

Warwick Local Plan Examination

Matter 2: Overall Provision of
Housing

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Introduction

1. Lenco Investments (Lenco) offers comments on the Council's method for assessing the Objectively Assessed Need (OAN) for Warwick, alongside the proposed strategy for redistributing unmet need from Coventry. Lenco considers the Council's present strategy wanting and offers a number of further refinements needed to bring the evidence up to date for the purposes of future modelling and make the document sound.

Question 1) Does the Coventry and Warwickshire Joint Strategic Housing Market Assessment (SHMA) of September 2015 provide a robust evidence base for Objectively Assessed Need (OAN) in the Housing Market Area (HMA) and individual authorities and is the methodology appropriate?

2. Lenco does not support the Council's current approach to OAN, as outlined principally in the September 2015 Strategic Housing Market Assessment (September 2015 SHMA) [H020PM] and finds the approach unsound. This document operates on outdated evidence in a number of areas, which will need to be reviewed in the wider context for the Coventry and Warwickshire Housing Market Area (HMA). Comments related to specific points in the September 215 SHMA are included in response to the questions below.

Question 2) What are the assumptions in terms of population change, migration, household size and household formation rates? What is the basis for these and are they justified?

3. The September 2015 SHMA [H020PM] considers and discounts different demographic assumptions for the each of the above noted components of change. Lenco offers the following observations:

Migration

4. Figure 25 of the September 2015 SHMA identifies alternative migration scenarios applied to the 2012 Sun-National Household Projections though for all authorities in the Housing Market Area the document takes the view that the baseline projections remain a sound basis for consideration. Lenco disagrees with this assessment.
5. The household projections are forecast based on population data from the past 5 or 6 years (accounting for internal and international change), which will have considered population data from the period 2007 to 2012.
6. The projections from the period will have embedded within them a period of great uncertainty as it has recorded population change over a period of economic recession. Providing data over a longer period, such as the 10 year trend, would help to address any peaks and troughs in the housing market, presenting a more balanced picture of

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migration in the district. Of the two options proposed in the September 2015 SHMA (10 year constant or 10 year variable), Lenco would encourage the use of the 'variable' model, which presents a less rigid approach than the fixed 'constant' scenario.

Household Formation

7. Lenco agrees with the Council that adjustments to household formation rates can assist in addressing suppression that may have been embedded into previous household projections. Presently this assessment is limited to the 25-34 year age cohorts and Lenco considers that this assessment should be extended further, pending review of household formation rates arising from the 2014 Sub-National Household Projections.

Question 5) Now that the 2014 based population projections and 2014 based household projections are available should they be used to review the figures? How do they differ from previous projections and what effect would this have?

8. The 2015 SHMA [HO20PM] is based on data from the 2012 sub-national household projections. The new 2014 household and population projections are now available and represent the latest data for the forecasting Local Authority OAN. A comparison between the 2012 projections and the 2014 household projections indicates a slight decrease in the baseline household change between 2012 and 2037 (-2.1%). This however needs to be read in the context of the wider change in the Housing Market Area.
9. During the same period (2012-2037) the projections indicate a 5.1% increase in the overall household projections for Coventry. Differences elsewhere in the Housing Market Area have also been recorded. In order for the Warwick Local Plan to be set against the most up to date information, account should be taken of the latest household projections. This should be set in the context of a revised SHMA for the Housing Market Area, which can then inform an updated Memorandum of Understanding. Given the awareness of the issue, it would not be appropriate to delegate this issue to a later review of the plan, particularly when significant increases to Coventry have been identified – which would only lead to further deviance from meeting OAN.

Question 6) What are the assumptions regarding economic/employment growth and are these justified?

10. The employment growth assumptions from the September 2015 SHMA [HO20PM] includes economic forecasts from Experian, Cambridge Econometrics and Oxford Econometrics (paragraph 7.10 refers), which have been appraised in the context of the demographic baseline for the Coventry and Warwickshire Housing Market Area (HMA).

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11. The SHMA determines (Table 53 summarises) that uplifts should be applied to North Warwickshire, Nuneaton and Bedworth and Stratford on Avon. The remaining authorities in the HMA have no uplift.
12. Though this report was published in September 2015, two of the economic forecasts in the report date from 2013. This information is now three years old. Though data is always subject to change, Lenco is concerned that the economic data underpinning the assessment of the HMA is out of date and unreliable as a source of evidence for determining OAN as it is influenced by recessionary trends – the most up to date information should instead be used.

Question 7) How have market signals and affordable housing needs been taken into account? Is this justified?

