

**Warwick District Council**  
**Local Plan Examination**  
**Response to Inspector's Initial Matter and**  
**Issues**

**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

**August 2016**

## Policies DS2, DS6 and DS20

### Questions

**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?**

- a) Yes. The Updated Assessment of Housing Needs 2015 (HO20PM) has been prepared through joint working between the HMA authorities. It starts out by considering demographic dynamics. It also considers the 2012-based population and household projections and provides a sensitivity analysis that looks at alternative migration scenarios.
- b) The assessment reviews economic trends and forecasts, as well as local economic evidence base studies, across the HMA and compares expected workforce growth to potential growth in jobs. It provides an updated assessment of market signals and affordable housing need. As required by the PPG, these factors are brought together in drawing conclusions on OAN in Section 7.
- c) The Council considers that the Study provides a robust assessment of housing need across the housing market area and for the six local authorities within it.

**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?**

- a) At the HMA level, the Updated Assessment of Housing Needs assumes population growth of 149,200 persons over through to 2031. This represents population growth of 17.3% over 20 years which is notably above that projected for the West Midlands (10.7%) and England (13.8%) over the same period (Table 8 of HO20PM). This is derived from the 2012-based SNPP, which takes account of internal migration over the preceding five years and international migration over the previous six years. Household formation rates from the 2012-based Household Projections are used. Household growth of 81,500 is expected over the 20 year period, which is again above the rate of household growth expected at a national or regional level (Table 13 of HO20PM).
- b) For Warwick District, population growth of 17,300 is expected to 2031 (equating to 12.6% over 20 years) or 15,611 over the Plan period to 2029 (equating to 11.3% over 18 years) (see figure 25 of HO20PM). This translates into household growth of 11,644 to 2031 (Table 13 of HO20PM) or 10,480 to 2029. This in turns translates to a housing need for 600 dpa (Figure 30 of HO20PM). Average household size is expected to fall from 2.29 to 2.15<sup>1</sup>.
- c) The basis for rejecting alternative migration and household formation rate assumptions is considered further in the Council's responses to Questions 3, 4 and 9

<sup>1</sup> This is the ratio of the household population to number of households

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

- a) The scale of UPC is significant and equates to 13,260 persons for the HMA over the 2001-11 period (Table 5 of HO20PM). This could reflect an over-estimation of migration or errors in Census data. The greatest impact is for Coventry but the scale of UPC at an HMA level is substantial.
- b) It is important to take a consistent approach at HMA level to recognising the migration inter-relationships between places. UPC indicates that there is a significant chance that migration could have been over-estimated over the 2001-11 period, but it is not possible to precisely attribute it to migration or Census errors or to years within the 2001-11 decade.
- c) The Updated Assessment of Housing Needs concluded that in taking account of changes in the methodology ONS use to estimate migration, any errors are more likely to be focused on earlier periods within the decade (see para 3.55 of HO20PM) and therefore a UPC adjustment for more recent data feeding into the 2012 SNPP was not appropriate.
- d) However when consideration is given to longer-term migration trends, there is a stronger basis for considering adjustments for UPC.

**4) Are the figures it arrives at for demographic based housing need appropriate? What would alternative assumptions suggest and is there a justification to use these?**

- a) The PPG clearly sets out that the CLG Household Projections should provide the starting point for estimating housing need (2a-015), that these are statistically robust data and are based on nationally consistent assumptions and that any changes to these must be clearly explained and justified on the basis of established sources of robust evidence (2a-017).
- b) Demographic projections are sensitive to migration and household formation rates. The Updated Assessment of Housing Needs assumes stronger population growth across the HMA (16.7%) than in the 2013 SHMA (15.9%) (HO04). The Updated Assessment of Housing Needs provided sensitivity analysis considering alternative migration scenarios (Table 11, Figure 25 of HO20PM) and considered and appraised household formation rates from various CLG Household Projections (Figure 29). Whilst projecting ONS migration figures over a ten-year period would result in a higher need (4358 vs. 4197 dpa), the UPC evidence points to a significant potential over-estimation of migration over this period, indicating that this would exaggerate the demographic need. There is therefore not the clear evidential basis to depart from the household projections.
- c) A consistency of approach in deriving the demographic need at an HMA level is important, in terms of recognising the impact that West Midlands RSS policies had on seeking to focus growth on the Metropolitan Urban Areas, in this case Coventry, and the impact of this on population growth dynamics within the HMA. Alternative time periods for migration principally influence the distribution of housing need within the HMA, before supply side considerations are taken into account, rather than affecting the overall number. Taking account of the redistribution of housing provision through the MOU (HO21PM), the Council considers that

there is little impact from considering alternative migration assumptions.

- d) Issues associated with changes in the student population are set out in appendix A of this Matter Statement. The number of residents aged 18-24 is expected to remain static. The universities are not expecting any significant growth in the short-term. Students are counted within the demographic analysis in the household population. This supports delivery of additional student accommodation, required to relieve pressure on the private rented sector.
- e) In respect of household formation, H008 modelled 'indexed' and 'part return to trend' scenarios for household formation. Applied to the 2012-based SNPP, this resulted in a need for 3,900 – 4,000 dpa across the HMA. The headship rates in the 2012-based Household Projections are more positive still and show a need for 4,200 homes across the HMA. Household formation rates are expected to improve for those in their 20s and 30s and are high in relative terms compared to many areas nationally. Alternative assumptions on household formation are considered in the Council's response to Question 9

**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?**

- a) The HMA authorities have jointly undertaken work to consider the 2014-based Population and Household Projections and 2015 Mid-Year Population Estimates. This report will be available for publication during w/c 5<sup>th</sup> September 2016, once it has been assured by the all the Councils involved. Its findings are summarised below.
- b) The 2014-based Population and Household Projections and 2015 Mid-Year Population Estimates show stronger population growth in Coventry and across the HMA (152,300 between 2011-31, 17.6%), but lower growth in Warwickshire than had previously been estimated. Because of differences in the demographic structure however, overall household growth is lower. The 2014-based projections result in a need for 4,167 dpa across Coventry and Warwickshire over the plan period, which is 1% lower than that shown on a comparable basis (4197 dpa) in the Updated Assessment of Housing Needs.
- c) For Warwick District, the projections show a lower demographic need of 462 dpa, compared to 600 dpa in the 2015 Update. This is influenced both by lower levels of migration, but also by lower expected population growth amongst older persons (who typically have higher headship rates) (see Figures 4.7 and 5.5 of HO20PM).
- d) The Council considers that a 1% difference shown by the 2014-based Projections across the HMA is minimal and does not affect the robustness of the evidence base – indeed it supports it. The PPG (2a-016) is clear that housing assessments are not rendered outdated every time new projections are issued. It is however relevant that the latest official projections show a strengthening of recent trends in terms of the distribution of need across the HMA including a lower housing need in Warwick District and a higher housing need in Coventry. This data has been the subject of discussions with the other authorities within the HMA. The outcome of these discussions is that all the authorities accept that the new data is not sufficiently

significant to render the Updated Assessment of Housing Needs (HO20PM) out of date and that the Housing MOU (HO21PM) still provides a robust and effective agreement.

- e) In reaching this view, the Councils recognise that any detailed review will result in an even greater shortfall of housing in Coventry and the need for this additional shortfall to be redistributed back to the Warwickshire Authorities. In this context, it is likely that the outcome will be very similar to the housing requirements set out in the Housing MOU.

