the apportionment of 78 dwellings per year to Charnwood over the period 2020 - 2036 to contribute towards the unmet need of 18,700 dwellings justified by the evidence, robustly based and will it support a sustainable pattern of development as required by NPPF paragraph 11?*

The additional housing in Charnwood is not justified. Further work needs to be done in Leicester. There is no immediate shortfall and there is good evidence to suggest that the unmet need might be exaggerated.