

Matter 2 Statement - Overall Provision for Housing

Prepared on behalf of Nurton Developments

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Promoter of sites at Rising Lane, Lapworth and Loes Farm, Warwick



UNDERSTANDINGDATA

with technical support from

edgeanalytics

Issue: whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the overall provision for housing.

1) What is the position of the authorities in the HMA regarding OAN?

1. In this regard the LP and Coventry and Warwickshire SHMA discuss and recognise the issue of cross-boundary housing needs within the HMA and unmet requirements arising from neighbouring authority areas. Outside of the HMA, the LP also identifies that there may be an issue of unmet housing needs arising from the Greater Birmingham area.
2. Policy DS6 of the submitted Local Plan sets out a requirement for 12,860 homes over the Plan period 2011-2029, equating to 720 dwellings per annum. This annual figure is sourced from Table 51 of the 2013 Coventry and Warwickshire Joint SHMA (HO04), which set out need for each district as part of the overall HMA figure of 3,800 dwellings per annum.
3. The SHMA addendum (HO08) provided commentary and updated figures using the latest available data, chiefly the 2012 based sub national population projections. This increased the Coventry and Warwickshire sub regional figure to 4,004 dwellings per annum, based on a scenario which showed a part return to (higher levels of household formation) trend. It shows the Warwick element of this higher total unchanged at 720 d.p.a.

2) What do population and household projections indicate?

4. The SHMA (HO04) recommends a dwelling requirement of between 3,335 and 4,100 dwellings per annum 2011–2031. *“The mid-point of this range for 3,750 homes per annum would represent a reasonable level of provision across the HMA”* (p. 193). For Warwick, this is a minimum of 660 d.p.a.
5. The above dwelling requirements are based on the ‘PROJ 1A’ scenario, which is linked to the ‘updated SNPP projection’. Despite being the most recent official projection available at the time of production, the 2011-based SNPP is considered inappropriate as a growth benchmark as the normally robust rules on the calculation of long-term migration, fertility and mortality assumptions were not followed. Instead, ONS applied the assumptions from the previous official forecast, the 2010-based SNPP, to a 2011 Census base population. This is unsuitable for two key reasons.
6. Firstly, the revisions to the historical mid-year populations and the subsequent change in the historical impact of migration have not been taken into account.
7. Secondly, the 2011 Census population has a different age structure to the previous 2010-based population.
8. Both of these issues mean that the 2011-based projection is not sufficiently robust to underpin any analysis of long-term housing requirements.

3) How do the recently published 2012-based household projections affect the situation? N.B. the 2012-based household projections and an information note produced by the Council at the request of the Inspector are available on the Council's website http://www.warwickdc.gov.uk/downloads/file/2516/exam_4_-_wdc_paper_re_clg_2012_based_household_projections

9. In policy terms, paragraph 015 of the National Planning Policy Guidance confirms the status of the newly released subnational household projections. They reflect the current best understanding of recent trends and act as a starting point. However they need to be tested by local data.

4) Does the Coventry and Warwickshire Joint SHMA 2013 and Addendum of 2014 provide a robust evidence base for OAN in the HMA and individual authorities? What factors were taken into account and is the methodology appropriate?