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

- a) Expected economic performance is considered in Section 4 of the SHMA Update. This considers past employment trends, econometric forecasts from Cambridge Econometrics and Experian, recent figures for jobs growth (which differ from those in the economic models) and the detailed analysis of expected economic performance in different authorities in Coventry and Warwickshire provided in employment land studies. It appears to take account of both trend-based performance and evidence of wider commercial demand. The conclusions regarding expected employment growth are set out in Table 28. Across the HMA, employment growth of 48,200 is expected between 2014-31, with a growth in jobs of around 63,800 expected over the plan period. For Warwick District, employment growth of 9,900 is expected between 2014-31.
- b) Expected economic growth at an HMA level of 0.7% pa growth is above that forecast by Cambridge Econometrics (CE) across the UK (Para 4.52). Warwick District is expected to see 0.8% pa growth based on CE 2015 forecasts. The modelling indicated that:
- At an HMA level, 3,730 dpa would be needed to support expected economic growth. This fell 11% below the demographic-led need pointing to no need to adjust upwards the housing need to support economic growth across the HMA.
  - However the distribution of the economic and demographic-led need was different. The PPG (2a-018) is clear that it is appropriate address this through agreeing an alternative distribution of growth through the Duty to Co-operate. This has been confirmed in *St Modwen Developments Ltd vs. SSCLG & East Riding Council* [2016] EWHC 968 (Admin).
  - For Warwick District, the economic-led projections resulted in a need for 600 dpa, which aligned with the demographic based need. Clearly the plan provides for significantly higher housing growth than this, which will support stronger workforce growth within the District.
- c) The CBRE Sub-Regional Employment Land Study (EC07PM - Pages 36 and 47) confirms that labour supply growth across the HMA is expected to be higher than sector-led jobs growth forecasts.
- d) As considered at the previous hearing sessions, there are notable inconsistencies between datasets relating to actual jobs growth between 2011-14, which reflects a range of issues including the survey nature of employment data. This is not always particularly accurate at local authority level (see EXAM 14 and HO20PM Paras 4.2 – 4.23). The Census suggests

that historically employment / employment growth in the District has been over-estimated. However, taking account of the characteristics of the District's economy and various data sources, the conclusions drawn on future performance appear reasonable. The modelling approach simply takes known data regarding employment levels and population in 2014 as its starting point and looks forwards.

- e) The evidence base was prepared prior to the outcome of the referendum on Britain leaving the EU, which potentially provides a short-term downside to previous forecasts and results in greater longer-term uncertainty. Whilst this is a relevant factor in interpreting the evidence, the Council is not suggesting that the plan's economic strategy or the housing needs evidence requires review / amendment. This can be considered as appropriate through a plan review in due course.

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

- a) Market signals analysis is considered in Section 5 of the SHMA Update. At an HMA level, it found no evidence that there has been a relatively stronger increase in housing costs, and deterioration in affordability, over the last decade to national trends. No substantial adjustments to overall housing provision were warranted (Para 5.39).
- b) The Council acknowledge that in considering the District, the evidence from market signals set out in The Updated Assessment of Housing Needs (Doc HO20PM) is mixed:
- House prices in South Warwickshire (Warwick and Stratford-on-Avon) have historically been, and continue to be, above the HMA, regional and national average. This is partly influenced by the housing mix. Prices increased notably between 2002-6, fell in real terms (and in comparison to national trends) between 2007-13, but have seen some growth since. Over the last decade house prices have grown by 3% per annum, in line with that seen nationally.
  - Growth in rents was comparatively strong over the period from Sept 2011 to March 2015 (Updated Assessment of Housing Needs - Table 45), and stood above the HMA, regional and national average at £725 PCM.
  - The lower quartile affordability ratio at 7.8 in 2013 was above the HMA and national average, but had fallen modestly over the previous decade.
- c) The evidence indicates a very similar set of trends to Stratford-on-Avon where the Local Plan Inspector recently found that an adjustment for market signals was not justified. Whilst rental costs are above average, the Council's approach is to encourage student accommodation delivery which can relieve pressure on the private rented sector. Over the period since 2011, approximately 480 student bedspaces have been delivered. On the basis for four student bedspaces per dwelling is released, this equates to 120 dwellings. In addition, there is a pipeline supply of just under 1000 further student bedspaces. It is notable that rental costs have recently fallen.
- d) Overcrowding at 3% was below the regional and national averages (4.6% / 4.8%) and whilst it had increased between 2001-11, it had done so from a very low starting point.

- e) The Updated Assessment of Housing Needs (HO20PM) identified a need for 280 affordable homes per year (Table 43). This represented 47% of the demographic-based need. At an HMA level, the affordable need represented 35% of the demographic need. The Affordable Housing Statement of Common Ground between Warwick District Council and Coventry City Council (see appendix C) shows that as a result of the redistribution of housing need between the two Council areas, it is reasonable to work on the basis of an overall affordable housing need for Warwick District of 374dpa. This is 40% of the overall housing requirement of 932dpa.
- f) Warwick District has a 40% affordable housing requirement on suitable sites, proposes to allow cross-subsidy on rural exception sites outside the Green Belt and works with a partner to deliver a programme of affordable homes agreed with the HCA. Appendix 5 of the Housing Supply Topic Paper (HO27PM) shows the outcome of this.
- g) The Updated Assessment of Housing Needs (HO20PM) identified that the key impact of addressing market signals by improving affordability, and of increasing the supply of affordable housing, would be to increase household formation amongst younger households – reducing numbers of concealed households, those living with parents or in shared accommodation. It identified an improvement in affordability would result in increased household formation amongst those in their late 20s and early 30s. It therefore modelled adjustments to address market signals and improve affordability on this basis, increasing the delivered OAN at an HMA level to 4,272 dpa.
- h) For Warwick District, the household projections already make very positive assumptions and build in a recovery in household formation and improvements in affordability (HO20PM, Appendix A, Figure 6). The Updated Assessment of Housing Needs concluded that no further adjustments would be warranted.
- i) The Council consider that the Local Plan Modifications clearly plan to significantly boost housing supply within the District. They will deliver 932dpa over the plan period, which represents an increase of 74% on the average housing delivery of 537dpa in the District over the last 15 years. With such substantial increases in supply, it is clear that the plan can be expected to improve affordability.
- j) The Council notes that some representors have suggested that higher adjustments are warranted. However this would require additional population to move to the District to occupy homes, and thus has duty to co-operate implications as these households would need to move from other locations. It is also relevant to note that in providing 40% affordable housing, over 370 affordable homes per year could be delivered – significantly above the affordable housing need identified.

**8) 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 demographic projections been adjusted?**

- a) The Updated Assessment of Housing Needs (HO20PM) identifies a demographic-based

need for 4197dpa across the HMA. There is no basis for making upward adjustments to support economic growth. The latest projections make notably more positive assumptions on household formation: affordability will need to improve for this to be realised. To further improve affordability, an upward adjustment of 75dpa is made, resulting in an OAN of 4,272dpa.

- b) For individual authorities a similar approach is applied. In some authorities there is a basis for higher housing provision to support economic growth and the Councils have agreed through the Memorandum of Understanding (HO21PM) on the planned distribution of housing within the HMA.
- c) The effect of these adjustments is to increase housing provision relative to the demographic need, in each of the authorities besides Warwick; with significant upwards adjustments made in Stratford-on-Avon in particular. Of the Warwickshire authorities, the OAN is highest in Stratford-on-Avon and Warwick District

**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?**

- a) Yes. The Updated Assessment of Housing Needs (HO20PM) provides an appropriate basis for deriving the OAN across the HMA and for Warwick District.
- b) As set out above, in considering a longer-term ten-year migration trend it is important to recognise the likely over-estimation of migration at an HMA level and the distributional effects of previous planning policy. The distribution of growth moving forwards is addressed through the MOU.
- c) Research has highlighted that the 2012-based household formation rate projections form a reasonable basis for planning, and that a past decline in household formation amongst younger households has been influenced by longer-term trends in declining household formation from the early 1990s, which were not reflected in 2008-based Household Projections<sup>2</sup> but were simply a reflection of the optimism at that point in an economic cycle (EXAM 11)<sup>3</sup> and not an appropriate benchmark. The 2012-based Projections assume that household formation amongst younger households improves, and represent an appropriate approach to deriving demographic need. 2014-based Household Projections show very similar household formation trends.
- d) The PPG specifically recognises historic delivery as a market signal *and* an influence on household formation.

