

Matter 2 – Overall provision for housing

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.

Please accept this statement in relation to Matter 2 of the Warwick District Council Examination in Public: Overall provision for housing, which has been signed off by the Council's Deputy Cabinet Member for Business, Enterprise and Employment.

Questions

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

The 2014 SHMA Annex set out an updated housing need reflective of the most up to date population projections. This identified a housing need across the HMA of 4,004 homes per annum. The Annex also placed greater weight on the HMA need than it did the local authority components due to a range of issues, including migration trends, the effects of the UPC and the change in distribution since the initial recommendations of the Joint SHMA. Notwithstanding, the identified needs of each authority set out in the Annex, are a reasonable projection of housing need based on the most up to date ONS projections. This is a point recognised by the Inspector in his interim findings for Stratford's Core Strategy.

As such, it is our view that the component parts that make up the 4,004 homes per annum is a solid starting point for considering OAN for the HMA and LPA's. Should these figures then subsequently be uplifted to reflect either affordability, market signals or employment need, then this must be undertaken at the HMA level as to increase delivery in 1 area as a result of such issues is likely to have a significant influence on migration patterns, hence moving need/provision between local authority areas primarily within the HMA.

Having regard to this, it is important to reference the agreement of the Shadow EPB in November 2014, which endorsed the continued planning for the housing distribution set out in the initial Joint SHMA. This agreement has subsequently been endorsed by all local authorities in the sub-region, and recognises that Coventry cannot meet all of its need within its own boundary. It also recognises however that the detailed extent of this has not yet been finalised and that issues remain around capacity within the shires and developing appropriate evidence to ensure the most sustainable areas are identified.

It was recognised in the shadow EPB report of November 2014 that Coventry would be unable to meet its housing needs, which amounted to 36,220 homes between 2011 and 2031 (as evidenced by the Joint SHMA Annex). This has been supported by the city councils draft SHLAA of September 2014, which identified a housing land supply (including land within the city's Green Belt) of around 23,300 homes. Although this

is under review and will need to have regard to further evidence, most notably in relation to the Green Belt, it does offer a reasonable reflection of the pressures facing the city at this time. It is certainly highly unlikely, given the city's tight administrative boundaries, that land for a further 13,000 homes could be identified in a sustainable way.

As a result, the shadow EPB turned to the initial distribution of need set out in the Joint SHMA (2013). This was a distribution already being tested by most of the authorities, and an approach already found sound by the Inspector of North Warwickshire's Core Strategy. It was also an approach and distribution that through the initial Joint SHMA had been found to provide a solid basis to reflect migration, commuting and affordability dynamics across the sub-region.

This approach technically results in a redistribution of need from the city to the Shires, but due to the uplift in total HMA need does leave a small proportion of housing need currently unplanned for. As such this becomes a 2 phased redistribution process. The first, accounting for some 8,400 homes is now being tested and planned for (depending on the stage of Local Plan development) across Warwickshire. For example it includes around 108 homes a year in Warwick District. The second phase covers the remaining 4,600 homes, although it is subject to change depending on SHLAA updates. It is important to note that this accounts for just 14 months' supply across the HMA, which when considered in the context of a 15 or 20 year plan period is small. As such it is this figure that accounts for both the unmet needs of Coventry (from where it originates in demographic terms at least) and of the HMA as a whole.

2) What do population and household projections indicate?

The 2014 Joint SHMA Annex was jointly commissioned by the 6 authorities in the HMA to understand the implications of the most up to date population projections (2012 based ONS data). This data showed a projected population growth of around 144,200 people across the HMA between 2011 and 2031 (or 7,210 a year on average). This represented a slight increase of around 6,500 people compared to the initial Joint SHMA recommendations (around 325 a year on average)

When considered through the Joint SHMA model, the 2012 based ONS projections gave a projected growth in housing need of 4,004 homes per annum. This is equivalent to an increase of 204 homes a year compared to the original Joint SHMA conclusions.

It is worth noting that in his Interim report the Stratford Inspector placed significant weight on the SHMA Annex as it was based on the most up-to-date population projections available at the Hearings.

In February 2015, the government updated the Household Projections for England. The table below offers a representation of these projections and compares this to the work undertaken through the Joint SHMA

	2012 based Household projections					JSHMA	Annex
	2011	2031	Change	Plus 3%	per annum		
North Warwickshire	25,862	29,059	3,197	3,293	165	165	204
Nuneaton and Bedworth	52,808	61,457	8,649	8,908	445	495	422
Rugby	42,089	51,075	8,986	9,256	463	658	453
Stratford-on-Avon	52,099	61,132	9,033	9,304	465	538	508
Warwick	58,714	70,178	11,464	11,808	590	718	606
Coventry	128,447	166,035	37,588	38,716	1,936	1,179	1,811
HMA Total	360,019	438,936	78,917	81,285	4,064	3,753	4,004

The table is clear that the uplift in housing need (assuming a 3% allowance for vacant homes) would result in a housing need of 4,064 homes a year across the HMA. This is broadly consistent with the Joint SHMA annex.