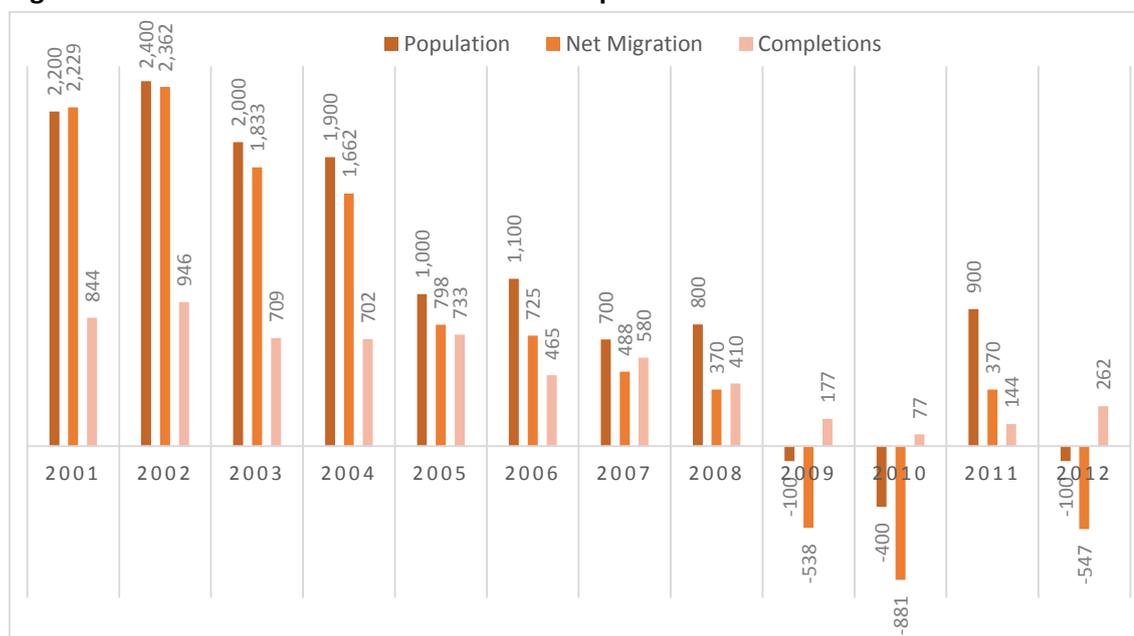
10. The SHMA Addendum (HO08) was produced to consider and take account of the 2012-based sub-national population projections from ONS to test overall the OAN for housing.
11. This found a small increase in projected households and dwellings at the sub regional level (para 2.22 & Figure 6) but did not compare like with like as the SHMA addendum (HO08) did not make the same adjustment for stronger household formation, a reduction in overcrowding or higher potential delivery of affordable housing. The original SHMA (HO04) made these adjustments, chiefly explained in para 11.15-11.16. The lack of adjustment in the SHMA Addendum is a critical change in approach which is not fully explained or justified.
12. Figure 14 of the SHMA Addendum does model possible uplifts from market signals and economic issues, but this is not applied to the new baseline (2012 SNPP based) scenario, which is then expressed as the sub-regional total.

5) What are the assumptions in terms of population change, migration, household size and household formation rates? Are these justified?

13. Warwick and Stratford upon Avon District Councils both implemented housing moratoria to constrain previous high levels of housing completions contrary to prevailing RSS policies of concentration on larger urban centres.
14. The evidence base work does not properly address the lasting impact of this artificial constraint.
15. The SHMA (HO04) acknowledges the housing moratorium in two places, para 6.9 & 6.45. There is a further reference in passing in 11.23 with regard to impact on Rugby.

16. Table 102 past trends in net in migration (HO04) shows the very clear impact of the housing moratorium on Warwick. It highlights that the ten year average was +870, while the five year average was +40.
17. This clear assessment is not really discussed or explored in any meaningful way either by GL Hearn in their SHMA work, or by the local plan itself. What then, was the impact of the housing moratorium applied between September 2005 and February 2009?
18. The annual population change in Warwick pre-moratorium was an average of 2,125 people per annum (2001-2005)
19. For the period of the moratorium (2005-2009) this was an average growth of 900 people per annum.
20. After the moratorium (2009-2013) this fell again to an average of just 75 people per annum.
21. This graph below shows this fall of population, measured as annual difference between mid-year population estimates, net migration measured as the sum of international, internal and other changes including (UPC 2002-2010) and housing completions (sourced from the SHMA).