<sup>2</sup> See Town and County Planning Tomorrow Series Paper 17: New Estimates of Housing Requirements in England, 2012 to 2037, Neil McDonald and Christine Whitehead, Nov. 2015.

<sup>3</sup> Simpson, L. and McDonald, N. (April 2015) *Making sense of the new English household projections*, TCPA.

**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?**

- a) Paragraphs 30 - 37 of the Housing Requirement Topic Paper 2016 (HO28PM) describe the process undertaken by the Coventry and Warwickshire Authorities to address unmet housing from Coventry. The six Local Planning Authorities within Coventry and Warwickshire, with the support of Warwickshire County Council, have drawn up a Housing Memorandum of Understanding (HO21PM). This has been agreed by the Coventry and Warwickshire Joint Committee and has been formally endorsed by all the Councils with the exception of Nuneaton and Bedworth Borough Council (see question 12 for further detail on NBBC's position).
- b) The starting point was to agree the level of housing need for the HMA and each of the local authority areas (see the Updated Assessment of Housing Need - HO20PM) and compare this with the capacity of each area to accommodate their need as indicated by the Strategic Housing Land Availability Assessment. This showed that Coventry had an unmet housing need of 17,800 dwellings, which needed to be redistributed to ensure the HMA housing requirement was met in full.
- c) The report to the Joint Committee on 29th September 2015 (HO31PM) sets out the evidence to justify the redistribution including: -
- The Updated Assessment of Housing Need - September 2015 (HO20PM), which provides up-to-date evidence of housing need in the Housing Market Area (HMA) and for each of the six Councils within the HMA
  - A high level appraisal of different spatial options for redistributing unmet need
  - An analysis of functional relationships between each of the Warwickshire councils and the City based on two-way commuting flows and gross migration flows
- d) This evidence was applied to an objective and robust methodology for agreeing the final redistribution. This methodology took account of the impact of employment uplifts for Nuneaton and Bedworth, Stratford-on-Avon and North Warwickshire arising from the GL Hearn Report (HO20PM), to arrive at a final housing requirement for each of the six Councils as follows:

	<b>TOTAL PER ANNUM</b>	<b>TOTAL 2011-2031</b>
<b>Coventry</b>	1230	24,600
<b>North Warwickshire</b>	264	5,280
<b>Nuneaton &amp; Bedworth</b>	703	14,060
<b>Rugby</b>	620	12,400
<b>Stratford-on-Avon</b>	659	13,180
<b>Warwick</b>	932	18,640
<b>C&amp;W Total</b>	4408	88,160

- e) The final stage of the process was to ensure to consider the capacity of each local authority area to accommodate the identified level of growth. As Nuneaton and Bedworth Borough Council (NBBC) did not have an up-to-date SHLAA, they were unable to fully assess their ability to meet the requirement indicated by the Housing MOU and therefore felt they were not in a position to formally endorse the MOU.

**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?**

- a) The Housing MOU recognises that the HMA’s OAN is 85,540 between 2011 and 2031 and includes commitments to deliver at least 88,160 dwellings over that time period (subject to NBBC agreeing to the MOU in due course). Bearing in mind that adopted and emerging Local Plans all plan for a housing supply that exceeds the requirement set out in the MOU, this is considered to be sufficient to ensure the HMA housing requirement is met.
- b) The Housing MOU (HO21PM) has been endorsed by all the Councils in the HMA with the exception of NBBC. This endorsement commits each of the Councils to “prepare a Local Plan that reflects the agreed distribution” in line with Clause 6 of the MOU.
- c) In doing so the authorities are committed to ensuring the HMA’s housing requirement is met in full and in this context the Council contends that the MOU is an effective tool to dealing with the Coventry’s unmet housing need. However, the Housing MOU is only part of the process. The next step is to ensure that each of the authorities see through their commitment to prepare a Local Plan aligning with the MOU. Inevitably the Local Plans of the six Councils will be prepared according to different timetables. However there is clear evidence that each of the signatories to the Housing MOU are working to meet their commitment. The latest position regarding progress towards Local Plan adoption is as follows:

<b>Council</b>	<b>Local Plan Progress Update</b>	<b>Alignment with the MOU</b>
Coventry	Plan currently being examined. Two weeks of hearings have taken place with further hearings scheduled for October 2016	Policy H1 makes provision for a minimum of 24,600 dwellings
North Warwickshire	Core Strategy adopted in 2014. Currently being reviewed to ensure alignment with C&W MOU and to accommodate unmet need arising in Birmingham. Preferred options approved by LDF Sub Committee on 3 <sup>rd</sup> August 2016. Consultation due to commence in Autumn 2016	Includes commitment to deliver 5280 dwellings (with an aspiration to deliver a further 3790 to contribute to Birmingham’s unmet need).
Nuneaton and Bedworth	Reviewing evidence base to establish the Borough capacity and whether this is sufficient to meet the housing	Not known at this stage. Please see agreed statement (appendix B)

	requirements indicated in the MOU. Scheduled to publish submission draft in January 2017	
Rugby	Submission draft Plan approved by Council on 19th July 2016. Reg 19 consultation due to commence in September 2016	Policy DS1 plans for 12,400 homes between 2011 and 2031
Stratford-on-Avon District Council	Core Strategy adopted July 2016	Plans for a minimum of 14,600 dwellings to 2031. In addition Reserve sites are to be provided for up to 20% above this level partly to accommodate unmet need arising from Birmingham

- d) The MOU recognises that there may be contextual changes that could affect the MOU. It therefore contains a review clause (8) and includes a commitment to continually monitor progress across the HMA while delivering the housing requirement. To support this, the Coventry and Warwickshire Councils have established a Monitoring Officers Group, which has standardised the way housing monitoring takes place and is currently collating data from 2015/16 on this basis. This will ensure the MOU will remain effective and will provide the data to determine whether a review of the MOU should be triggered.

**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?**

- a) NBBC and Warwick District Council have agreed the statement set out in Appendix B. NBBC have decided that they are unable to agree the Housing MOU at the present time. This is because at the time of preparing this statement, they have not yet completed work on their SHLAA and so do not know the full housing capacity of the Borough. A draft SHLAA has been prepared that has identified some additional land with the potential to contribute towards Coventry's unmet need. However, the SHLAA is still not finalised and has not been published. It is expected to be published in January 2017 alongside a revised submission Draft Local Plan. As a result, NBBC's final position is still unknown at this stage.
- b) Whilst the Council would like clarity regarding NBBC's position as soon as possible, it accepts that there will continue to be ongoing ambiguity until January 2017. It is therefore important to be pragmatic and to recognise that there will always be uncertainties when preparing a Local Plan. In these circumstances, the Council's view is that:
- i) Progress on Warwick's Local Plan cannot be delayed until there is complete clarity. If that were the case progress on all the Local Plans in the sub-region would advance at the pace of the slowest, which would potentially have significant and adverse impacts on the ability of councils both to identify and meet their housing needs and to have an updated local plan in place as quickly as possible.
  - ii) It is important to build in contingencies to address a range of uncertainties and for this reason, the housing supply is planned to exceed the requirement by 1215 dwellings
  - iii) It is the Council's expectation that NBBC will be able to meet a significant proportion of

Coventry's unmet need apportioned to the Borough. However should there continue to be a shortfall, the signatory councils will continue to be active in Duty to Cooperate discussions, albeit there is no evidence to indicate that the majority, if any, of the ongoing shortfall being provided in Warwick District. This is because the redistribution agreed in the Housing MOU (H021PM) seeks to align with commuting and migration flows. The evidence shows that a significant proportion of this is from Nuneaton and Bedworth and in this context it would be logical for a further redistribution to continue recognise the commuting and migration dynamics associated with the northern part of the HMA.

