

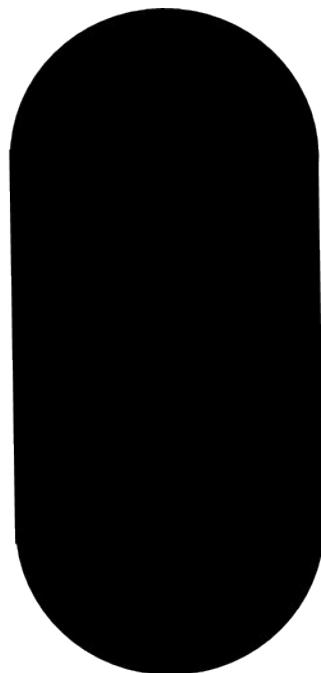
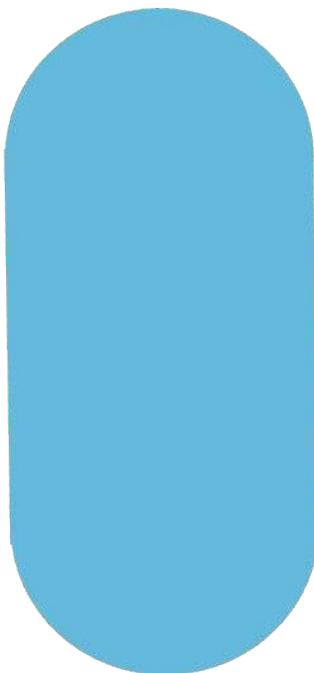
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## WRITTEN STATEMENT IN RESPECT OF THE CHARNWOOD LOCAL PLAN 2021 – 2037 EXAMINATION

### MATTER 10: LEICESTER AND LEICESTERSHIRE HOUSING AND EMPLOYMENT LAND NEEDS

On Behalf of Bellway Homes Limited, Clarendon Land and Development Ltd, Hallam Land Management Ltd, Richborough Estates, and William Davis Ltd



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## 1. INTRODUCTION

- 1.1. This Written Statement is made on behalf of our client/s, Bellway Homes Limited, Clarendon Land and Development Ltd, Hallam Land Management Ltd, Richborough Estates, and William Davis Ltd, in response to the Inspector's Matters, Issues and Questions of the 15 August 2022 for the examination hearings of the Charnwood Local Plan 2037.

## 2. MATTER 10: LEICESTER AND LEICESTERSHIRE HOUSING AND EMPLOYMENT LAND NEEDS

### Issue 1 – The Assessment of Housing Need

**Q. 10.1 What is the up to date position with the signing of the SoCG (Exam 43) by the Leicester and Leicestershire authorities (including the County Council)? Are there any implications for Plan preparation by the authorities and if so, what are they?**

- 2.1. No comment.

**Q. 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?**

- 2.2. The HENA correctly assesses minimum housing growth across Leicestershire based upon standard method. Whilst we recognise that for the purposes of calculating the minimum housing need in Charnwood, the HENA (Exam 44a) has reported upon the standard method as at 2021 – this being the published figure prior to submission of the Local Plan (totalling 1,111dpa) (consistent with paragraph 2a-008 of the PPG), it is nonetheless important to note that the standard method based figure for Charnwood in 2022 now stands at 1,156dpa. The primary reason for this is a worsening of the affordability ratio (house price over earnings) within the Borough, which is indicative of a housing market under increase demand pressure.
- 2.3. The figure of 91,408 dwellings / 5,713 dpa therefore represents the minimum housing need across the Leicester and Leicestershire HMA under standard method.



- 2.4. However, there are exceptional circumstances which indicate the housing requirement of local authorities across Leicestershire should be higher. Paragraph 2a-024 of the Planning Practice Guidance (PPG) is clear, that: “*The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes*”.
- 2.5. Table 9.9 of the HENA (Exam 44a) sets out the estimated need for social/ affordable rented housing by local authority. For each we summarise the figures below alongside the minimum standard need figures.

