

LOCAL PLAN COMMITTEE – 31 MARCH 2021

Title of Report	LOCAL PLAN SUBSTANTIVE REVIEW – HOUSING REQUIREMENTS	
Presented by	Ian Nelson Planning Policy and Land Charges Team Manager	
Background Papers	National Planning Policy Framework	Public Report: Yes
	Planning Practice Guidance	Key Decision: Yes
Financial Implications	The cost of the review is met from existing budgets which are reviewed as part of the annual budget setting process.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Legal implications considered in the preparation of this report	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None identified	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide an update for Members in respect of the Local Housing Need as a result of the announcement from government in respect of changes to the standard method.	
Recommendations	THAT LOCAL PLAN COMMITTEE AGREES TO TEST A RANGE OF HOUSING REQUIREMENTS AS SET OUT AT PARAGRAPH 4.13 OF THIS REPORT	

1 INTRODUCTION

- 1.1 Members will recall that the 27 January 2021 meeting of this Committee considered a report in respect of the issue of housing requirements and the implications for the substantive review following the decision by government to further change its approach in respect of the standard method.
- 1.2 The report referred to above, noted that the outcome from the standard method was a figure of 359 dwellings per annum.
- 1.3 Since the meeting officers have continued to give some thought as to how progress on the substantive review can be progressed in the light of the ongoing uncertainty about the likely future housing requirement to be planned for. This report sets out proposals for how this can be done whilst having regard to national policies with which the Local Plan will need to be consistent.

2.0 WHAT DOES NATIONAL POLICY AND GUIDANCE SAY?

- 2.1 National policy is clear that when setting a housing requirement the starting point is the standard method developed by the government. For example, the National Planning Policy Framework (NPPF) is clear that *“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be*

met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”

- 2.2 Further guidance is provided by the Planning Practice Guidance (PPG). This states “*The standard method [set out below] identifies a minimum annual housing need figure. It does not produce a housing requirement figure*”.

3.0 THE LEICESTER AND LEICESTERSHIRE POSITION

- 3.1 Members will be aware that Leicester City has previously declared that it is unable to accommodate all of its housing within the city boundary. The level of unmet need declared was about 7,800 dwellings. As a consequence of the changes announced by the government in December 2020, the level of unmet need is now about 18,000 dwellings.
- 3.2 Work to agree a redistribution of the previously declared unmet need was at a relatively advanced position when the government announced the changes to the standard method. This had included building in a significant degree of flexibility to allow for possible changes. However, the addition of a further 10,000 dwellings to the unmet need is over and above the flexibility which had been allowed for.
- 3.3 Further work is now being undertaken to agree a redistribution of the unmet need. This includes the commissioning of a Housing and Economic Needs Assessment as well as Strategic Growth Options and Constraints Mapping and a Strategic Transport Assessment.
- 3.4 It is anticipated that the Housing and Economic Needs Assessment will be completed in Autumn 2021. This piece of work will ultimately inform the version of the Local Plan that is submitted for Examination. However, we cannot afford to wait until then to start to develop options for how development could be distributed and which might be the best sites to propose as allocations. We need to identify some form of housing figure on an interim basis to help develop such options and ideas.

4.0 DEVELOPING A HOUSING REQUIREMENT

- 4.1 Whilst the Local Plan will need to establish a single figure, doing that at the present time is fraught with difficulty, not least the risk that whatever is chosen will not be anything like the final figure.
- 4.2 One way round this is to test a range rather than a specific figure. As part of the Sustainability Appraisal it is necessary to consider reasonable alternatives. This requires not one figure, but at least two, and so is something which will need to be considered in any event.
- 4.3 Using this approach, as the national guidance makes clear, we can take the outcome from the standard method (359 dwellings) as a starting point and to then simply look at alternatives that are higher (they cannot be less). It is common for this to be done by considering, for example, a low, medium and high option. This is what was proposed in the report to the Local Plan Committee on 10 December 2020 (just before the changes to the standard method were announced).
- 4.4 In terms of establishing a range of options, this can be done by having regard to a number of potential housing figures that are already established in other documents. Other than the standard method, the HEDNA sets out requirements to 2031 (481 dwellings) and 2036 (448 dwellings), whilst the Strategic Growth Plan (SGP) identifies a figure for North West Leicestershire for 2031-50 of 512 dwellings per annum. The SGP states (page 16) that “*The authorities in Leicester & Leicestershire agree that the distribution in Table 4 will be used as the basis for future Local Plans*”. This in itself, provides a degree of justification for its use.