- iv) These factors suggest that the contingency described above is likely to be sufficient.
- v) Once the situation with NBBC is known, the Council will instigate Duty to Co-operate discussions, to consider whether the MOU review clause needs to be applied and if so what the implications for Warwick District might be. Alongside this, it will set out what it considers the implications to be for the Local Plan and the Housing MOU.

**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?**

- a) The Coventry and Warwickshire HMA authorities have actively participated in discussions with Birmingham City Council and the Greater Birmingham LEP authorities. The Coventry and Warwickshire HMA authorities have regularly discussed the implications of unmet need arising in Birmingham at Duty to Co-operate meetings. Through these discussions it has been established that:
  - i) Both North Warwickshire Borough and Stratford-on-Avon District partially overlap with the Birmingham HMA but the other four authorities including Warwick District, sit wholly within that part of the Coventry and Warwickshire HMA that has no overlap with the Birmingham HMA(see Joint SHMA 2013 – HO04).
  - ii) Functional relationships indicate that Warwick, Rugby and Nuneaton and Bedworth are best placed to address unmet need arising in Coventry (see appendix 4 of HO31PM). North Warwickshire and Stratford-on-Avon, being located partially within the Greater Birmingham HMA, are best placed to assist in meeting the unmet need arising from the Greater Birmingham HMA. This is supported by the Peter Brett Associates Report Joint Housing Needs Study Phase 2 prepared in November 2014 on behalf of the Greater Birmingham and Solihull LEP Black Country Local Authorities (EXAM 46)
  - iii) As a result the Coventry and Warwickshire Housing MOU indicates that Rugby, Nuneaton and Bedworth and Warwick should address the vast majority of Coventry's unmet need (HO21PM).
  - iv) Stratford-on Avon's adopted Core Strategy already includes some provision to account for unmet need from Greater Birmingham and the Site Allocations DPD due to be prepared is required to accommodate reserves sites for to provide a potential additional supply of 20% above the District's requirement. A key factor in this is to provide the potential to accommodate part of Greater Birmingham's housing need once the evidence has been prepared to establish the appropriate level. Stratford District Council has signed an MOU with Birmingham City Council to this effect.
  - v) North Warwickshire's emerging Local Plan (approved for consultation at the LDF Subcommittee 3rd August 2016) includes an aspiration to deliver 3790 dwellings to

contribute to Greater Birmingham's unmet need. Within the draft Local Plan sufficient sites have been allocated to deliver the full overall housing target of 9070, but of this full requirement, 3790 is particularly dependant on the delivery of appropriate infrastructure and this is why it is expressed as an aspiration. North Warwickshire Borough Council is working with Birmingham and the other local authorities in the Greater Birmingham and Black Country HMA to progress the delivery of the unmet need. Support has been indicated by Birmingham City Council for the way that North Warwickshire BC is contributing to the unmet housing need as set out in their emerging Local Plan. An update on the latest situation can be given at the hearing.

- b) Representatives of the Coventry and Warwickshire HMA (North Warwickshire and Stratford) have been involved in Technical Officer Group meetings for the Greater Birmingham & Black Country HMA local authorities. This is similar to the CSWAPO group for Coventry & Warwickshire.
- c) It should be noted that Birmingham City Council have not sought to reach agreement with Warwick regarding their shortfall and that the evidence so far prepared by the Greater Birmingham & Solihull LEP and Black Country local authorities does not indicate that Warwick should be a preferred location to address Greater Birmingham's unmet need.
- d) For these reasons the Local Plan does not seek to make any direct provision for unmet arising in Birmingham

**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?**

- a) Yes. The proposed level of housing provision meets the district's own OAN (12,000 dwellings) and makes an appropriate contribution of 6,640 dwellings to meeting an unmet housing need for Coventry. The scale of housing provision proposed will support substantial workforce growth within the District and clearly boosts housing supply.

**15) What would be the implications for population change, migration and employment growth? Is this realistic and how does it sit with other aspects of the Local Plan e.g. employment and infrastructure growth?**

- a) The planned level of housing provision (932 dpa) would result in an increase in the District's population of 32,400 (26.4%) over the plan period. It implies a level of inward migration (2015-31) of 1,324 persons per annum, which is 4 ½ times that seen over the last 10 years<sup>4</sup>. It would support workforce growth of 22,500 over the plan period (2011-31). Further details are provided in Appendix 3.
- b) In the context of population projections for the HMA and employment projects for Coventry and Warwickshire, this is realistic. Although the population growth significantly exceeds the District's trend-based demographic projections set out in 2b above, this is to be expected

given that the Plan is accommodating significant growth to meet Coventry's needs.

- c) The increase in workforce is also broadly consistent with the Plan's employment proposals. Specifically, the level of employment land allocated to meet local needs is expected to generate approximately 7,500 full-time equivalent jobs in B-class sectors (see Matter 5 statement). In addition, the sub-regional employment site will provide up to a further 7,800 full time equivalent jobs (see Matter 6 statement) to meet sub-regional (and specifically Coventry's) employment needs in line with the Employment MOU (EXAM 44). Once factors such as part-time work and jobs in other sectors including health, education and retail are factored in, the evidence indicates that a balance between workforce growth and economic growth can be expected.
- d) The Infrastructure Delivery Plan (IDP) (IN07PM) has been developed on the basis of housing growth of 932dpa and a corresponding growth in population. In preparing the IDP the Council has worked with Infrastructure Providers to enable forecasting to take place in relation to traffic growth, changes in pupils numbers for school, changes in patient numbers for doctors' surgeries and hospitals, the need for additional sports facilities and so on. This forecasting has fed into the range of measures that are set out in the IDP. This approach has ensured that infrastructure capacity will expand over the plan period to support the level of population growth expected.

<sup>4</sup> The plan would support net migration of 1,324 persons pa 2015-31, compared to an average over the past five years of -216 (net out-migration) and 296 (net in-migration) over the last 10 years.

**16) Should the amount of housing now proposed (932 dwellings per annum) be increased or decreased? If so to what level and on what basis?**

- a) The Council contends, for the reasons set out in answer to the questions above, that 932 dwellings per annum is appropriate and should be neither decreased nor increased.

**17) Is the approach to a review of the Local Plan (Council's suggested modification to Policy DS20) appropriate?**

- a) It is important that the Plan is able to respond to changing circumstances and unanticipated outcomes. For this reason a degree of flexibility has been built into the Plan, which will allow it to respond to a degree of change without a review. However it is possible that during the Plan period circumstances will change to such a degree that the Plan as proposed (or any aspect of it) could be rendered out of date. In these circumstances the Plan will require either a partial or whole review.
- b) Policy DS20 (as modified) identifies some of those areas where there is some uncertainty as well as including a broadly-based clause allowing for any other changes in circumstances. In identifying the specific areas of uncertainty set out in Policy DS20 the Council has been mindful that:
  - i) Local Plan preparation progress across the West Midlands and specifically within Coventry and Warwickshire is variable (for example see answer to question 11 above). This means there is a risk of unforeseen consequences arising as new evidence is published and Plans being prepared by neighbouring authorities take shape.

- ii) Linked to this, the Council is clear (in line with Planning Practice Guidance) that changes to evidence (such as updated Household Projections) will not necessarily render the Plan out of date. However where evidence points to very substantial and / or ongoing changes to the context of the Plan (such as significantly higher household projections for the District over more than one plan period), then the Plan will need to be reviewed
  - iii) Monitoring of the Plan (along with monitoring in the Housing Market Area), will provide important intelligence regarding its effectiveness. If monitoring shows that aspects of the Plan mean it is failing to meet its objectives or deliver the Strategy then a review will be required.
- c) The Council contends this Policy is therefore a sensible and pragmatic approach which provides a clear framework for triggering a Plan review. Most fundamentally, however, it will provide a rigorous planned stimulus for a significant increase in the delivery of housing, economic growth and associated infrastructure, which would otherwise be prejudiced.

