



Gladman Developments Ltd

Phase 1

Matter 3 – Housing needs and requirements

Qu3.2 In respect of OAHN the LP is based primarily on a Strategic Housing Market Assessment covering CWHMA authorities (the 'SHMA') [CD8/10]. Is the SHMA an appropriate evidence base?

(a) what is the effect of the 2014-based household projections?

(b) are the findings of the SHMA consistent with those of the GBHMA Strategic Growth Study published in February 2018 ('SGS') [CD8/13a, INSP2]. If not, what are the reasons for the differences?

(c) are student number appropriately assessed in the SHMA?

- 1 The OAN of 237 dpa is made up of a baseline demographic need of 163 dpa with adjustments for economic growth (47 dpa) and affordability (27 dpa).
- 2 The effect of the 2014 Household Projections (HP) would be to change the underlying population and household assumptions. We can understand broadly what the effect would be by comparing the Coventry and Warwickshire SHMA's (CWSHMA) demographic assumptions (based on the 2012-HP) with the 2014 HP.
- 3 In North Warwickshire (NW) the 2012 HP projected growth of 2,770 households between 2014 and 2031 (2014 is the base population for the projections in the CWSHMA despite the projection starting in 2012).
- 4 The 2014 HP project, over the same period, lower growth of 2,322 households. This comes from the lower levels of population growth (2,400 persons in the 2014 HP compared to 3,800 persons in the 2012 HP). The effect of the 2014 HP on NW therefore would be lower growth.
- 5 In Coventry however the 2014 HP show much higher growth; 37,387 households between 2014 and 2031 compared to 29,692 households in the 2012 HP. This could increase the OAN across the HMA and consequently in NW.

- 6 The Birmingham Growth Study (BGS) is produced by GL Hearn; the same consultants who produced the CWSHMA. The BGS does not go over the same issues as the CWSHMA in terms of assessing need but does state the following:

"The brief is clear that the Study would need to consider work being undertaken by local authorities through local plan processes to identify additional capacity for housing. It outlines that the Study should quantify and focus on addressing the minimum baseline housing need shortfall, but should also take into account the housing implications of growth proposed in the West Midlands Combined Authority's Strategic Economic Plan."

- 7 The BGS looks at the wider evidence base of the LPAs in the HMA and concludes that there are inconsistencies. It therefore produces a baseline assessment of housing need based on; the 2014 HP; a 10 year migration trend; and economic growth from the SEP. It concludes that the demographic projections lay between 203k and 206k households per annum. The upper 206k was the figure resulting from the 2014 HP. Economic growth projections ranged from 195k to 246k. The upper economic growth figure is therefore 20% higher than the demographic need.
- 8 Therefore it is considered reasonable for NW, in this instance, to continue with the figures in the Local Plan and from the SHMA. The key point of context being that the NW Local Plan is the last remaining plan in the Coventry and Warwickshire HMA to bring forward a housing requirement dealing with the current remaining unmet housing need of Coventry. The MoU underpinning this has been found sound in numerous examinations.

Qu3.3 LP table 2, consistent with the SHMA, sets out that the overall OAHN for NWBC is 237 homes annually to 2031. Is that robust?

(a) with reference to INSP2, does that figure take account of local planning authorities' or Local Enterprise Partnership economic policies?

(b) has that figure been suitably adjusted to reflect local circumstances, including demographics, headship rates, employment trends, and market signals in accordance with the PPG?

(c) what is the precise basis for the uplift to OAHN proposed on account of forecast economic growth and improving housing affordability?

- 9 It does not take into account directly the SEP or the economic policies of other LPAs. It does however take into account economic growth which is the main requirement of the PPG. As discussed above 237 dpa is made up of an affordability uplift and economic uplift and a demographic baseline. As set out above the 2014 HP actually project lower household growth as a result of a lower population projection. The 2016 SNPP, which will feed into the next set

of projections show very similar (slightly higher) demographic growth to the 2012 HP. Overall the demographic need based on the 2012 HP should be broadly equivalent to the 2016 HP which further underlines the robustness of the CWSHMA.

- 10 The affordability uplift in the OAN involves increasing household formation rates to 2001 levels by 2025. This is a positive approach and involves a tangible increase in housing in the LPA over the plan. Overall this part of the OAN is positive and responds to market signals and underlying demographic information.
- 11 The precise uplift for employment and improving affordability is 74 dpa. It is to account for 'the likely change in employment' based on GL Hearn's assessment and an increase in household formation rates in young adults.

Qu3.6 LP table 1 indicates that 940 homes of the proposed LP housing requirement are attributable to 'economic uplift' from the CWHMA and GBHMA in a 35%/65% split (320 and 620 homes). With reference to INSP2, is that approach consistent with the approach to establishing OAHN set out in the NPPF 2012 and PPG?

(a) what is the basis for the relative apportionment between the CWHMA and GBHMA?

(b) Is it accurate to describe 500 of those 940 homes as 'redistributed' from Tamworth Borough Council ('TBC')? If not, how should any previous and future housing delivery in NWBC relate to unmet needs of TBC within the context of the GBHMA and the previous commitment in the CS?