**Table 1: Summary of Net Affordable Rented Need vs Standard Method**

	Net Affordable Need - Rent (per annum)	Standard Method (per annum)	Affordable Need as a % of SM
Leicester	1249	2464	51%
Blaby	341	341	100%
Charnwood	455	1111	41%
Harborough	254	534	48%
Hinckley & Bosworth	321	472	68%
Melton	82	231	35%
NWL	236	372	63%
Oadby & Wigston	139	188	74%
L & L	3076	5713	54%

- 2.6. Whilst affordable housing need differs as a proportion of standard method across each authority, it is clear that across Leicester and Leicestershire that a level of housing need informed by standard method alone is insufficient to meet identified net affordable need. Whilst this is most notable in Blaby where affordable housing need equates to 100% of standard method, it is also clear that affordable need within Leicester, and other authorities is significant.
- 2.7. On the basis that affordable housing is, for the sake of argument, to be delivered at a rate of 30% of total housing delivery this would equate to a total requirement across the Leicester and Leicestershire housing market of 10,253 dwellings per annum - almost double that identified through standard method.



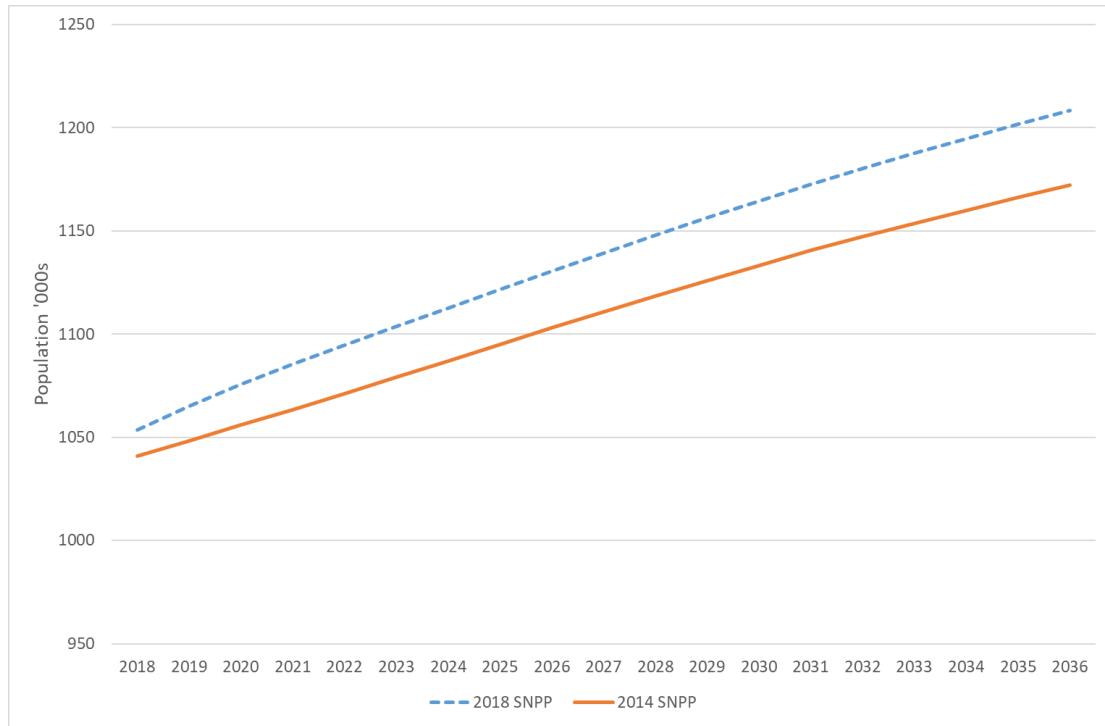
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- 2.8. Whilst we acknowledge that it is not the role of this examination to necessarily challenge the levels of housing need/ or housing requirements of surrounding local authorities within the housing market area, it is nonetheless apparent that the housing requirements of those surrounding authorities is likely to evolve through both further evidence, as well as their own local plans process – with the potential, based upon our assessment of the imbalance between affordable housing need and standard method, of local authorities finding it necessary to increase their housing requirements, including Leicester.
  - 2.9. In time, this may impact, firstly, on the level of unmet need emanating from Leicester, and secondly on the ability of receiving authorities to fully meet that need (particularly if their own requirement is increased).
  - 2.10. Whilst there is recognition within the SOCG that the level of unmet need may evolve (paragraph 5.5 Exam 43), it is necessary for Charnwood to adopt a suitable buffer or mechanism by which it is capable of absorbing greater levels of unmet need should that be necessary.