Figure 1 Warwick DC 2005 -2009 Moratorium impacts



Source Nomisweb & ONS & C&WJSHMA (HO04)

22. The impact of the moratorium period is striking.
23. Firstly on completions. As would be expected the reduction in supply was not instant, but levels of completions fell by 31% (average of 2001-2005 & 2005-2009 compared).

24. The effect of this constraint, and the additional impact of the economic climate saw completion levels continue to fall significantly even after the lifting of the moratorium.
25. This is in contrast to the other parts of the sub region. The housing completions for the rest of sub region were 27% lower 2009-2012 compared to 2001-2012 but for Warwick this same figure is 75% lower (based on analysis of Table 14 net completions (HO04)).
26. Looking at population and migration shows consistent and equally striking reductions.
27. Warwick DC, in their use and interpretation of the SHMA evidence, have not given enough consideration or explanation to the moratorium's clear impacts. The plan's housing target is based on low levels of population and migration change directly linked to the effects of the moratorium, which is also exacerbated by the impacts of the national recession.
28. As a minimum, the 10 year migration scenario goes some way to presenting a more reasonable and realistic likely level of population and migration change in the future.
29. PROJ 2 (10 year migration) gives the equivalent figure to 725 (unadjusted) to PROJ1A (SNPP updated) 660 and its equivalent of 720 d.p.a. adjusted (HO04).
30. Applying the same simple uplift gives a d.p.a. target of 785. This should be seen a minimum to represent the basic demographic need, with the GL Hearn SHMA adjustment. It does not make a judgement on whether further uplift should be applied for affordability issues, and to meet other unmet needs from neighbouring authorities.
31. A further assumption that requires adjustment, is that used by GL Hearn in the SHMA work around headship rates. The part-return to trend and other 'hybrid'/indexed approaches are not appropriate as they are inconsistent and not uniformly applied/approached in the same way by different organisations.
32. In light of the headship rates that GL Hearn has used, we would recommend a closer scrutiny of the most recent household-growth projections and the application of the 2012-based headship rates to a range of alternative growth scenarios.

6) How has the issue of unattributable population change been dealt with and is this justified?

33. From looking at the data presented in the SHMA (HO04), the UPC adjustment is clearly included within the net migration assumptions – this is appropriate and is consistent with the approach used by Edge Analytics.
 - a. In the formulation of the trend scenarios based on historical data, the UPC element is a complicating factor as it represents a change in the historical population that is not explicitly assigned to one of the four components of population change: births, deaths, internal migration or international migration. However, between successive

censuses, births and deaths are accurately recorded in vital statistics registers and provide a robust measure of population growth due to 'natural change' (the difference between births and deaths). Furthermore, internal migration data are derived from GP registers, providing an accurate representation of population movement between local authority areas, albeit with some issues with regard to potential under-registration in young adult age-groups.

- b. In contrast, international migration is the most difficult component to estimate with confidence and this has been reflected in the extensive Migration Statistics Improvement Programme (MSIP) that ONS has undertaken to review and revise its methods for estimating immigration and emigration to and from local authority areas.
- c. On the assumption that births, deaths and internal migration have been robustly measured between the 2001 and 2011 Census, the UPC 'adjustment' that followed the 2011 Census count is most likely associated with the mis-estimation of international migration. Edge Analytics therefore includes the UPC element within the net international migration assumptions in the formulation of its alternative trend scenarios.

34. The SHMA addendum (HO08) does not carry this approach forward, although there is some evidence of international migration levels in Coventry being higher than the latest ONS projections.

7) What are the assumptions regarding economic/employment growth and are these justified?

35. The SHMA addendum (HO08) contains a fairly simple dismissal (5.25) of the higher levels of economic growth suggested by Cambridge Econometrics with no real rationale. This does not seem to match the aspiration of either the local LEP, the council or the recognised strength of the Warwick economy.

8) How have market signals and affordable housing needs been taken into account?