13. For Warwick, the September 2015 SHMA [**HO20PM**] confirms (Table 53 refers) that no uplifts to the demographic projections have been made to Warwick to account for market signals or affordability uplifts. This information does stand at odds with a number of remarks made within the same document, outlined below:
 - “Since mid-2012 house prices have increased in all of the HMA authorities reflecting some recovery in the housing market. In absolute terms, the strongest growth in prices was in Warwick District” (paragraph 5.9);
 - “The analysis shows comparatively stronger growth in private rental prices in Warwick where the median monthly price has grown by £130 (22%) since September 2011” (paragraph 5.29);
 - “The average lower quartile price to income ratio in the HMA is equal to the national average at 6.5 (based on 2013 data). It is above this in the southern parts of the county, with a ratio of 6.5 in Warwick” (paragraph 7.29); and
 - “The affordable housing need however represents a higher percentage of the demographically based need in North Warwickshire, Stratford-on-Avon and Warwick District” (paragraph 6.59).
14. The figures included within the September 2015 SHMA refer to data taken, in many instances, from 2013. The third bullet point above for example indicates a lower quartile affordability ration of 6.5 for Warwick District. The latest data for 2015 has recently been published by the Government (Table 576 of the live tables), which for Warwick indicates an affordability ratio of 9.48 in 2015. This is a significant uplift, which may point towards a worsening of affordability issues in the District as wages struggle to keep up with house prices.

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15. Lenco considers that the Council's treatment of market signals and affordable housing is not robust and expects a review in light of new evidence. It is anticipated that this can be undertaken alongside any further adjustments of the

Question 9) Are the figures in the September 2015 SHMA for OAN in the HMA and Warwick District appropriate? Is there a basis to arrive at alternative figures?

16. As indicated in response to the questions above, Lenco does not consider the OAN in the September 215 SHMA to form an appropriate or sound basis for consideration of OAN in the HMA. Lenco would recommend that the Council reconsider the OAN in light of the suggestions made as part of this response.

Question 10) How will unmet needs from Coventry be met? What is the basis for calculating the distribution of unmet needs to other authorities and is this justified? Examination into the Warwick District Local Plan 2

17. Lenco Investments does not consider that the Council has correctly accounted for the figures within this document and as a consequence, will not be able to meet need from within the District in addition to unmet needs from Coventry.
18. The Coventry and Warwickshire MoU outlines a strategy for Warwick District to take the largest apportionment of unmet need from Coventry, equating to 35.6% of Warwick's overall need. This is a significant figure and one which the Council has agreed to meet in order the Full Objectively Assessed Need for housing (FOAN) identified in Coventry and Warwickshire.
19. This equates to a need for 6,640 dwellings over the plan period, which is set between 2011 and 2031, in a similar way to all other authorities in Coventry and Warwickshire, apart from North Warwickshire – however they are undertaking a review of their plan to align with the MoU. The plan period for Warwick operates between 2011 and 2029. There is no objection to this, as the NPPG is not explicit on the length of plans, leaving the decision in the hands of local authorities.
20. Where the objection remains however, is the calculation for the apportionment from Coventry. The Council's approach applies the 18 year plan period to the 20 year need from Coventry, thus reducing the figure from 6,640 to 5,976. This presents a shortfall of 664 dwellings that will not be met outside of Warwick, thus leaving Coventry's needs unmet.

Question 11) Does the Memorandum of Understanding (MOU) between authorities effectively deal with this issue? What does this commit authorities to and is this sufficient? How does this relate to existing and emerging plans?

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21. The MoU [LP31PM/LP32PM] does not deal with this issue, leaving the implementation of the agreed figures for each of the authorities in the HMA to resolve. The authorities in the HMA should resolve to update the MoU to account for the latest data available, to ensure that the Local Plan (and others in the HMA) are not subject to early and unnecessary review.

Question 12) What is the position with Nuneaton and Bedworth Borough Council and the MOU? How does this affect the situation? What are the implications for other authorities?

22. Though Nuneaton and Bedworth have not formally agreed the figures in the MoU, it is understood that the Council intend to plan towards the housing target identified within this document, however a commitment from Nuneaton and Bedworth district would be welcomed.

23. If it is the case that Nuneaton and Bedworth do not commit to taking an apportion of Coventry's unmet need, a strategy for this displaced housing needs to be considered to ensure that the Coventry Local Plan is not forced into an early review.

Question 13) What effect does the situation in Birmingham have i.e. in terms of unmet need, the relationship to Coventry and Warwickshire authorities and the Birmingham Development Plan? Has this been taken into account?

24. The need by the Council in the September 2015 SHMA [HO20PM] accounts for growth only within the Coventry and Warwickshire HMA. It does not address need arising from Birmingham in any way.

25. The Birmingham Local Plan has passed through examination though is currently with the Secretary of State who is considering whether to call the Local Plan in for determination. Though this document has yet to be adopted, it included a set of firm Proposed Modifications necessary for soundness due to the significant extent of the housing shortfall. This committed the Council to identify how the unmet need from Birmingham would be delivered, a process which needs to be identified within three years of adoption. Birmingham Council is in the process of preparing a Spatial Plan for Recovery and Growth, which will outline where the unmet need will be redistributed. It is unclear whether this will include locations within the Coventry and Warwickshire HMA, however there is potential that further growth could be directed here, which may have implications for Warwick District.

Question 14) Is the level of housing now proposed by the Council i.e. 932 dwellings per annum appropriate? Would it meet OAN in the District and make an appropriate contribution to meeting unmet needs from Coventry?



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26. No. As indicated above, Lenco consider that the overall requirement for the HMA may in fact be higher than currently proposed by the Council. In addition, the Council is not making allowance to meet the full unmet need from Coventry, as the plan only accounts for 18 of the 20 years as part of the plan period.