- 4.5 The NPPF notes that exceptional circumstances can be used to justify an alternative approach [to the standard method] “*which also reflects current and future demographic trends and market signals*” [emphasis added].
- 4.6 Market signals could be taken to refer to build rates as an indicator of market demand. For the period 2011- 20 the build rate have averaged 616 dwellings per annum, compared to a requirement of 481 dwellings.
- 4.7 The latest demographic trends are provided by the 2018-based household projections. These have been rejected by the government for use with the standard method, but this does not mean they are irrelevant. The projections contain 5 different projections, with the principal projection identifying an annual growth of 707 households in the district between 2020 and 2039.
- 4.8 This is higher than the average build rate since 2011. Furthermore, it is consistent with the NPPF requirement to have regard to demographic trends. Therefore, it is considered to be a more appropriate further option than the build rate.
- 4.9 As demographic trends are pointing to a much higher growth than generated from the standard method, but also the other sources referred to in the PPG it is considered, that it would be appropriate to base a fourth option on the principal projection figure of 707. However, as this is a figure for households and not dwellings, we first need to make an adjustment. To be consistent with the HEDNA we can simply add an uplift which takes account of vacant homes. Based on a vacancy rate for the district as at the 2011 census of 3.3% provides a figure of 730 dwellings.
- 4.10 As the HEDNA includes two figures we need to decide which would be the most appropriate to use. The figure of 481 is for the period 2011-31 whilst 448 is for 2011-36. As the latter period covers most (but not all) of the projected plan period we are planning for (2020-39) it is considered that this would be the most appropriate figure to use.
- 4.12 It should be noted that the standard method figure is to be adjusted in April when new affordability data is published. A report from an established national planning consultancy suggests that the figure for North West Leicestershire would increase slightly to 369 dwellings. If this is confirmed then it would replace the figure of 359 dwellings.
- 4.13 Therefore, we now have the following range to be taken forward:
- 359 dwellings (standard method) (or such other figure following the publication of new affordability data)
 - 448 dwellings (HEDNA)
 - 512 dwellings (Strategic Growth Plan)
 - 730 dwellings (2018-based household projections)

5.0 WHAT MIGHT THESE MEAN IN TERMS OF ADDITIONAL PROVISION?

- 5.1 To provide an indication as to what these figures might mean and assuming a plan period of 2020-39, the following overall requirements would arise.

Scenario	Annual Amount (a)	Number of plan years (b)	Total Requirement 2020-39 (a x b)
Standard Method	359	19	6,103
HEDNA	448	19	8,512
Strategic Growth Plan	512	19	9,728
2018-based projections	730	19	13,870

- 5.2 It will be appreciated that we are not starting with a blank sheet of paper; a significant amount of new housing development is already committed, whether it has the benefit of planning permission or is an allocation in the adopted Local Plan. Using the figures in the latest housing trajectory (April 2020 based) up to 2031, (the end date of the adopted Local Plan) it is estimated that 6,702 dwellings will be completed. A number of the larger developments (e.g. South-East Coalville) will not be completed until after 2031. When these are taken into account as well, the total number of dwellings which it is projected will be built by 2039 is 8,784. When this is deducted from the requirements in the various scenarios the following shortfall in provision results.

Scenario	Annual Amount	Total Requirement 2020-39	Total projected provision	Over provision/ Shortfall
Standard Method	359	6,103	8,784	+2,681
HEDNA	448	8,512	8,784	+272
Strategic Growth Plan	512	9,728	8,784	-944
2018-based projections	730	13,870	8,784	-5,086

- 5.3 It can be seen from the scenarios based on the standard method and the HEDNA that there would be sufficient provision made through existing commitments. However, for the scenarios based on the Strategic growth Plan and the 2018-based projections there would be a shortfall ranging from about 950 dwellings to 5,100 dwellings.

6.0 NEXT STEPS

- 6.1 The four growth scenarios outlined above will be taken forward for testing as part of the Sustainability Appraisal process. It will be necessary to develop scenarios for how any additional growth might be distributed across the district. For example, one option would be to mirror the split of development in the adopted Local Plan, whilst another option might be to focus growth upon the main settlements such as Coalville, Ashby de la Zouch or Castle Donington whilst other options might include a new settlement.
- 6.2 As noted previously it is anticipated that the outcome from the Housing and Economic Assessment study will inform the version of the Local Plan which the council will submit for Examination. It is unlikely that the figure from the Housing and Economic Assessment will match exactly any of those identified above. It is, however, hoped that it would fall within the range of 359 to 730 dwellings, but that if it does not that any need for additional work (and hence time) will be minimised as far as possible.

Policies and other considerations, as appropriate	
Council Priorities:	<p>Our communities are safe, healthy and connected</p> <p>Local people live in high quality, affordable homes</p> <p>Supporting businesses and helping people into local jobs</p> <p>Developing a clean and green district</p>
Policy Considerations:	None
Safeguarding:	No issues identified
Equalities/Diversity:	An Equalities Impact Assessment of the Local Plan review will be undertaken as part of the Sustainability Appraisal.
Customer Impact:	No issues identified
Economic and Social Impact:	No issues identified at this stage
Environment and Climate Change:	No issues identified at this stage
Consultation/Community Engagement:	None
Risks:	A risk assessment of the review has been undertaken and is reviewed at the officer Project Board meetings.
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