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

I would refer primarily to my answer in Question 2.

In addition however it is worth noting the following 2 points:

- i. The new household projections continue to re-emphasise the move and focus on growth in the city, with growth projections for the Shires declining or staying reasonably stable. For the reasons set out in our response to matter 1, this will only increase the pressure on the city and increase the amount of homes it needs to redistribute to neighbouring authorities, especially in the medium – long term.
- ii. The consistency between the DCLG projections and the Joint SHMA Annex suggests a full return to past trends (in terms of household formation rates) is unlikely across the HMA. This adds further weight to the assumptions made in the Joint SHMA Annex.

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?

National guidance is clear that a SHMA should be undertaken for the appropriate Housing Market Area to ensure the needs of the market area are met.

For the avoidance of repetition please refer to our comments enclosed under Matter 1 and in response to question 1 of Matter 2. To clarify however it is the firm view of Coventry City Council that the work undertaken on the Joint SHMA (and its supporting Annex) offer a robust and justified assessment of housing needs across Coventry and Warwickshire.

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

The assumptions behind the OAN in the Joint SHMA Annex take account of the latest government information and benefits from being entirely based on the 2011 census.

When considering the most recent household projections it is clear that the rates of household formation have not returned back to historic trend levels but have, broadly speaking, remained at the level predicted in the part return to trend scenarios set out in the Joint SHMA Annex. The Stratford Inspector (para 17) accepted the assumptions behind these projections (without the benefit of the latest cross-check with the CLG 2012 based household projections). The inspector concluded that there was no clear basis to assume a full return to trend when recent national figures show little sign of an improvement in average affordability. This is corroborated by the outcome of the CLG 2012 based Household projections.

In terms of vacancy rates the Joint SHMA makes an allowance for 3% on top of initial household projections. This is a widely accepted assumption supported by the Stratford inspector (para 18) and has also been used in the Birmingham SHMA.

The Joint SHMA utilised ONS migration data based on the 2008 and 2011 based projections. The SHMA Annex subsequently used the 2012 based ONS data to update this element of the assessment. In addition, the Joint SHMA explored different assumptions on migration. It tested PROJ 1A against two further projections: PROJ 2 and PROJ 3, which consider both 5 and 10 year migration trends. Both show that even with different assumptions the changes for the HMA are only 2-3% different supporting the robustness of the PROJ 1A.

To clarify it is the firm view of Coventry City Council that the work undertaken on the Joint SHMA (and its supporting Annex) offers a robust and justified assessment of population growth projections and housing needs across Coventry and Warwickshire.

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

The approach to unattributable population change is set out in the Joint SHMA Annex. Unattributable population change (UPC) represents 103,700 people across the whole of England and reflects;

- The results of sampling variations;
- International migration estimates;
- Census population estimates; and
- Internal migration estimates

ONS considered the above in its report on whether it should adjust the SNPP to take account of UPC. The ONS report on Unattributable population change (ONS Jan 2014) concluded that it would not be appropriate to adjust the SNPP for UPC given the scale of the change involved and lack of evidence that there was bias in the trend data that would continue into the future. In particular the report concluded UPC is unlikely to be seen as continuing in national trends as;

- It is unclear what proportion of UPC is a sampling error in the 2001 census/Mid-Year estimates/2011 census/intercensal components (migration)
- If it is due to 2001/2011 census then components of population change are unaffected
- If it is a result of international migration impacts then this would be in the earlier part of the decade and therefore be unlikely to affect longer term projections based on more recent trends.

The Joint SHMA noted that adjustments for UPC would have the effect of notably lowering growth for Coventry, by adjusting migration assumptions between 2001 and 2011 with some increases across Warwickshire. This approach was applied to the initial Joint SHMA recommendations. For Coventry, the Joint SHMA Annex found that more recent information from the MYE continues to support population growth and the projections for migration to Coventry in the 2012 SNPP. The Joint SHMA Annex therefore does not make an adjustment for UPC as this is no longer considered justified. The Joint SHMA and its Annex do however highlight issues in terms of monitoring migration trends in Coventry due to the significant changes that have been recorded in recent years.

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

Through the Joint SHMA and the SHMA Annex assessments have been made of projected economic growth and the likely level of jobs growth across the HMA. This has been calculated to determine a level of housing that would be required to support such levels of economic growth. This is summarised in figures 11 and 12 of the SHMA Annex.