**Note: Students & Housing Need in Coventry**

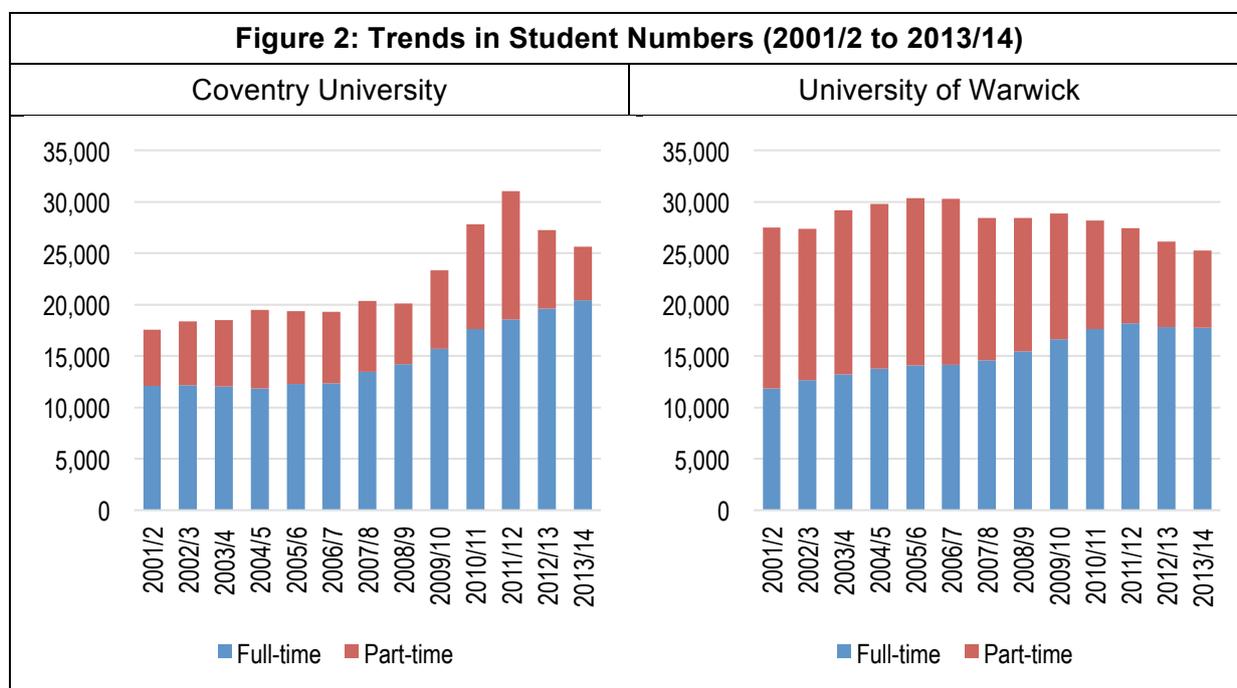
This note considers whether student growth in Coventry could have inflated the ONS 2012-based Sub-National Population Projections, and associated 2012-based Household Projections. In particular it considers whether out-migration from Coventry (particularly of international students) could have been under-estimated (and thus overall population growth over-estimated).

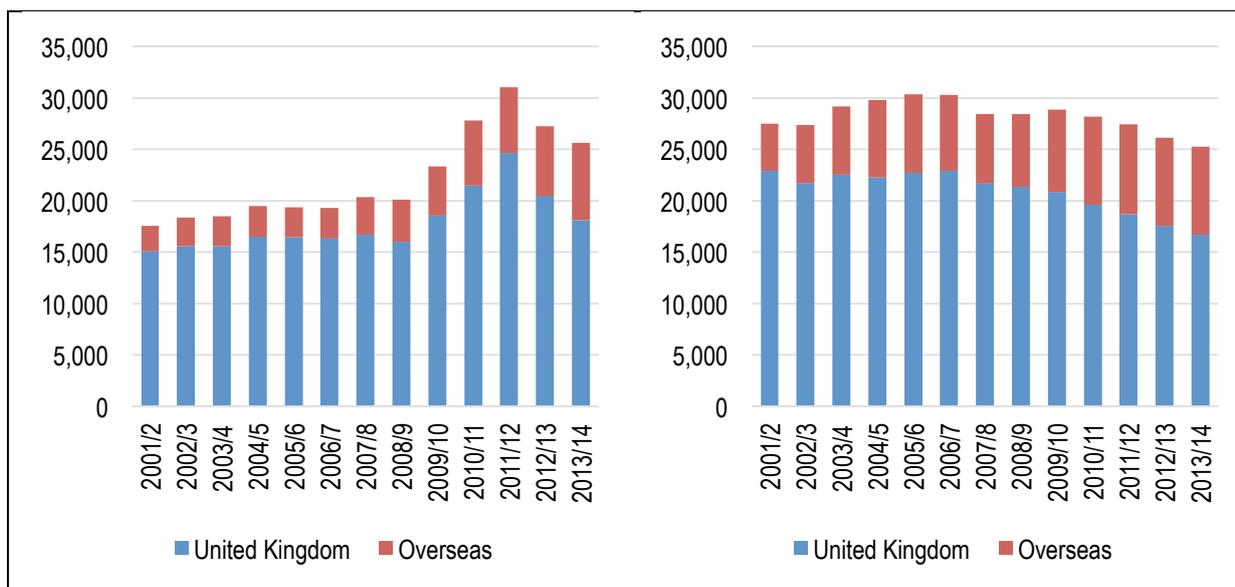
**Trends in Student Numbers**

Student numbers at the two universities are shown below. For Coventry University the data shows a clear increase in the number of students in the period to 2011/12 and a notable drop off over the past two years. The number of full-time students has however been growing over time (including post 2011/12). Coventry University has also seen a notable increase in foreign students over the past decade or so.

For Warwick University the evidence suggests that student numbers have been declining since about 2006/7 following a period of increase. The number of full-time students have however been steadily increasing. Generally, there has been a decrease over time in the number of United Kingdom students; with a small increase in foreign students.

It is growth in full-time student numbers which is most likely to influence housing needs. For both universities, numbers have been growing – but the trend is more substantive for Coventry University.





Source: Higher Education Statistics Agency

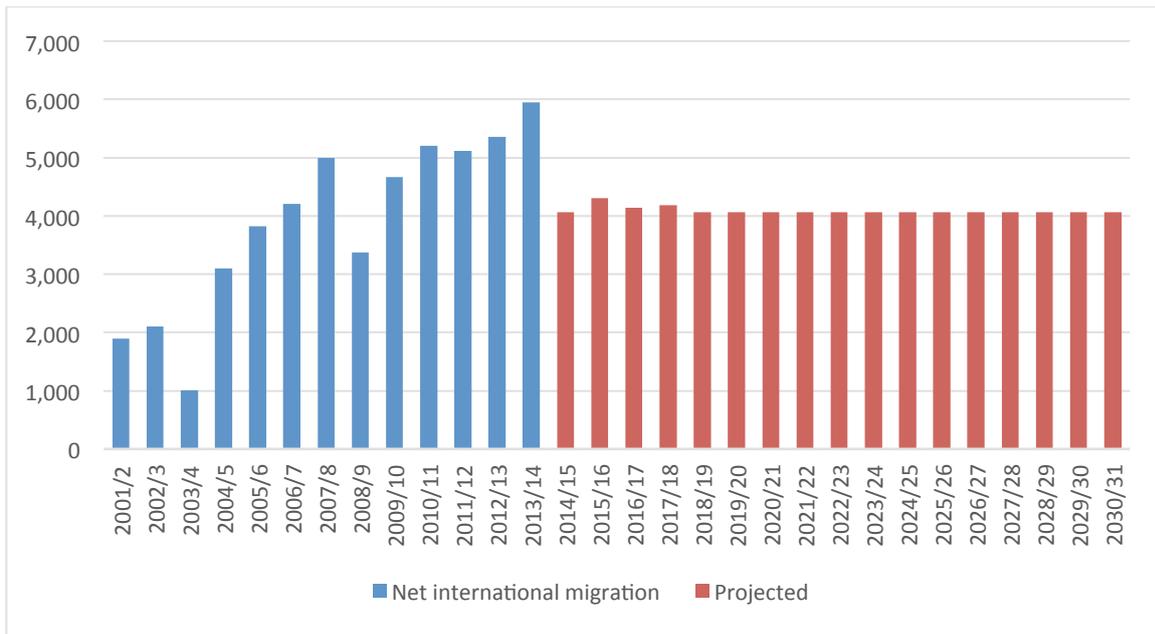
### Testing the Robustness of the SNPP

Some parties have suggested that student-related international migration to Coventry may have been over-estimated. In this note we have sought to consider this issue.

