

**Examination of the Warwick District Local Plan
Initial Examination Hearings
Matter 2: Overall Provision for Housing**

Main 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.

Inspectors Question 1) What is the position of the Authorities in the HMA regarding the OAN?

Response

1. While this is for the Coventry and Warwickshire Strategic Housing Market Area (C&WSHMA) authorities to confirm, it is observed that from the Warwick Duty to Cooperate (DtC) Statement¹ that the authorities have set out that they agree the OAN for the HMA is 4,004 dpa (dwellings per annum), as contained within Figure 6 of the 2014 SHMA Addendum [H008].
2. The 4,004 dwellings per annum figure is however, only based upon demographic factors of need, and therefore only comprises the demographic component of OAN, as confirmed in paragraph 2.22 of H008. It does not consider market signals, economic factors or the affordability components of OAN which are set out as required in the PPG and appropriately addressed in Sections 3 and 4 of H008. Therefore the figure of 4,004 dpa cannot be considered OAN.
3. On this basis the C&WSHMA authorities have agreed only to a demographic baseline and further work/agreement is required on the market signals, economic factors and affordability as set out in Sections 3 and 4 of H008 is required before the C&WSHMA authorities are able to agree a figure that represents the full OAN for the HMA.
4. Therefore the evidence contained within LP22 indicates that the OAN for the HMA cannot be agreed and that as a result none of the C&WSHMA authorities “*have a good understanding of the housing needs in their area*” as required by paragraph 159 of the NPPF. The Plan is not therefore justified.

Inspectors Question 2) What do population and household projections indicate?

Response

5. The population projections and household projections contained within the 2014 SHMA [H008] indicate that there is a demographic requirement of 4,004 dpa (Figure

¹ Paragraph 5.2.8, bullet 1 [LP22 January 2015]

6 refers) based upon the Part return to trend scenario. For Warwick District the corresponding figure is 606 dpa.

Inspectors Question 3) How do the recently published 2012-based household projections affect the situation?

Response

6. The 2012-based household projections are the first set of projections published by ONS to fully account for the data in the 2011 Census. The note provided by the Council [Exam 4] sets out the findings of these projections which indicates that the 2012 based household projections appear to increase the overall HMA figure to 4,100 but there are variances within individual authorities. Warwick District reduces marginally to 592dpa from 606 dpa (Figure 5 of Exam 6 refers).
7. Significantly, however, Exam 6 indicates that Coventry City increases.
8. While Exam 6 sets out the implications of the latest CLG Household Projections, the figures in Figure 5 are not directly comparable as the 592 appears to be a projection that is not unadjusted to take into account improving headship rates, as per the part return to trend scenario does.
9. While it is acknowledged that the latest 2012 household projections are the most recent in terms of data availability, it does not necessarily mean that they should be used without evaluation as they themselves will also carry forward previous recessionary trends of the past. While the impacts and influence of the recession in the latest projections may not be lesser in the latest household projections, they themselves are unlikely to be significantly uninfluenced by the recession and past trends to rely upon them for the plan period unadjusted.
10. The Council's approach for adjusting the previous demographic household projections on the basis of a part return to trend is considered equally valid to the most recent projections and should be evaluated so. This is required to be an objective assessment.
11. Therefore, despite Exam 6 setting out the affect that the 2012 Based Household Projections have without an adjustment to household formation rates, Exam 6 does not set out the implications of applying a consistent methodology to that already adopted in the demographic components of the SHMA, and its Addendum.

Inspectors Question 4) Does the Coventry and Warwickshire Joint SHMA 2013 and the Addendum of 2014 provide a robust evidence base for OAN in the HMA and individual authorities?

Response

12. The 2013 C&WSHMA and its addendum [H008] contain a methodology that is broadly consistent with that contained within Planning Practice Guidance (PPG) approach and followed by RPS in preparing objective assessments of housing need.
13. Both documents consider the baseline demographic components of OAN and then consider the implications of the need for further adjustments to with regard to economic growth and market signals.
14. These documents were considered as part of the Stratford Inspectors Report [Exam8]. The Inspector was concerned that insufficient consideration had been given to evidencing the linkages between the OAN for housing and forecast economic growth. To this effect, the Inspector determined that (paragraph 55 refers) a proportionate uplift may be required to support the expected growth of the workforce. Considering the economic aspirations of the Council and the significance of the Coventry Gateway allocation as a site of sub-regional importance, there is support for an additional uplift in Warwick to support economic growth.

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

Response

15. The approach set out in the SHMA and its addendum in respect of household formation rates and their adjustment through a part return to trend approach is justified in principle. This assumes there will be uplift in household formation rates from the 2011 projections towards the trend observed in the 2008 rates. While this is justified in principle, there is no comparable assessment observed that considers the implications of a partial return to trend from the latest 2012 rates to the 2008 rates.

Inspectors Question 7) What are the assumptions in terms of economic/employment growth and are these justified?