36. The SHMA (HO04) and SHMA addendum (HO08) clearly highlight that the authors accept that market signal pressure within the sub region, and particularly Warwick require an upward adjustment in response. This is always going to be a matter of some debate and differing views, as there is no single methodology to convert this point of principle into a revised housing target.

37. While the SHMA makes this adjustment, raising the Warwick figure by 60 d.p.a from 660 to 720 d.p.a., the SHMA addendum does not make the same recommendation.

9) What effect have all of these factors had on the figures for OAN in individual authorities and the HMA as a whole? i.e. how have household/population projections been adjusted?

38. High housing completion rates in the early part of the 2000s were matched by higher population and net migration figures, which give an indication of the attractiveness of both the local market and the ability of the sector to deliver sites and houses. This, added to artificial constraint in the area due to the housing moratorium and the pressures from continued issues of affordability, economic potential and unmet need, mean that the demographic assessment of household change has to be tested and considered against possible adjustments.
39. The SHMA (HO04) set the local authorities some key challenges to interpret and test the key findings and recommendations within both the main report (2013) and the 2014 addendum. These were para 7.79, 11.22 & 11.25 (HO04) and 5.27 & 5.32 (HO08).
40. It is not clear that Warwick DC has addressed these challenges sufficiently, and there has been no further adjustment by Warwick DC to the SHMA (HO04) derived 720 d.p.a figure.

10) Will there be unmet needs? Specifically what is the situation in Coventry?

41. As set out in our response to Matter 1, Q10; as a minimum there is presently an unmet need of 4,680 homes which will have to be accommodated beyond Coventry's administrative boundary. This is in addition to the 7,100 homes that cannot be accommodated within the urban area of Coventry and may be added to the overspill, subject to the review of Coventry's Green Belt.

11) Will these needs be met elsewhere in the HMA? Is this clear?

42. There is no clear proposal for the unmet needs from Coventry to be met elsewhere in the HMA.

12) What is the approach of the authorities in the HMA to addressing this issue? What additional work needs to be undertaken and over what timescale?

43. The HMA authorities have agreed to carry out a review in the form of a Joint Core Strategy for the whole of the sub region starting no later than 2017 to be complete by 2020 relating to a period to 2041 (but recognising the need to start earlier if required to meet other housing needs from outside the HMA). This will be informed by a two stage Green Belt review, to be complete by the end of March 2016. This is considered to represent a major plan making process; not just a partial review. There is huge potential for delay and a significant risk that the end of the currently proposed plan period will be approached before there is any firm action to fully meet the OAN.

13) Is the approach of the Local Plan to this issue (in particular Policy DS20) appropriate? What are the implications of this approach in terms of soundness?

44. Policy DS20 provides the circumstances for a lengthy review of the Local Plan, which will only be prompted once the housing needs have already arisen. It is not possible for the Council to include a reserve sites policy, as was accepted in Stratford upon Avon District (see our response to Matter 1, Q14), so there is no flexibility to adapt to rapid change. As such, the Plan is considered unsound.

14) What is the specific basis for the figure for OAN in Warwick District? Is it justified and appropriate?

45. Warwick DC published a draft plan in 2013 with a housing target of 683 d.p.a (12,300 total) for 2011 – 2029, prior to the completion of the JSHMA (HO04). The SHMA (HO04) recommended (para 11.24 & Table 97) a minimum provision for Warwick of 660 d.p.a. and an assessed need of 720 d.p.a.
46. This uplift was based on a recognition of a need to address stronger household formation and reduction in overcrowding, and a higher potential delivery of affordable housing at the wider sub regional level.
47. The submission Local Plan (LP23a) para 2.20 contains a very brief reference to the plan's rationale for the target it adopts. There is a lack of ownership of the evidence, and a lack of adjustment to take into account the best and most up to date evidence. Most crucially the figures proposed by the plan build in artificial constraint which is a legacy of the housing moratorium, and its effects on population and migration growth.

15) Is the level of housing planned in the Local Plan sufficient to meet OAN in the District? And in the HMA?

