

Introduction

This Representation has been undertaken by Ridge and Partners LLP on behalf of Parker Strategic Land Limited. Parker Strategic Land are one of the promoters involved in an urban extension to the south of Loughborough, west of the A6004 Terry Yardley Way, south-east of Woodthorpe, which is allocated for development in the emerging Local Plan (Site HA15). Previous representations have been made to the Inspectors' Matters, Issues and Questions.

This representation relates to Matter 10 and addresses each of the Matters, Issues and Questions in respect of Leicester and Leicestershire's Housing and Employment Land Needs. Parker Strategic Land confirms attendance at the Hearing Sessions on 24th and 25th October in order to expand on these points if necessary.

Matter 10 Responses

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?

For the LPA to answer.

Issue 1 – The Assessment of Housing Need

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 proposed level of housing within the HENA has been determined in line with the standard method, which provides a reliable basis for calculating housing need across Leicester and Leicestershire. It is agreed that there do not appear to be any exceptional circumstances for planning for lower or higher housing provision, although it is noted that this is the starting point as a minimum number of houses rather than as a cap.

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 PPG highlights that 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes (Reference ID: 2a-005-20190220). It also notes that *'any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method'*, and that *'it is not considered that these projections provide an appropriate basis for use in the standard method'* (Reference ID: 2a-015-20190220).

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)?

Yes. The minimum figure within the HENA of 1,111 has been determined in line with the standard method, which is considered to be robust and justified.

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?

The Planning Practice Guidance highlights that local housing need calculated using the standard method may be relied upon for a period of 2 years from the time that a plan is submitted to the Planning Inspectorate for examination (Reference ID: 2a-008-20190220). The plan was submitted in December 2021 and therefore this applies.

The 2020 median (workplace-based) affordability ratio was 7.68, and the latest 2021 figure (published by ONS in March 2022) is 8.41. Applying this ratio increases the housing need to 1,152 dwellings per annum (dpa).

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?

When considering the Standard Method, the PPG notes that an affordability adjustment is applied as household growth on its own is insufficient as an indicator of future housing need because:

- household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and
- people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.

It goes on to state that the affordability adjustment is applied in order to ensure that the standard method for assessing local housing need responds to price signals and is consistent with the policy objective of significantly boosting the supply of homes (Paragraph: 006 Reference ID: 2a-006-20190220). The PPG looks to ensure that the any suppression in household formation is accounted for.

In terms of Charnwood specifically, the HENA notes at Paragraph 5.36 that *'proportionate increases in population are slightly lower than changes to stock, the only exception to this is in Charnwood where there has been a 12% increase in the population but a lower (9%) increase in the number of dwellings. Overall, however, the relationship across the whole study area is pretty clear. This is a potential influence on considering the future distribution of development.'* The final sentence indicates that this should be taken into account when considering in the distribution of housing. However, it is not clear that the apportionment of housing has considered this further (as set out further below).

Issue 2 – The Scale of the Unmet Need for Housing

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?

Yes, it is considered to be a reasonable working assumption for the City's unmet housing need; however, it needs to be clear that this is a minimum figure.

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 Sustainability Appraisal (SA) notes that at the time the appraisal was undertaken, the working assumption unmet housing need for Leicester was 15,900 dwellings (from 2020 to 2036). It appears that this figure was based on a previous version of the HENA Report, although this is not dated. The latest figure of 18,700 has not been tested, with the SA noting at 5.6.7 that *'though the HENA figure (18,704 dwellings) is different to the unmet need figure of 15,900 identified in the June 2021 SOCG (which was the basis of the options appraisal), it is sufficiently similar to allow the authorities to understand the implications of different*

distributions of housing (and it also falls between Scenario A and B tested in the SA). It is therefore considered unnecessary to undertake a further round of appraisal specifically comparing options that would deliver 18,704 dwellings. This would add limited value to the process and would not lead to significantly different outcomes.'

It is noted that Growth Scenario B of the SA includes a 25% uplift on identified unmet needs as an alternative (i.e. 20,000 dwellings). However, the SA concludes that the preferred approach to addressing housing needs should follow the suggested distribution identified by the HENA, apportioned by each local authority. This is based on 15,900 dwellings and therefore it is considered that this needs to be updated to reflect the strategy now being pursued.

Indeed this is recommended in the Housing Distribution Paper which states at Paragraphs 6.25 and 7.10 that *'at the HMA level, these figures thus meet the standard method LHN. It should be noted that these figures need to be tested through the plan-making process and sustainability appraisal to ensure that these scales of growth are achievable.'*

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?