**Q. 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)**

- 2.11. Population growth across Leicester and Leicestershire resulting from the 2018 sub national population projections (SNPP) over the period 2020 – 2036 is greater than shown by the equivalent 2014-based SNPP. As shown in the graph below, the 2018-SNPP reports a higher level of population growth in the base year (2018) than the 2014-based SNPP, and over the period 2020 – 2036 projects population growth of +132,678, compared with a figure of +116,300 from the 2014-based SNPP (a 14% increase, amounting to an additional 16,000 people above the 2014-based SNPP).
- 2.12. Use of more recent population projections (resulting from increased migration flows) does indicate greater levels of population growth than those population projections underpinning standard method. This suggests that an approach based upon standard method alone, will not address the demands placed on the housing market through demographic change, whilst simultaneously addressing house price affordability. In

order for both house price affordability and demographic change to be addressed more fully a higher housing requirement, and greater supply will be required.

**Figure 1 2018 and 2014 Sub National Population Projections – Leicester and Leicestershire**



Source: ONS

**Q. 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)?**

- 2.13. See comment below.

**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?**

- 2.14. The standard method figure of 1,111 dpa for Charnwood reflects a standard method calculation undertaken in 2021. The affordability ratio increased from a ratio of 7.68 in 2021 to 8.41 in 2022 indicating a worsening in house price affordability within the Borough. Updating the calculation with the latest affordability ratio data (published in



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March 2022) increases the standard method figure for Charnwood to 1,156 dpa – an increase of 45 dpa, or 720 dwellings over the 16 year period to 2036.

**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?**

- 2.15. Paragraph 5.36 of the HENA considers that “generally, proportionate increases in population are slightly lower than changes to stock”. This is because household size tends to reduce over time as a population ages and household structures change. Charnwood has experienced a greater level of population growth than housing stock, which suggests that either its population structure differs from surrounding authorities, or there is a level of household suppression.
- 2.16. Charnwood does contain a larger younger adult population, associated with Loughborough University, albeit proportions remain similar to neighbouring Leicester, and have not changed disproportionately in recent years. It is also apparent (as mentioned above) that the affordability ratio has worsened in recent years, potentially indicated greater pressure on the housing market.
- 2.17. Whilst the standard method formula seeks to address household formation, as detailed above, the latest standard method figure is higher than incorporated within the draft Local Plan reflecting a continued worsening in house price affordability within the Borough.
- 2.18. In respect of the distribution of Leicester’s unmet need, it is highly likely given the strong commuting and migration links with Leicester out migration will continue to occur into Charnwood. We consider that this can be managed by this Plan through an increase in supply, to not only accommodate unmet need but also preserve the buffer at an appropriate level – to help absorb any worsening in affordability.



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

**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?**

- 2.19. As detailed above, there is a significant likelihood that as other Local Plan's progress, including Leicester's own plan process, the level of unmet need will increase and potentially the ability of surrounding authorities to meet that unmet need will change.
- 2.20. The figure of 18,700 is a result of the unmet need from Leicester, based upon the minimum housing need requirement set by standard method, set against its anticipated supply position. Whilst we consider that it would be appropriate for Leicester to increase its housing requirement in order to properly address housing need issues, we appreciate that is not within the control of this local plan examination to test that. On this basis a working assumption of 18,700 dwellings would seem reasonable.

