



Charnwood Local Plan Examination

Matter 4 - Assessment of Housing Need, The
Housing Requirement and Mix And Choice
Of Housing

for Hollins Strategic Land LLP (PSLP/366)

Emery Planning



Project : 18-555
Site address : Matter 4
Client : Hollins Strategic Land LLP

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1. Introduction

- 1.1 Emery Planning is instructed to attend the Examination into the Charnwood Local Plan (2021 – 2037) on behalf of Hollins Strategic Land (hereafter referred to as 'HSL'). HSL's specific interest is the land north of Melton Road, Queniborough which is proposed for allocation (Site Ref HA65) under Policy DS3. This Statement addresses Matter 4 Issue 1.

2. Issue 1 - Is the assessment of housing need and the housing requirement positively prepared, justified by the evidence and consistent with national policy?

4.1 Is basing the assessment of housing need on the Local Housing Need figure in the standard method robust and is the housing requirement of 17,776 dwellings in Policy DS1 justified? What evidence supports this approach and should any upward adjustments be made for economic growth or to support the delivery of affordable housing?

- 2.1 As set out in our representations, we agree that the standard method of 1,111 new homes a year for the period 2021-2037 equates to 17,776 homes. This is the starting point, and our representations did set out what we consider to be compelling reasons for an uplift in the requirement which was based on the 2020 Housing Needs Assessment (HNA) (EB/HSG/1). The HNA considered a range of other factors such as economic growth and local affordable housing need. The Council concluded that there should not be an uplift for the reasons set out in paragraphs 2.9 and 2.10 of the Pre-Submission Draft Plan. We assess these below.

An economic uplift?

- 2.2 Paragraph 2.9 of the Plan states that "*Our evidence on local housing needs and economic needs indicates that our Local Housing Need figure does not need to be adjusted for economic circumstances*". Table 4 of the HEDNA (EB/EMP/1a) shows that there is not an economic need for an uplift in the housing requirement in Charnwood or across the HMA as a whole.
- 2.3 We now turn to affordable need.

An affordable uplift?

2.4 Paragraph 2.10 of the Plan states that “*provision of new affordable housing is an important and pressing issue in the Borough*”, but it then continues as to why an affordable housing uplift was not considered. The reasons are:

1. *“some of the affordable housing need is already counted in the Local Housing Need figure as this measures the total number of new households that will form, including those in need of affordable housing”;*
2. *“Identifying this group again in our housing need evidence does not therefore demonstrate an additional overall need for housing above that identified”;* and,
3. *“many households with a need for affordable housing will already be living in housing and so providing an affordable housing option will release another home meaning there is no overall net increase in the need.”*

2.5 We agree that part of the housing need will be included in the standard method and the affordable housing uplift. However, the matter is not that straightforward. We consider it is necessary to understand what the local level of affordable need is, given that the standard method is an algorithm applied across England which does not assess the affordable housing needs in each LPA area.

2.6 Figure 3.1 of the 2020 HNA states that there is a 23% uplift after applying the affordability ratio which equates to 204 additional homes per annum. Table 4.58 of the 2020 HNA shows that there is a need for 476 dwellings per annum to be provided with an affordable need being seen in all sub-areas within the Borough. This is calculated as follows:

“Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing”

2.7 We consider that the methodology for calculating the 476 homes per annum quantifies the local affordable need. Given the PPG guidance¹ we consider that the 2020 HNA is a significant factor which should be factored into the calculation of the housing requirement.

2.8 The third point in paragraph 2.10 of the Plan as to why an uplift is not appropriate is part of the methodology in the HNA (Need from Newly-Forming Households) so cannot be discounted as it has been. As to the first two points in paragraph 2.10, which is the potential for double counting

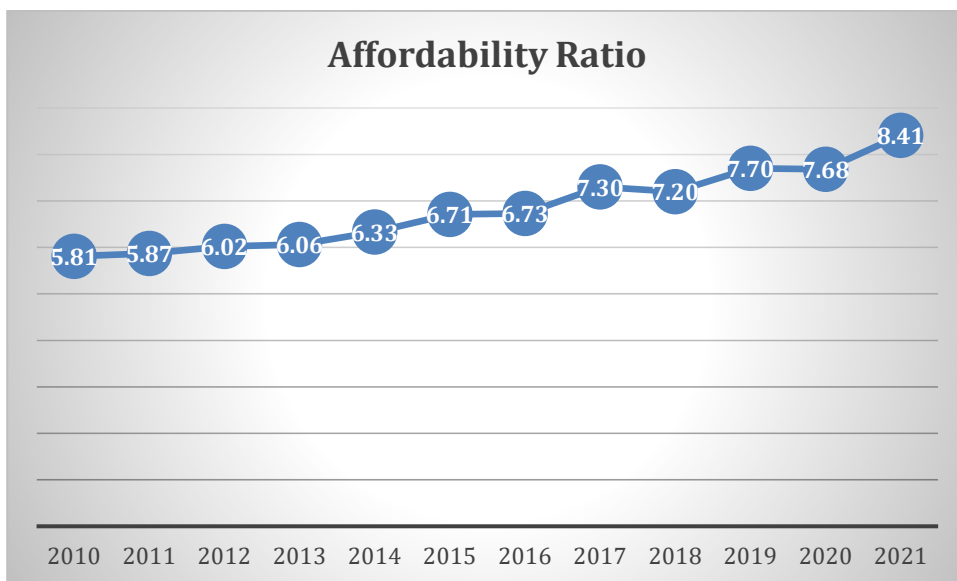
¹ Paragraph: 010 Reference ID: 2a-010-20201216