An unmet need of 18,700 dwellings is identified based on the evidence at the current time. The SOCG acknowledges that the quantity of Leicester's unmet need may change as the Local Plan progresses (e.g. as evidence on land supply is developed further or the need for homes changes). If significant changes are proposed, this would need to be addressed through a review of the plan.

Issue 3 – Apportionment of the Unmet Housing Need

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?

The Housing Distribution Paper acknowledges work that is ongoing on the Strategic Growth Plan as well as other workstreams, which includes the Strategic Transport Assessment and the Strategic Growth Options and Constraints Mapping. These will take a longer-term perspective that will inform the next steps for the Strategic Growth Plan to 2050 and will form part of the strategic evidence for Local Plans. The SOCG identifies that there can be a lead-in time of 10 years or more for the delivery of strategic sites, particularly where strategic infrastructure investment is needed to bring them forwards, and therefore it is necessary to consider an interim distribution of unmet housing need over the period to 2036 within the housing market area (HMA). The figures identified within the SOCG and evidence base make up this interim solution.

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?

It is considered that the above factors are relevant to the apportionment of unmet need. The consideration of the migration and commuting links between Leicester and the other LPAs in the county is of relevance, as well as balancing the employment needs against homes. However, the adjustments, including the 1.4% 'cap' and other manual adjustments, as explained at Paragraphs 6.14 to 6.24 of the Housing Distribution Paper, do not appear to have been justified and do not follow the evidence. This is explained in more detail below.

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?

Paragraph 6.17 of the housing distribution paper highlights that Charnwood has a much higher growth rate than other authorities, influenced by the layering of unmet need on a base position which represented a higher relative rate of housing growth than other areas. It goes on to state that *'we consider that it is advisable to therefore seek to moderate the scale of growth in Charnwood to this level in order to avoid localised issues of over-concentration of development and to ensure that the distribution of development supports the delivery of the identified housing need across Leicester and Leicestershire.'* It is on this basis that a 1.4% cap has been suggested, in order to avoid *'potential issues of overconcentrating development to a degree where issues of market absorption could potentially arise and limit the ability of local authorities to meet housing targets and/or result in unsustainable patterns of development.'*

In terms of the growth of housing stock, Paragraph 6.16 highlights that stock growth rates are used to provide a comparable analysis across different areas, but that actual completions data for individual authorities historically can be influenced by past planning policies and associated housing supply. As such, growth of housing stock is not necessarily an indicator of the capacity of the housing market, and indeed an area may have capacity to support higher growth, with planning policies preventing this from happening. It is noted that previous Local Plans in Charnwood were not seeking to deliver a higher level of housing.

In this context, it is not considered appropriate to determine that the delivery in Charnwood beyond 1.4% of its current housing stock would be an over concentration of development in that area. Furthermore, the conclusion that it would be undeliverable or unsustainable is not considered to be correct or justified. In this respect, it is also important to note that Hinckley and Bosworth Borough Council (HBBC) do not agree to the apportionment of the unmet need. HBBC considers that *'the use of stock growth is not a measure of deliverability. It does not consider housing need, does not reflect market demand or the deliverability of developing housing in a particular area. The capping of redistribution based on 1.4% stock growth levels is considered to be arbitrary and is not supported by the evidence.'*

As explained further in response to question 10.16, the analysis correctly identifies Charnwood as having a very strong functional relationship with Leicester based on migration and commuting patterns. This is the first step in considering the redistribution of Leicester's unmet need. However, adjustments are then made which significantly reduces the share of the unmet need allocated to Charnwood from 289 dpa to 78 dpa (from 25% to 6.7%). This results in significant increases elsewhere (e.g. the percentage share of the unmet need for HBBC increases from 9% to 16%, and North-West Leicestershire increases from 4% to 27%). The knock-on effect is that other Leicestershire authorities will be expected to deliver additional housing, in a manner which is not linked to their functional relationship with Leicester. This is the case for North-West Leicestershire and HBBC specifically although it is noted that HBBC is going to be testing the figure based on the functional relationship (102 dpa) rather than the adjusted 187 dpa through its Local Plan work. It is not clear where this additional housing is to be distributed.