Response

16. The linkages between housing and employment growth is an issue which has been significantly overlooked by Warwick Council, which Lenco Investments considers to be a severe discrepancy which renders the housing target unsound.
17. In the assessment of OAN the PPG requires (paragraph 2a-018-20140306 refers) that employment trends and future forecasts should be used in the determination of the likely increases in job numbers which will occur within the Plan period.
18. Both the 2013 SHMA and its update in 2014 appropriately consider the assumptions of economic growth for the HMA. The scenarios contained within the 2013 SHMA Table 38 illustrate this.

19. Table 38 demonstrates that the economic scenarios PROJ1a and PROJ1B require between 3,768 and 3,724 dwellings respectively, however, these two scenarios are based upon the 2011 household formation rates and not a return to trend scenario approach as is recommended as the preferred approach to the forecasting exercise. They are therefore not robust or justified as presented in Table 38.
20. For the economic forecast based scenarios to be robust they must contain the same assumptions as the underlying demographic scenarios in respect of applying a part return to trend household formation rate. The assumptions and outputs of the 2013 SHMA in respect of the economic led scenarios are therefore not robust.
21. While this anomaly exists in the 2013 SHMA, the 2014 Addendum does incorporate the part return to trend assumptions into the economic analysis (set out in Figures 11 and 12). These economic Figures indicate the OAN range based upon “policy off” Experian and Cambridge Econometric (CE) forecasts.
22. Based upon the evidence presented, the “policy off” economic scenarios indicate a housing need of between 3,636 and 3,747 for Experian or 4,579 and 4,546 for CE across the HMA (Figures 11 and 12 refer). For Warwick District the corresponding figures are between 604 and 640 for Experian and 825 and 886 for CE.
23. Importantly, these are policy off assumptions and therefore reflect OAN, the issue arises as to how these two forecasts inform ultimately an objective assessment of need. In this context reference is made to the Inspectors Initial Findings from the Stroud Local Plan Examination which sets out an approach for considering this issue.

“Both the NPPF and PPG emphasise the need to ensure that housing and economic strategies are well related; the PPG27 confirms that plan-makers should take employment trends into account, including assessing the likely change in job numbers based on past trends and/or economic forecasts, having regard to the working-age population in the housing market area. In undertaking this exercise, it is important to distinguish between the employment trends that will occur in the absence of the proposals in the Local Plan, and those which are expected to occur as a direct result of the strategy and proposals in the Plan. In other words, when assessing the OAHN, account should be taken of future employment trends in the area generally, whilst when establishing the housing provision level, account needs to be taken of the policy objectives and proposals in the Plan in terms of its specific economic and employment strategy”.

24. In the context of the above, both economic forecasts are policy off and can inform the consideration of OAN without influence from policies and objectives in the Plan from specific economic or employment strategies. On this basis they are both capable of informing OAN. What is important, is whether one is more robustly justified over another.

25. In seeking to answer this issue, if one considers that the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) is promoting a strategy for economic growth of 94,500 jobs then neither Experian (62,600 jobs²) or Cambridge Econometrics (90,500 jobs³) achieve this. However, on the basis that the CWLEP strategy for economic growth could be considered an employment strategy and as such a potential 'policy on' component caution need to be expressed to relying on this alone as a determinate of OAN itself. However, the CE policy off forecast is only 1,000 jobs shy of the CWLEP target and as such would represent a positively prepared policy off OAN. Experian at some 31,900 jobs below the CWLEP target would not be a positively prepared Plan.
26. The forecast from CE therefore represents an appropriate policy off assessment of the likely employment trends that are expected to occur in the absence of specific proposals in the Plan.
27. To further justify this position, the Council itself has agreed to align itself with the CWLEP in its Full Council & Executive Meeting Report on April 23 (paragraph 8.10.2) refers. This commitment and alignment with the LEP fully justifies the selection of CE scenario as a policy neutral, and positively prepared justified OAN to support economic growth.

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

28. The PPG requires (paragraph 2a-019-20140306 refers) that Councils account for market signals in the determination of OAN. As a part of this, the PPG requires that Councils present evidence to identify whether market signals and the need for affordable housing present justification for uplift of the housing. Paragraph 4.3-4.7 of the 2014 SHMA Addendum provides the justification for market signals uplift in Warwick.

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

29. Very little. The Councils have an evidence base in front of them that illustrates that based upon alignment with the economy from a policy neutral approach, and to take into account various demographic factors that the OAN should be between 4,546dpa and 4,579dpa based upon CE projections and alignment with the CWLEP as best can be achieved from a policy off perspective, and yet they agree to a demographic only scenario of 4,004 dpa.
30. The approach is not justified.