due to the standard method, we would agree that this could be the case. However, even if all 204 homes from the affordability ratio are factored in, there is still a shortfall of 272 affordable homes per annum. In our view these people in affordable need should have a voice in this Examination and that voice is the 2020 HNA and not the standard method.

2.9 As far as the affordability ratio is concerned, we see it as a medium to longer-term policy intervention to reduce the cost of housing to make it more affordable rather than meeting the more immediate affordable housing need in the HNA, which in this case is 476 affordable homes per annum. The PPG² states:

“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. The specific adjustment in this guidance is set at a level to ensure that minimum annual housing need starts to address the affordability of homes.”

2.10 The median workplace-based affordability ratios, published by the Office for National Statistics set out Step 2 of the Standard Method. We have extracted the ratios since 2010, which show an increasing affordability issue in Charnwood.



2.11 Applying the latest affordability ratio would mean that the standard method for Charnwood would be an uplift of 41 dwellings per annum.

² Paragraph: 006 Reference ID: 2a-006-20190220

- 2.12 In that context we do not consider that the affordability adjustment is sufficient to meet the annual need of 476 affordable homes per annum.
- 2.13 Whilst the issue of unmet need for housing and employment from Leicester to 2036 is for Matter 1, in the context of Matter 4 and the guidance in the third bullet point in the PPG³, now that the Statement of Common Ground relating to Housing and Employment Land Needs (April 2022) has been published, it is clear that a greater level of development will be required in Charnwood, as their share of the 1,169 dwellings of unmet need is 78 dwellings per annum.
- 2.14 In that context whilst we support the Plan proposing a greater supply of housing over the standard method, we consider that the affordable housing need does justify a higher housing requirement than the 1,111 set out in the Plan.

Supply

4.3 Will the proposed supply of 19,461 dwellings set out in Policy DS1 against a requirement of 17,776 dwellings incorporate a sufficient 'buffer' to allow for non-delivery as well as providing choice and flexibility in the supply of housing land? (Note paragraph 2.14 refers to a buffer of 1778 dwellings in Table 2. A main modification will be necessary to correct this.)

- 2.15 The Plan seeks to provide an additional 1,685 additional homes over the plan period to achieve flexibility. After taking account of the existing commitments from the Core Strategy, the Plan seeks to make provision for a further 7,173 homes over the plan period to 2037. In our experience delays and non-implementation are inevitable so the recognition of the need for flexibility is welcomed. Our representations questioned whether that level of flexibility, which equates to an additional 9.5% dwellings per annum, is sufficient.
- 2.16 In questioning the level of flexibility, in our representations, we referred to the report to the Communities Secretary and to the Minister of Housing and Planning in March 2016. The report recommends at paragraph 11.4 that the Framework should make clear that local plans should be required to demonstrate a five year land supply but also focus on ensuring a more effective supply of developable land for the medium to long term, plus make provision for, and provide a mechanism for the release of, sites equivalent to 20% of their housing requirement, as far as is consistent with the policies set out in the Framework.

³ Paragraph: 010 Reference ID: 2a-010-20201216

2.17 Therefore, whilst the additional flexibility is supported our position is that the requirement should be treated as a minimum and a larger flexibility percentage should be considered and in the order of 20%. This would give a reasonable degree of security that should sites not deliver at the rates anticipated, in particular when “A significant proportion of our housing need will be met through existing planning permissions including for three Sustainable Urban Extensions (SUEs) that will deliver homes throughout the local plan period, and in the case of North East of Leicester beyond 2037”⁴. Additional flexibility will help ensure a five-year housing land supply could still be maintained and it would deliver a greater level of affordable housing in line with the HEDNA.

2.18 This concludes our Statement on Matter 4.

⁴ Paragraph 2.12 of Pre-Submission Plan