48. There are clear issues of unmet need from outside the HMA (Birmingham) and across it (Coventry). The impact of skewed assumptions arising from the impact of the housing moratorium and subsequent national recession on local population change and housing market dynamics are relevant to the overall area. The dampening effect from Stratford and Warwick should have been more fully explored in the SHMA work.

16) What would be the implications for population change, migration and employment growth?

49. The impact of the RSS policy of constraint is clear in the impacts on the levels of population and migration change experienced in the second half of the 2000s. This remains a salutary lesson of setting housing targets at the appropriate level, to support national growth and local economic prosperity.

17) Is the level of housing planned appropriate? Should it be increased or decreased? If so to what level and on what basis?

50. The housing requirement does not support the Council's own economic growth aspirations, and there is no clear adjustment to reflect the strength of local economic performance of the Warwick economy.
51. There is no clear additional adjustment to meet acknowledged affordability issues (other than the SHMA (HO04) adjustment of an extra 60 (d.p.a.) to allow for household formation adjustment and constraint.
52. There is no clear bridging document between the work in the SHMA and the plan itself, showing how Warwick DC have used or interpreted the evidence available to them.
53. There is acknowledgment in the SHMA but not enough of a response in the plan of the serious issues of unmet need from both outside the SHMA area (from the Birmingham area) and within it (Coventry).
54. Consideration should also be given to specific sub regional level scenarios being developed to test out continuing higher levels of international migration gain, focused on Coventry.
55. There are flaws in the technical work of the SHMA, chiefly the use of the 2011 interim sub national population projections and the headship rate assumptions used in the SHMA (HO04).
56. There is insufficient weight or discussion given to the continuing impacts of the Housing Moratorium (2005-2009), this has had a skewing effect on both migration and population assumptions used to project future need.
57. The main difference between the SHMA and SHMA addendum work is that the newer more up to date study does not make an uplift adjustment to the demographic base scenario. It adjusts the overall figure upwards, but this is as a result of the new inputs from the 2012 population projections.
58. The technical work should be reworked to address many of these issues. If the Plan were to proceed then an indication of the scale of the likely increase needed can be hinted at from the PROJ2 scenario which looked at a ten year led migration scenario, rather than the typically used 5 year migration input.
59. As discussed under question 5 this gives a starting point of 725 d.p.a compared to PROJ1A with 660 d.p.a.
60. For the suggested 20 year period this would be 15,700 dwellings in total. If the inspector is minded this would need to be considered against conclusions on economic aspiration and market signals.
61. However there are flaws in the SHMA (HO04 & HO08) that means it is recommended that the issues above are best addressed by:

- a co-ordinated and phased decision on the wider issues of unmet need from both outside and across the Coventry and Warwickshire housing market area,
- a co-ordinated and LEP-led review of economic aspiration and updated economic projections
- a reworked demographic assessment of future population and household need, modelling both a specific international migration scenario, and giving consideration to how to address the significant impacts of the lasting impacts of the housing moratoriums in both Stratford and Warwick.

62. In addition, the 2012-based SNPP should be considered alongside the 2012-based DCLG household projections if further work is required. This would address the over-reliance in the current SHMA work on the 2011-based SNPP and their altered headship rate statistics. This would ensure that the latest available evidence is used.

18) Is the plan period to 2029 appropriate? Should it be extended?

63. It would be sensible to match the plan period to the weight of the available evidence and in particular the JSHMA OAN in full e.g. 2011-2031, rather than a partial 2011-2029. Furthermore, the Plan presently provides a time horizon of only 14 years. At the likely point of adoption this will be even less. This is inconsistent with guidance in paragraph 157 of The Framework.

64. Coventry & Warwickshire HMA LPAs at Coventry, Stratford upon Avon and Rugby are all preparing their Local Plans and Core Strategies on the basis of a plan period ending in 2031. It is considered that Warwick District Council should ensure consistency with other emerging plans in the HMA.