- 12 The SHMAs view is that any growth above the demographic – i.e. economic growth adjustment – needs to come from somewhere (i.e. if you are attracting more workers to your LPA they are 'redirected' from moving somewhere else and therefore a.n.other LPA will see a reduction in their demographic needs). The split / apportionment is based on migration from the two HMAs – see 3.5 of the BGS.

"For North Warwickshire, the District's emerging Local Plan is meeting its own demographic need for 3,800 dwellings (190 dpa).²⁰ An upward adjustment which contributes to meeting unmet needs and supports workforce/ economic growth in the District of 940 dwellings is then made, with the assumption that 65% of this is attributed to the Birmingham HMA (620 dwellings) and 35% to the Coventry & Warwickshire HMA (320 dwellings) based on the split of assumed split of in-migration, based on past trends. Provision for a further 540 dwellings to meet Coventry's unmet needs has then been made through the MOU between the Coventry & Warwickshire authorities, bringing the total contribution which North Warwickshire is making to Coventry's unmet need to 860 dwellings."

Qu3.7 Is The LP housing requirement includes 540 homes redistributed from other authorities within the CWHMA in accordance with a Memorandum of Understanding to that effect (the 'CWHMA MoU')[NWBC4]. The LP also aspires to deliver 3,790 homes redistributed from the GBHMA, 10% of the level of anticipated undershoot over the plan period relative to needs (as established in Birmingham City Council's Local Plan). Is that justified?

(a) Is accommodating an additional 540 homes redistributed from the CWHMA justified and appropriate, including in terms of the exercise of the DtC?

(b) I note that LP paragraph 7.36 explains that Nuneaton and Bedworth Borough Council, within the CWHMA, are updating their Strategic Housing Land Availability Assessment to establish whether or not they will be able to accommodate the level agreed in the CWHMA memorandum of understanding. Is there yet an outcome? Does that have any meaningful effect for the LP?

(c) Is the level of unmet need predicted to arise in the GBHMA to 2031 evidenced via the SGS consistent with that in the LP and SHMA? If not, why not? What is a robust assessment of likely housing needs arising in the GBHMA that would be unmet by 2031/2033?

(d) What is the justification for the LP seeking to provide redistributed housing from the CWHMA and GBHMA in a 12.5%/ 87.5% proportion (540 and 3,790 homes respectively) compared to the 35%/65% split indicated in LP table 1?

13 The Draft MoU states that it is "*appropriate and robust*" to distribute 540 dwellings of Coventry's unmet need to North Warwickshire (paragraph 3). The 540 dwellings is based on the relationship with Coventry based on commuting and migration flows and is therefore grounded in the functional housing relationships between Coventry and NW (See Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area September 2015). In our view the proposed distribution is based on an appropriate consideration of the housing needs in the HMA and the functional relationship that exists between the areas.

14 The Nuneaton and Bedworth Local Plan Major Modifications were approved for consultation in July. That plan now seeks to meet the full need identified by the CWSHMA and MoU. Whilst these have yet to go to consultation, the Council is now seeking to meet its needs and those of the wider HMA. The updating of the SHLAA for Nuneaton has however still not taken place.

15 The figure of 3790 is based on an unmet need figure derived in the Peter Brett Associates Stage 2 Report of 37,500; roughly equating to 10% of the unmet need between 2011 and 2031. The BGS reassess supply and need and concludes that the new minimum unmet need figure is 28,150 dwellings between 2011 and 2031. 3,790 dwellings therefore equates to 13% of the

unmet need, higher than the 10% agreed to be reasonable. However this is only to 2031. The figure to 2033 is likely to be much more and we can estimate this by referring to the BGS. The BGS states that the unmet need in 2036 is likely to be 60,855 dwellings (32,705 dwellings). Taking an annual estimate of need (6,541 dwellings), in 2033 the unmet need is likely to be around 41,232. Therefore 3,790 equates to around 9% of the unmet needs of the GBHMA up to 2033. This being the case, there could be a case for increasing the unmet need delivered in NW on the assumption that the Council considered 10% to be justified. 10% would equate to 4,123 dwellings an increase of 333 dwellings. A figure between 3,790 and 4,123 for Birmingham's unmet need is therefore considered a reasonable number to accommodate in NW.

- 16 The CWHMA has an agreed strategy for meeting its needs, particularly with Nuneaton and Bedworth now agreeing to the MoU. The GBHMA does not have an agreed strategy for meeting its needs there is therefore a need to meet as much of the unmet housing needs as possible in NW. The plan's target to deliver a higher figure is therefore ambitious but justified. This is supported by the fact there are a number of people promoting omission sites through the Local Plan.

Qu3.8 In establishing the overall housing requirement, has appropriate account been taken of the wider economic context to NWBC, including HS2?