Despite a rising level of international migration within past trend data, it is notable that future international migration projected forward in the SNPP is typically below past trend levels. Net international migration of 4,000 – 4,100 persons per year is projected to Coventry. In interpreting this data it should however be noted that the SNPP data is not just a simple roll forward of past trend levels – it is based on ONS’ view regarding international migration at a national level; and impacts of changes in age structures over time and how this influences the propensity of people to move.

Figure 1: Net International Migration to Coventry

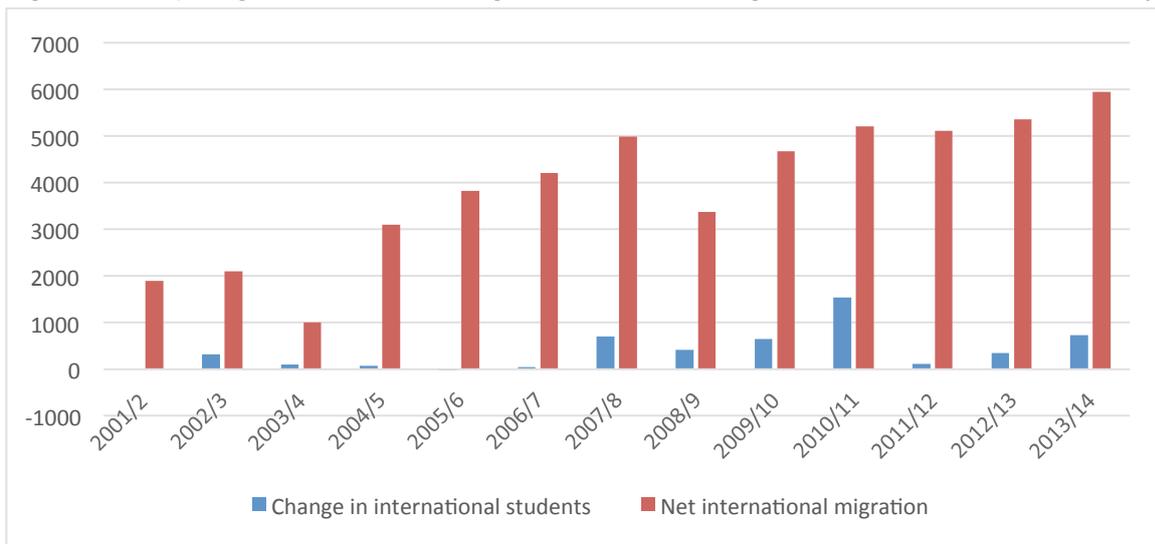
Warwick District Council Examination In Public  
Matter 2 – Overall provision for housing  
Appendix A



Source: ONS

Secondly, and importantly, whilst some of the flow of international migrants to the City is to study, the evidence does not suggest that this is a particularly significant overall impact on flows. It is likely that numbers of economic migrants are stronger. The chart below compares year-on-year changes in international student numbers at Coventry University with overall net international migration. Whilst recognising that some students will move to the City to study at other institutions, including Warwick University, the evidence suggests that employment is a significant driver of movement.

Figure 2: Comparing International Net Migration with Net Changes in Student Numbers, Coventry

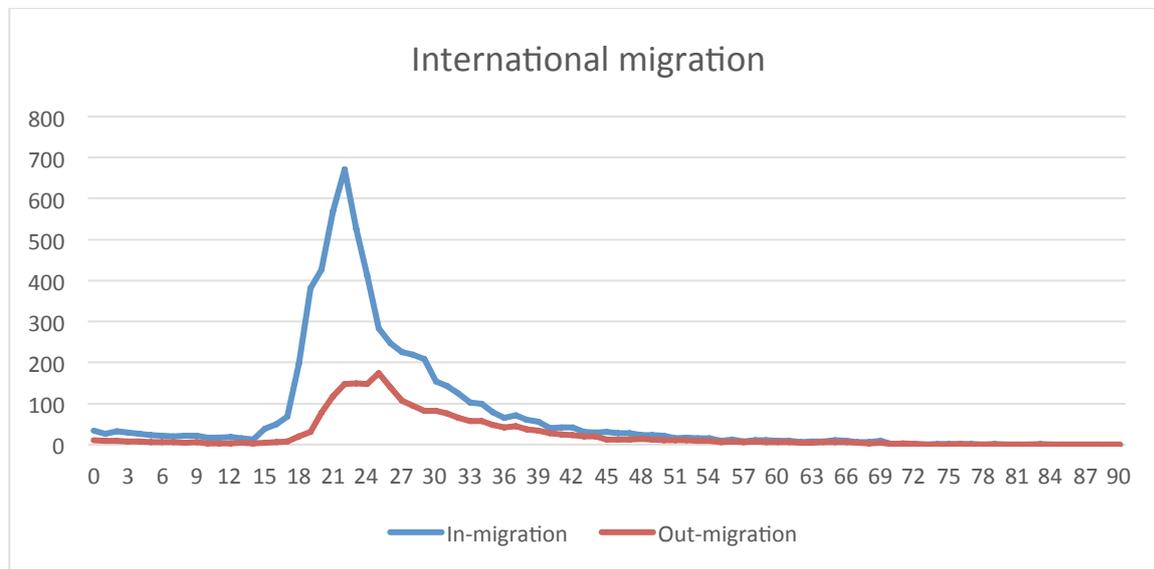


Source: HESA, ONS

The chart below shows the age profile of international migration. The age profile is very similar to what we would expect for a City, with a university. There is a strong level of

international migration of persons to the City – and in particular persons aged between 18-32. The highest inflows are of those aged 20-24, rather than 18-19 year olds.

Figure 3: Age Profile of Projected International Migration to/ from Coventry (2014-31)



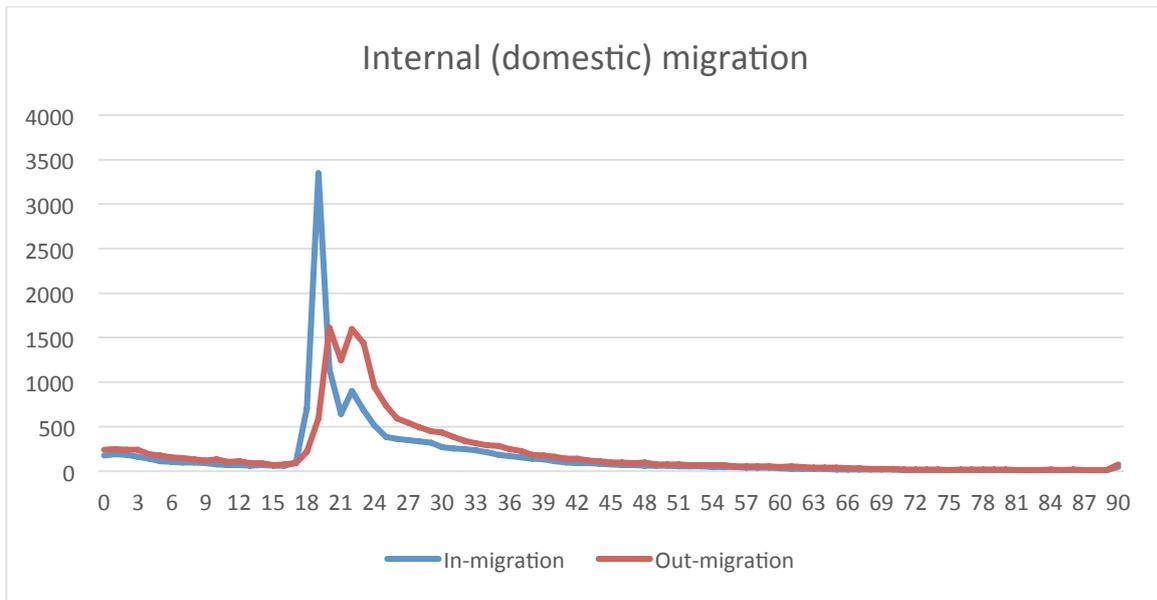
Source: ONS

International in-migration is higher than international out-migration. This is a profile of most UK cities. International migration is positive in net terms at a national level.