**Q. 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?**

- 2.21. No comment.

**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?**

- 2.22. As detailed above, there is a significant risk that the level of unmet need stemming from Leicester will increase, requiring a joint response from each surrounding authority, including Charnwood. However, these matters are for future plan making processes, including most importantly that of Leicester City which must be tested as a sovereign plan. We confirm our position (at paragraph 2.20 above) that 18,700 is a reasonable working assumption for this plan and these proceedings.



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

**Q. 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?**

- 2.23. It is essential that the Charnwood Local Plan is capable of adequately meeting any uplift to the ‘interim’ level of unmet need identified. We set out our position that an appropriate supply is required to meet the needs of Charnwood, the apportioned unmet need and to maintain an adequate buffer. We also caution against worsening affordability. In the event that the Council consider the distribution of unmet need to be an interim arrangement it would perhaps be prudent to consider a trigger policy, as is common for plans where there are volatile housing requirement and supply issues at a HMA level.

**Q. 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:**

- the functional relationships between the respective Leicestershire authorities and Leicester City based on migration and commuting patterns;
- balancing the provision of jobs and homes;
- deliverability, based on potential supply, the rate of housing growth and adjustments to support a sustainable and deliverable distribution of development.

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

- 2.24. Each of the steps identified represent a logical approach.
- 2.25. An understanding of the functional relationship between Leicester and the surrounding authorities is critical in ensuring that the distribution of Leicester’s unmet housing need is catered for in locations that are likely to experience a higher demand for homes from those households who would otherwise seek to live in Leicester.
- 2.26. Those local authorities receiving Leicester’s unmet need may benefit from an additional supply of local labour, and as such it is sensible to assess the provision of jobs and homes – potentially reducing commuting flows across the functional market.



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- 2.27. Deliverability is key, and it is important to establish whether there is an acceptable level of supply within each recipient authority.

**Q. 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?**

- 2.28. Whilst a measure of past stock growth provides a sense check to the level of growth that may be delivered, deliverability will to a large extent depend on the comprehensive planning of a suitable number of sites. It remains the case that Charnwood is intrinsically linked to Leicester through migration and commute flows. If, as is clearly the case, Leicester is unable to meet its future housing needs this will place increasing pressure on the Leicester housing market, increasing likely flows of people to surrounding authorities, with those most closely linked to Leicester most impacted.
- 2.29. Irrespective of the planned level of housing growth in each authority, in all likelihood those migration flows will follow existing patterns. As detailed above, an appropriate supply is required to meet the needs of Charnwood, the apportioned unmet need and to maintain an adequate buffer. In the event that the Council consider the distribution of unmet need to be an interim arrangement it would perhaps be prudent to consider a trigger policy.

**Q. 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?**

- 2.30. No comment.

**Q. 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?**

- 2.31. No comment.

**Q. 10.15 How has the SoCG Sustainability Appraisal report (Exam 47a) informed the apportionment of the unmet need?**



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2.32. No comment.

**Q. 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?**

- 2.33. As detailed above Charnwood has a close functional relationship with Leicester, and whilst the methodology underpinning the Exam 45 has sought to minimise risk through a more even distribution of unmet need (mitigating against the risk of over-delivery when compared against past rates of stock growth), it is nonetheless the case that Charnwood is likely to face a greater demand for homes (through Leicester's unmet) than is currently planned for in Exam 45.
- 2.34. However, we recognise that Exam 45 seeks to apply a pragmatic approach in its distribution of unmet needs.
- 2.35. As detailed above, we consider that it would be appropriate to plan for a buffer or plan review, alongside a greater supply of housing in order to cater for a potentially increase in the level of unmet housing need increasing.