The Annex looked at both Experian projections as well as those of Cambridge Econometrics and there is a clear difference between the 2, with the CE data showing a more optimistic level of economic growth relative to Experian. Indeed when considering the Experian data the level of homes required to meet housing need is lower than that suggested by demographic projections. As such, the aspirations of the SEP would need to be realised to a degree to help improve job creation

over and above these forecasts. The City Council firmly believes that the Gateway proposals would offer such an opportunity to help fill this gap.

With regards the higher CE data however, these are clearly more aspirational, suggesting a higher level of housing than the demographic projection. The Joint SHMA Annex however is clear that the key issue here relates to the balance between housing and employment growth in and around Coventry. This again highlights the importance of a scheme such as the Gateway proposal.

Notwithstanding, it is important to consider that economic forecasting is not an exact science and is subject to greater uncertainty the longer the projection and the smaller the geography.

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

The Joint SHMA made a clear assessment of market signals and affordability pressures as part of its wider assessment. As such this has been taken into account in developing the OAN for the HMA.

As previously discussed the component parts that make up the 4,004 homes per annum is a solid starting point for considering OAN for the HMA and LPA's. Should these figures then subsequently be uplifted to reflect either affordability, market signals or employment need, then this must be undertaken at the HMA level as to increase delivery in 1 area as a result of such issues is likely to have a significant influence on migration patterns, hence moving need/provision between local authority areas primarily within the HMA. As such, the existing approach to redistributing housing need is already helping to manage any issues that could be argued in terms of market signals or other forms of upward pressure on housing figures.

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?

Chapters 7 and 11 of the Joint SHMA consider these issues in detail and pull together recommendations in relation to need. As part of this assessment a small uplift in need was recommended of around 50 homes a year, however this increase was restricted to North Warwickshire and Stratford to support economic growth and affordability. This approach has been endorsed as part of the North Warwickshire Core Strategy and further vindicated (in part at least) by Stratford's recent move to increase their own housing requirement (in line with that recommended in chapter 11 of the Joint SHMA) to reflect economic growth and labour force requirements.

It is also worthy of note that the recent Inspectors Interim Report for Stratford found the Joint SHMA and its supporting Annex to offer a sound and robust assessment of housing needs across the HMA.

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

Please refer to our response to questions 8, 10 and 13 in Matter 1

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

Please refer to our response to questions 8, 10 and 13 in Matter 1

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?

Please refer to our response to questions 8, 10 and 13 in Matter 1

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?

The City council recognised in its response to Warwick's proposed Local Plan that policy DS20 offered a robust basis upon which to support the city council in delivering its housing needs should this not prove possible within its own boundaries.

The Council have not diverted from this view, and indeed re-emphasised the approach in its response to Stratford's proposed Local Plan resulting in a proposed modification to include such a commitment in policy as opposed to supporting text.

By including this commitment in policy, it goes to the heart of the plan and offers a firm commitment to on-going cooperation between the local authorities to support the successful delivery of each other's local plans and to ensure the housing needs of the HMA over the next 5, 10 and 15 years are met in a robust and sustainable way.

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

The OAN for Warwick District has been developed on a robust evidence base (the Joint SHMA and its supporting Annex) that has considered housing need across the HMA as a whole and at local authority level.

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

The scale of housing proposed is adequate to meet the needs of Warwick District over the plan period as well as making a notable contribution to meeting the needs of Coventry City that cannot be met within its own boundary.

In terms of the wider unmet need that remains within the HMA, this is more reflective of medium to longer term need that needs to be appropriately considered through additional evidence at the HMA level. This will be managed through Warwick's continued commitment to the Duty to Cooperate, which would remain on-going even after the

adoption of a sound plan (should this be the conclusion). In this context, it is the view of the City Council that Policy DS20 offers a sound platform to support this.

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

Such issues have been robustly considered through the Joint SHMA and its supporting Annex. Upon submission the plan should be sufficiently flexible to respond to changes in housing needs, and we believe it is. It is also worth noting that national guidance expresses that local plans do not necessarily have to be reviewed just because new projections are released. This view seems inherently sensible in order to allow local plans a reasonable shelf life.

Notwithstanding, should significant changes arise then policy DS20 offers a sound mechanism for dealing with such issues.

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

Please refer to our response to questions 8, 10 and 13 in Matter 1 as well as responses to questions 2 and 13-16 of Matter 2.

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

The NPPF suggests that a 15 year timeframe from the date of adoption is preferable; however this is not a mandatory requirement. Notwithstanding a possible adoption in late 2015 / early 2016 would provide for 13-14 years post adoption, which is still a reasonable time horizon. As such, we see no specific issues in a plan period running to 2029.

This is reemphasised when considering the possible commencement of HS2 and the expected need for a mid-term review of the plan as already discussed.



Cllr John McNicholas

Deputy Cabinet Member – Business, Enterprise and Employment