Students who move from abroad to study in Coventry may well then move to other parts of the UK on completion of their studies or to access employment. When they move out, the move in these circumstances would be counted as internal out-migration. We see significant internal out-migration from Coventry of those aged between 20-35, as the graph below indicates. The highest numbers are of those aged between 20-22.

The net domestic out-migration of people aged 20-37 (and in particular 20-25) does indeed provide evidence suggesting that some people who move to Coventry from abroad, then move out of the City to other parts of the UK. This will include students.

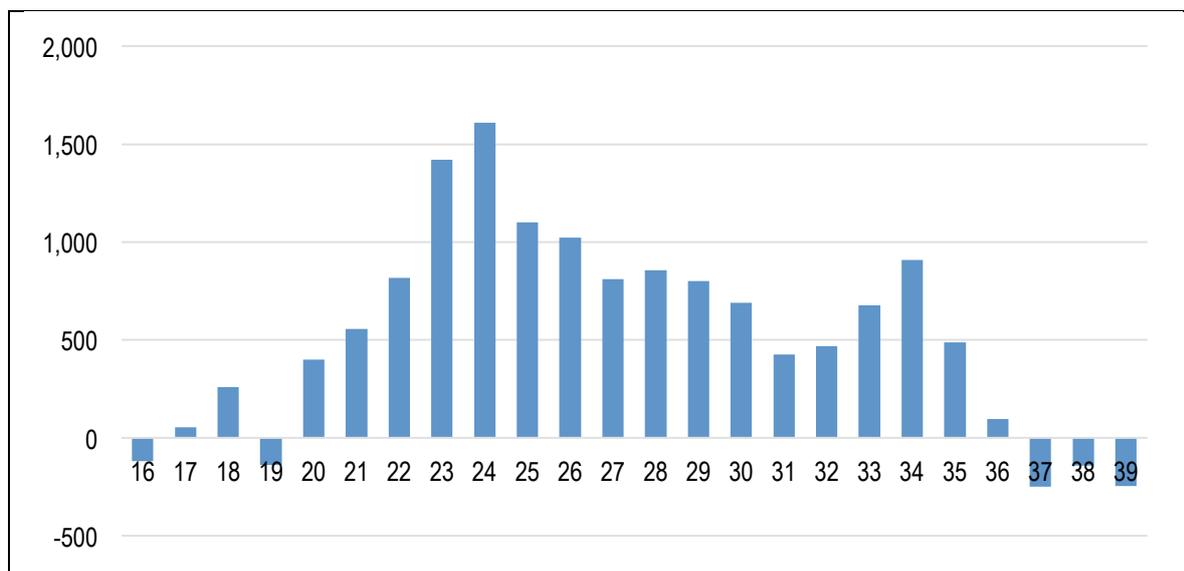
#### *Age Profile of Internal Migrants*



Source: ONS

If we look at very recent population trends in the City, there has been strong growth of those aged in their 20s and early 30s. This is characteristic of cities which typically see population growth amongst younger age groups. The strongest growth is of those aged 23 and 24, and the evidence suggests that international in-migration has contributed to this. But it is people of these age groups moving in, as opposed to an under-recording of students moving out.

Figure 4: Population Growth by Age Group, 2011-14



Source: ONS Mid-Year Population Estimates

The profile of recent population growth in younger age groups suggests that population growth has not been particularly concentrated in the typical student age groups of between 18-22, but is strongest of those in their mid 20s / early 30s.

Overall we find no clear evidence of an under-recording of out-migration of international students. The evidence is inconclusive about whether international out-migration has been under-estimated and therefore that past population growth (and projected population growth) is over-estimated. Likewise, the evidence is unclear as to whether the projections actually under-estimate future population growth. Of particular note:

- Levels of international migration in the future (within the SNPP) are below past trend levels (which could suggest a possible under-estimation of future population growth);
- Levels of unattributable population change are significant in the 2001-11 period for which they are available (which would suggest migration has been over-estimated, and a possible over-estimation of future population growth);
- Whilst the main age groups where population growth has been strong over the past three years are younger people, it is not clear that this is in typical student age groups. This suggests that international students are not the major (or indeed a particularly substantial) component of overall international migration to the City;
- More recent international migration data for 2011-2014 (which post-dates an ONS 'improvement' in migration statistics) suggests slightly lower than longer-term trend data in the number of international out-migrants (providing some support that past out-migration may not have been under-estimated);
- However, the picture is more complex as it is likely that many international migrants become internal out-migrants in the future (i.e. they initially move to Coventry but subsequently move to other parts of the UK) – the age-specific evidence of internal out-migration supports this notion. Once this is taken into account the overall figures look broadly reasonable.

Evidence regarding Unattributable Population Change, set out in the report, does suggest that at some point over the 2001-11 period, international net migration could have been over-estimated. However ONS has improved its migration statistics and there is no evidence that this has unduly influenced the 2012-based SNPP.

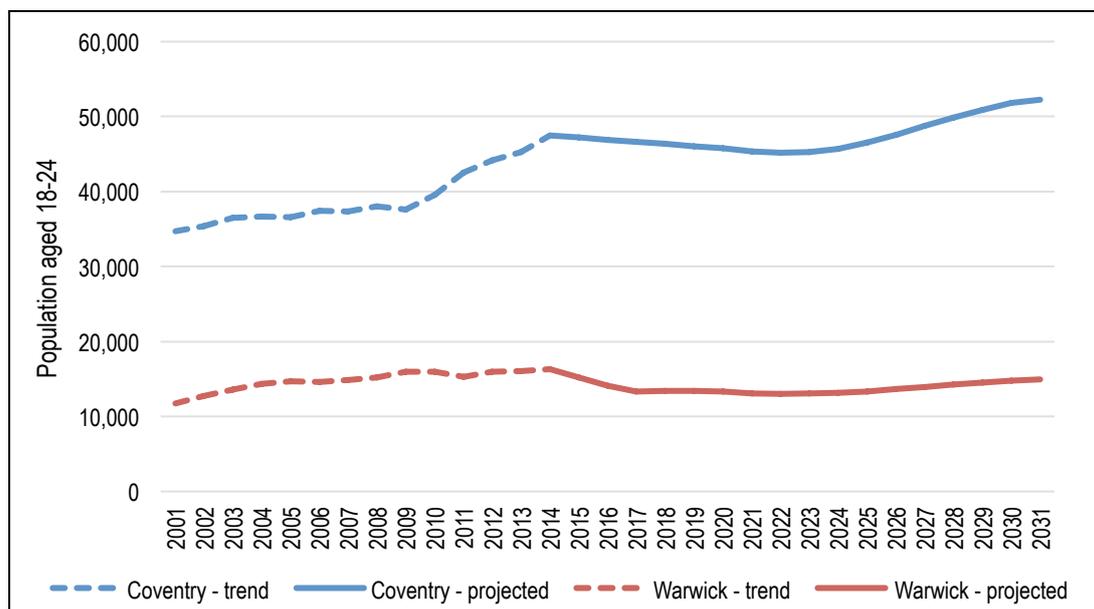
Overall therefore it is difficult to definitively say if the various data feeding into the SNPP is over- or under-estimating future growth. Standing back from the detailed data feeding into and within the SNPP it would be fair to say that future population growth in Coventry does not look to be unreasonable when compared with past trends (sitting as it does, somewhere between short- and longer-term trends). For these reasons it is concluded that the SNPP for Coventry looks reasonable although it is accepted that there is a case for suggesting that the projection is either too high or too low – the evidence does not all point in the same direction.