- 17 The evidence does not set out how HS2 has been incorporated into the draft Local Plan requirement. However, the CWSHMA provides a need based on the anticipated economic performance of the HMA as a whole. The OAN for the HMA in the CWSHMA is 4,272 dpa. Table 48 of the CWSHMA shows that this is significantly above the level of housing need required to meet a three of 'economic driven scenarios' in the HMA as a whole. Therefore the CWSHMA derived OAN which the HMA authorities seek to meet, has within it housing ambitions which exceed the economically driven needs. As the NW Local Plan meets its needs and a portion of those within the CWHMA it is therefore cognisant of the wider economic context. As discussed above, the NW Local Plan meets around 10% of the unmet needs of Birmingham over the plan period. The BGS demonstrates that an uplift of around 20% above demographic needs is required to meet the ambitious economic needs of the SEP. The NW requirement of 237 is around 24% higher than its demographic needs.

- 18 In the round therefore, the CWSHMA is cognisant of the surrounding economic context and provides a level of housing in line with the adjacent authorities economic needs.

Qu3.9 With regard to INSP2, is the LP policy aspiration to deliver 3,790 homes redistributed from the GBHMA robustly evidenced and consistent with the NPPF 2012? If not, how should it be modified?

- 19 The tests of soundness say that a plan should be “Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.” There is no guidance as to how this unmet need should be calculated only that it should be reasonable and sustainable to do so.

Qu3.10As set out in NWBC2, the LP plan period is intended to be 2011 to 2033. Examination document CD8/13A sets out annual completions since 2011. The CS target was 175 dwellings annually (excluding 500 from TBC). INSP2 asks that NWBC produce a table setting out annual housing delivery over the last 15 years relative to the development plan target that applied in each. In that context what should the 5YHLS requirement be?

(a) Is the shortfall of 593 dwellings in the LP accurate?

(b) LP paragraph 7.34 states that as the SHMA ‘is based on up-to-date demographic evidence it takes account of need arising from shortfalls in delivery against previous targets’. That conflicts with the approach in examination document CD8/13A, where the accrued shortfall in delivery since 2011 is added to the baseline OAHN. Which approach accords with the PPG?

(c) Is there the need to take account of any ‘backlog’, i.e. under-delivery from earlier plan periods, or is that accounted for in OAHN?

(d) Has there been persistent under-delivery of housing to justify a 20% 5YHLS buffer in addition to addressing any shortfall?

(e) Is there any evidence to indicate that household formation rates may have been constrained by supply across the HMAs previously?

**(f) Should any shortfall be addressed within the first five years of the plan in accordance with the PPG, i.e. as part of the 5YHLS?
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- 20 Gladman agree that if the OAN and proportion of unmet need to be met in NW is accepted as 264 dwellings per annum then the level of shortfall is currently 593 dwellings.

- 21 Persistent under delivery has occurred since 2011 as is clearly obvious from the Councils own table. Include reference. Therefore the use of a 20% buffer for under delivery is correct, as identified by the Council in its evidence submitted in response to the Inspectors questions.

- 22 The Sedgefield approach should be preferred where possible. The Council has chosen this approach and it should be adhered to. The approach is supported by the PPG¹ which states:

¹ Paragraph: 035 Reference ID: 3-035-20140306

'Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible.'

Qu3.11 Is the windfall allowance of 60 dwellings a year set out in policy LP8 justified? Why does LP table 6 refer to planning applications rather than consents or completions?

- 23 Gladman do not consider that the policy is justified. The plan is proposing delivering some 900 units from windfall development, there is no evidence to support the assertion that land in this quantity will be available to meet this level of need. Gladman set out in our submission representations our rational for questioning this figure.
- 24 Given that there are a range of SHLAA and omission sites proposed it is considered that the Council should allocate these sites for development rather than relying on such a large proportion of windfalls to deliver its housing requirement.
- 25 A sound approach would be to consider that a reduced level of windfall development in the plan period could be a way of allowing additional flexibility into the plan in terms of delivering additional housing capacity beyond the plan requirement, in the event that some allocations are delayed in their delivery or do not come forward.
- 26 It must also be noted that the delivery of 900 units of windfall is not currently compatible with the way in which LP2 is written, particularly with regard the restrictions outlined in category 5 of that policy.

Qu3.12 What is the relevance of paragraph 9.67 of the Greater Birmingham Strategic Growth Study [CD8/23] which sets out that there is 'no effective potential' for additional housing supply beyond housing growth of 1.8% per annum? What is 1.8% per annum?

- 27 It is not clear what is meant by 'no effective potential'. The BGS merely compares past delivery and house prices to the anticipated requirement. This is not an appropriate comparison because it fails to take into account unmet need from the CWHMA and GBHMA which will have a significant effect on NW going forward driving up demand and increasing the effective potential for housing delivery.

Qu9 Are housing delivery monitoring arrangements in LP chapter 15 suitably detailed and robust?

- 28 There are no triggers which require that the LPA reviews its plan or commits to delivering additional sites should it fail to deliver its requirements. Given the context of policy LP2, as discussed in our further hearing statements, and the lack of flexibility in the plan overall it is considered the further more robust delivery monitoring arrangements, and triggers for them, will be required.