It is considered that on the basis of the functional link between Leicester and Charnwood, 78 dpa is insufficient. There is no justification for the cap that is being placed on Charnwood's ability to deliver housing. Furthermore, the manual adjustments are not considered to be sufficiently justified. In this context, it is requested that further consideration is given to apportioning more of Leicester's unmet needs to Charnwood. There is ultimately no evidence to justify not applying the 289 dpa figure. Applying paragraph 35 of the NPPF, the plan would not meet the test of soundness, on the basis that it is would not be positively prepared, having regard to the accommodate unmet need from neighbouring areas. Further, it would not be justified.

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?

The Housing Distribution Paper considers land supply by assessing theoretical supply identified within the SHLAA. However, it also acknowledges work that is ongoing on the Strategic Growth Plan as well as other workstreams, which includes the Strategic Transport Assessment and the Strategic Growth Options and

Constraints Mapping. It is assumed that the capacity and constraints will be considered further as part of this work.

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?

For the LPA to answer – the relationship between the Strategic Growth Plan and the work being undertaken on the unmet need at this stage is unclear.

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

Paragraphs 3.1.28-3.1.30 of the SA report highlights the following:

'To facilitate the appraisal and allow for differentiation in effects, an apportionment of indicative housing levels is made for each local authority for different levels of the settlement tiers. Tables 3.2, 3.3 and 3.4 break this down for each of the spatial options at each scale of growth. To give an idea of the spatial implications of each option, Figures 3.2 to 3.6 present a concept map of development locations, accompanied by a pie chart for each growth scenario to demonstrate the amount of growth that would be involved.'

The locations indicated for growth are not exact replications of the scale of growth at each of the settlements, rather a broad indication of the locations for housing (at each spatial level) based on the supply of site options. Likewise, the locations shown would not necessarily all be involved for each option, they are simply shown conceptually to demonstrate the range of locations that would be involved under different options for each local authority.'

There are several 'other identified settlements' that fall within the NLA [Near Leicester Area]. These are not depicted on the concept maps, but it does not mean that development in those areas wouldn't occur, rather they would be picked up as part of the NLA apportionments.'

It is clear that the SA assesses a previous HENA report and tries to loosely distribute housing; however, this is based on a previous version which is now outdated. It is not evident within the Housing Distribution Paper how the SA has informed the apportionment. Indeed, the Housing Distribution Paper identified that *'that these figures need to be tested through the plan-making process and sustainability appraisal to ensure that these scales of growth are achievable.'*

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?

Of the unmet need of 18,700 identified (1169 dpa), Charnwood is expected to contribute 1,248 dwellings (78 dpa). This equates to 6.7% of the total.

This apportionment is not considered to be justified or supported by the evidence. The Housing Distribution Paper identifies Charnwood as having a very strong functional relationship with Leicester; it ranks second highest for gross migration, highest for in-commuting and second highest for out commuting (significantly behind Blaby). Overall, on the blended average basis, Charnwood is shown as having the second strongest functional relationship with Leicester, after Blaby. On the basis of this alone, Charnwood would be expected to contribute 4,624 dwellings (289 dpa), which would equate to 25% of the total.

However, the Housing Distribution Paper goes on to make adjustments to the functional relationships, based on the balance of jobs and homes, the rate of housing growth and other adjustments to support a sustainable and deliverable distribution of development. It is the cap imposed as well as the manual adjustments that are not considered to be justified by the evidence and are therefore unsound. It is considered that these arbitrary adjustments have the effect of distributing housing to those areas that do not have a functional relationship with Leicester and are overall less sustainable.

Furthermore, it is important to note that there is an outstanding concern from HBBC regarding the apportionment of housing. In the areas of disagreement within the SOCG, HBBC specifically highlight the apportionment from Charnwood, indicating that Charnwood should be delivering more of the unmet need than is prescribed. It also notes that HBBC is going to be testing the figure based on the functional relationship (102 dpa) rather than the adjusted 187 dpa through its Local Plan work. This, in itself, would leave a shortfall of 85 dpa that is not accounted for.

Overall, it is considered that on the basis of the functional link between Leicester and Charnwood, 78 dpa is insufficient. It is requested that further consideration is given to apportioning more housing to Charnwood. Again, the consequence of this is that the plan is not sound in its current form. Indeed, applying paragraph 35 of the NPPF, the plan would not meet the test of soundness, on the basis that it is would not be positively prepared (i.e. 35(a)), having regard to the accommodate unmet need from neighbouring areas. Further, it would not be justified (i.e. 35(b)). It would also be inconsistent with paragraph 11(b) of the NPPF, which requires strategic policies to, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring area, and thus the plan is not sound having regard for paragraph 35(d) of the Framework.

Ridge and Partners LLP

23/9/2022