However it should be recognised, as the report sets out, that projecting population trends in Coventry has a higher potential error margin than for the other local authorities in the HMA.

### **Implications of Student Population Growth on Housing Need**

The projections make no assumptions regarding future investment / growth plans of the two universities. The expected growth in the core student age group (18-24) is shown below – for both Coventry and Warwick District. Over much of the next decade, the population in this age group is expected to fall in both authorities; with growth in Coventry expected post 2023 linked to age cohort effects.

Figure 5: Past and projected population growth (population aged 18-24)



Source: ONS and demographic projections

In respect of housing need, the household projections divide the population into:

- Household Population; and
- Institutional Population.

The CLG Household Projections model (and our projections) hold the institutional population aged under 75 static. This means in effect that the assumption is no new student halls / cluster flats are built.

On this basis that the projections hold the institutional population constant, it would be reasonable to count delivery of new student halls/ cluster flats towards housing numbers on the basis of 3-4 bedspaces being equivalent to 1 dwelling.

The figure of 3-4 bedspaces per dwelling is consistent with data from the 2011 Census – this shows a total of 9,452 people living in some 2,823 student-only households (this would imply 1 head of household for every 3.35 students living in ordinary market housing).

## **Matter 2: Housing Provision**

### **Agreed Statement between Warwick District and Nuneaton and Bedworth Borough Council regarding the Housing MOU**

- 1 The Following statement reflects an agreed position between Warwick District Council and Nuneaton and Bedworth Borough Council and is intended to support the Warwick Local Plan Examination as well as providing a clear agreement between the 2 authorities to support the continued development of NBBC's Borough Plan.
- 2 As a starting point, both parties believe that the work undertaken in partnership with GL Hearn and the other Warwickshire authorities has delivered a sound and robust assessment of housing needs for the Housing Market Area of Coventry and Warwickshire.
- 3 Both parties acknowledge that at the time of writing, NBBC have not signed the C&W MOU on housing requirements (September 2015). This does not reflect a refusal to sign the MOU permanently but is merely a reflection of NBBC needing to appropriately test the sustainable housing land capacity within the Borough before feeling comfortable that they can sign the MOU. Indeed, both parties also acknowledge that NBBC have recently agreed an updated LDS which clearly highlights a commitment to further consultation on its Borough Plan in January 2017. In undertaking this additional stage in the Borough Plan's development it will allow the unmet need from Coventry to not only be tested through evidence but to be supported by a SA/SEA and appropriate consultation. Should such a process demonstrate in a robust and justified manner that the level of additional housing identified for delivery within the Borough cannot be met by the Council, then both parties are committed to working jointly with their Coventry and Warwickshire neighbours to review the MOU as appropriate.
- 4 Lastly, both parties would stress that they have worked actively and constructively in recent years to ensure responsibilities under the Duty to Cooperate have been and will continue to be managed in an active and appropriate way. Furthermore we would stress our on-going commitment to working positively and effectively together and with our other Warwickshire neighbours to meet the development needs of the sub-region in a sustainable, positive and proactive way.

For the avoidance of doubt the SOCG has been agreed at officer level by both Councils with informal cabinet member/portfolio-holder approval.

**Affordable Housing Statement of Common Ground**

**between**

**Coventry City Council and Warwick District Council**

**POINTS OF AGREEMENT**

- 1 This Affordable Housing SOCG (AHSOCG) relates to the Housing MoU (HMoU) agreed by both parties in 2015. This AHSOCG therefore needs to be read in conjunction with the HMoU and in particular with following points of agreements
  - Coventry Objectively Assessed Housing Need is 2,120 dpa
  - Warwick Objectively Assessed Housing Need is 600 dpa
  - Coventry is not able to meet its OAN within the City boundary
  - Warwick will accommodate 332dpa towards Coventry’s unmet need.
- 2 The “Updated Assessment of Housing: Coventry-Warwickshire HMA” prepared by GL Hearn and published in September 2015 provides robust evidence base in relation to affordable housing need across the HMA and for each Council area within the HMA
- 3 The parties will continue to work with all the local authorities within the HMA to ensure affordable housing need across the HMA is understood and is being met. The mechanism for achieving this will vary between authorities.
- 4 The parties recognise that, because part of Coventry’s overall housing need will be met within Warwick District, there is a justification for a parallel redistribution of affordable housing need.
- 5 The parties recognise that the relationship between affordable housing need and the overall housing need is complex and that any formulaic redistribution is likely to have limitations. As a consequence, the parties recognise that the table set out below provides only an initial indication of how affordable housing could be redistributed and as such it is a useful guide. Its limitations need to be understood as follows:
  - The affordable housing need is based on significantly different assumptions about the meaning of “need” in comparison with Objectively Assessed Housing Need. As a result, there is not a direct relationship between the two and undertaking a redistribution on a proportional basis will inevitably contain inaccuracies.
  - Affordable housing need includes elements that relate to the needs of existing households in the area. Therefore providing part of the overall housing need outside the City will lead to a relocation of some existing households in the City with affordable housing needs.
  - There is an element of judgement involved in how affordable housing needs are met. Due to the different circumstances of Warwick and Coventry, it is not possible to apply the same judgements to each area.

- 6 Notwithstanding the limitations of the calculations set out below, the parties agree that it provides a useful guide as to how affordable housing requirements should be redistributed between Coventry and Warwick and are committed to using the calculations to justify the application of planning policies and the approach to affordable housing nominations.
- 7 The parties recognise that nomination rights to affordable housing between the two areas is complex and will need a detailed review to reflect the proposed redistribution of affordable housing set out in the calculations below. A commitment to this end is noted in draft policy DS2 of the Coventry City Council Local Plan submission draft.
- 8 The parties recognise that the Housing and Planning Act, once fully enacted and supported by appropriate guidance etc, could change affordable housing need in Coventry and Warwickshire.
- 9 The calculation of Affordable Housing Redistribution between Coventry and Warwick is set out in table 1 below:

Table 1

		CCC	WDC
A	Total OAN (excluding economic uplift) (Per Annum)	2120	600
B	Affordable Housing Need (Per Annum)	600	280
C	% of OAN that is affordable	28.3%	47%
D	Coventry unmet housing need to be met in Warwick (Per Annum)		332
E	Coventry % of OAN that is affordable		28.3%
F	Coventry Affordable Housing Need to be met in Warwick (Per Annum)		94
G	Total Affordable Housing Requirement for Warwick (Per Annum) (B+F)		374
H	Total Housing Requirement(Per Annum) (A+D)		932
I	% of overall requirement that is affordable		40%

- 10 Warwick District Council has prepared a Local Plan that includes proposals and policy to deliver the relevant affordable housing requirement set out in table 1 above. Coventry City Council have, as a result of the redistribution methodology agreed through the HMoU, identified a proportionate approach to affordable housing delivery which will see the city deliver 348 affordable homes per annum (28.3% of its total housing requirement identified in the HMoU).
- 11 The above table in the context of all Coventry and Warwickshire authorities was presented to the Coventry City Council Local Plan examination in July 2016 as part of the Councils hearing statements. There was limited discussion in this regard.

For the avoidance of doubt the SOCG has been agreed at officer level with informal cabinet member approval.