² H008 Figure 8

³ H004 Figure 7

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

31. There will be unmet needs within the HMA. Evidence is provided within the latest Coventry City Local Plan consultation that sets out that the City had an urban brownfield capacity for 16,500 dwellings.
32. If one assumes that the C&WSMA authorities are correct in their assumption that 4,004 dpa represents the OAN for the HMA, the corresponding figure for Coventry is 1,811dpa (Figure 6 of H008 refers), which over the Coventry City Plan period equates to 36,220 dwellings. On the basis that the brownfield capacity is 16,500 dwellings, the residual to be found within Coventry is some 19,720. This is on the basis of the C&WSHMA authorities currently agreed position on OAN.
33. It is clear that there will be unmet need within the HMA as a result of Coventry City.

Inspectors Question 11) Will these needs be met elsewhere in the HMA? Is this Clear?

34. There is no clarity on how or where unmet need will be met in the HMA

Inspectors Question 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?

35. There is no clear approach for addressing this issue as yet.
36. The C&WSHMA authorities should undertake the following work
 - Identify and agree the full OAN for the HMA (paragraph 159 of the NPPF);
 - Identify the level of unmet need associated with any authority, primarily Coventry City (Paragraph 159 of the NPPF);
 - Identify a clear distribution strategy for meeting their full OAN, including unmet need within the HMA (paragraph 47 of the NPPF)
37. This is required to be undertaken immediately

Inspectors Question 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?

38. The approach of Policy DS20 to meet unmet need from neighbouring Authorities does not give any certainty that the wider needs of the HMA can be met within the plan period. Policy DS20 commits to undertaking a review of the Plan, should evidence arise of significant housing needs outside the District.
39. This issue of deferring unmet housing need, as Warwick District propose, has been considered as part of the Litchfield Local Plan. The Litchfield Core Strategy

Inspectors Report (paragraphs 19 and 20 refer) highlights the difficulty of this approach which places the Local Plan at risk should significant need be identified. In paragraph 20 the Litchfield Inspector was clear that failure to undertake a review to meet unmet need from neighbouring Authorities could render the policies for the supply of housing out of date, thus undermining the approach of the Local Plan.

40. The Council should still commit to a review of the Local Plan, at the earliest possible opportunity, however the position of the Council could be strengthened through identifying reserve sites.
41. It is proposed that additional sites are identified in locations which would adequately address any unmet need from Coventry City, which can be released in as a primary mechanism to ensure unmet need is addressed in the short term. This mechanism will demonstrate that the Council is proactively responding to the wider cross-boundary need in the HMA and sites can be released prior to the Local Plan review.

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

Response

42. Paragraph 2.20 of the Submission Local Plan explains that the Council has chosen to adopt the figure for growth expressed in the 2013 as the objectively assessed need for the District. This figure is referred to in table 97 of the 2013 SHMA, which includes an annualised figure of 720 dwellings per annum of Warwick, which presents a figure of 12,960. This is the closest figure to the 12,860 proposed by the Council, which is given without justification or rationale.

43. Given the position outlined above, the OAN for Warwick is not justified.

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

44. It is not sufficient to meet the OAN for the District and is unsound.

Inspectors Question 16) what would be the implications for population change, migration and employment growth?

45. The implications would be an increase in the OAN for the HMA and District.

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

46. The level of housing planned is not justified. It should be increased on the basis that a policy off approach to OAN would indicate a need for between 886 dpa and 825 dpa per annum to align with the economic aspirations of the authority. However,

there is also the consideration that the authority has adopted a further policy on approach to economic growth by providing for a sub-regional employment site within the District. This policy on approach to economic growth has not been equitably considered in the relationship it has to housing provision. The housing 'requirement' for Warwick should be above the OAN where it has chosen to play a strategic role in delivering significant levels of employment above its own economic needs.

47. In deciding where new housing will be located to support the Gateway, there has been no clear steer from Authorities in the HMA as to how housing will be apportioned. Lenco Investments considers that it is more than appropriate that Warwick should be considered to meet some of this need and on this basis, the housing numbers can be expected to increase to support the delivery of the Coventry Gateway site.

Inspectors Question 18) Is the Plan period to 2029 appropriate? Should it be extended?

Response

48. Lenco Investments does not consider the Plan period to be appropriate or justified. Paragraph 157 of the NPPF requires that Local Plans are drafted over an appropriate timeframe, preferably 15 years. This is a commonly accepted figure in the development of Local Plans.
49. Presently, the Plan period of the Local Plan is 18 years, starting from 2011. The most recent Local Development Scheme update in January 2015 [LP18] expects that the Local Plan will be adopted in October 2015. As the initial hearings of the Core Strategy will run into mid-May 2015, Lenco Investments considers this timeframe to be unrealistic. In the event of a smooth examination process and accounting for democratic functions, it is more likely that the Local Plan could be adopted in spring 2016 at the earliest.
50. This presents a number of challenges for the Local Plan. Namely, the remaining duration of the Local Plan will only last for 13 years. Paragraph 47 of the NPPF advises Councils to identify, where possible, a 15 year supply of deliverable land in order to meet the full OAN for housing.