

**EXAMINATION OF NORTH WARWICKSHIRE LOCAL PLAN**  
**MATTER 3 – HOUSING NEEDS & REQUIREMENTS**

**Inspector's issues and questions in bold type.**

This Hearing Statement is made for and on behalf of the HBF which should be read in conjunction with our representations to the pre submission Local Plan consultation dated 16<sup>th</sup> March 2018. This representation answers specific questions as set out in the Inspector's Matters, Issues & Questions document (INSP5).

**Q3.1 Is Local Plan (LP) strategic objective 2 consistent with Policy LP6 and the NPPF 2012 in seeking to provide for the housing needs of the Borough?**

The Local Plan is consistent with the NPPF in seeking to provide for the housing needs of the Borough however it is not consistent with the NPPF in seeking to meet housing needs in full including unmet housing needs from Coventry, Tamworth and Birmingham across the Coventry & Warwickshire (C&W) Housing Market Area (HMA) and Greater Birmingham (GB) HMA.

**Q3.2 In respect of OAHN the LP is based primarily on the SHMA covering CWHMA authorities. Is the SHMA an appropriate evidence base?**

The C&W SHMA (CD8/10) is an appropriate evidence base which to date has been considered at five out of six C&WHMA authorities Local Plan Examinations. In the cases of Stratford upon Avon Core Strategy, Warwick Local Plan and Coventry Local Plan Inspector's Final Reports have been issued in June 2016, July 2017 and October 2017 respectively. In these published Inspector's Final Reports the SHMA was considered to provide a robust evidence base for the HMA as a whole and those individual authorities under examination however in the case of Stratford upon Avon other supplementary evidence concerning economic growth was also taken into consideration. The Rugby and Nuneaton & Bedworth Local Plans are still under examination with the main modifications for Nuneaton & Bedworth still awaited and the main modification consultation for Rugby ending on Friday 5<sup>th</sup> October.

Whilst the SHMA is an appropriate evidence base it is noted that the presentation of some of the evidence in the Report is somewhat misleading, for example, in Table 53 the figures shown in the columns do not add up to the total at the bottom of the column. This misrepresentation has significantly contributed to the confusion about the actual OAHN and housing requirements (including unmet needs from elsewhere) figures of individual authorities within the HMA.

**(a) What is the effect of 2014 based household projections?**

The demographic starting point of the 2015 SHMA is calculated from 2012 based data rather than the most recently published 2014 based data. From the HBF's attendance at other C&WHMA authority Local Plan Examinations it is known that an updated assessment of OAHN for the C&WHMA has been undertaken. At other Examinations this 2016 Report was presented as evidence which showed only limited effects from the new data (see Extract from Rugby Local Plan main modifications consultation in the Appendix attached to the HBF Matter 3 Hearing Statement). The reason for the absence of this evidence from the North Warwickshire Local Plan Examination is not known.

**(b) Are the findings of the SHMA consistent with those of the GBHMA Strategic Growth Study published in February 2018. If not what are the reasons for any differences?**

It is difficult to directly compare the findings of the C&W SHMA and GBHMA SGS. The GBHMA SGS provides only the highest HMA strategic level re-assessment of OAHN rather than at an individual authority level and covers only two (Stratford upon Avon & North Warwickshire) of the six C&WHMA authorities.

The C&W SHMA sets out that at HMA level OAHN based on demographic projections plus upward affordability adjustments will support economic growth across the HMA. However at an individual authority level for Stratford upon Avon, North Warwickshire and Nuneaton & Bedworth demographic projections plus an affordability adjustment will not support economic growth. It is argued that the first stage of a two staged re-distribution of unmet needs from Coventry and in the case of Stratford upon Avon and North Warwickshire from Birmingham as part of GBHMA will support economic growth in these respective authorities. The GBHMA SGS is consistent in its repetition of this assumption however the repetition of this assumption is not reflective of the findings of the Stratford upon Avon Inspector's Final Report.

The crux of the disagreement between the development industry and the Councils is whether or not the uplift to support economic growth in an individual authority is interchangeable with meeting unmet needs from elsewhere as argued in the first stage of the proposed re-distribution methodology. This disagreement was subject to extensive discussion at the Stratford upon Avon Core Strategy Examination. The Inspector (Pete Drew) concluded that only a "very modest" component of the OAHN would contribute to the unmet needs of others rather than the Council's argument that anything above the basic demographic need is "surplus" to the District's requirements and available to meet the unmet needs of others (see the Extract from the Stratford upon Avon Core Strategy Inspector's Final Report (paras 57 – 71) dated 20<sup>th</sup> June 2016 in the Appendix attached to the HBF Matter 3 Hearing Statement).

In response to the Inspector's conclusion Policy CS16 of the Stratford upon Avon Core Strategy sets out a housing requirement of 14,600 dwellings for

the plan period 2011 – 2031 which is higher than the OAHN figure of 13,180 dwellings set out in the Coventry & Warwickshire Memorandum of Understanding (MoU). The difference of 1,420 dwellings between the OAHN and the housing requirement figures represents the 2,000 dwellings of unmet needs from Coventry in the first stage of the re-distribution less a contributory component already contained within the uplift to support economic growth. The 20% (circa 2,920 dwellings) of reserve sites to be identified in the Site Allocations Plan will meet the unmet needs from Birmingham which is outside the C&WHMA (see Extract of Policy CS16 from the adopted Stratford upon Avon Core Strategy in the Appendix attached to the HBF Matter 3 Hearing Statement). This is not the interpretation set out in the GBHMA SGS. The fact that different interpretations are possible illustrates the necessity to explicitly set out the attribution of figures to meeting unmet needs in order to avoid any future confusion.

If the Stratford upon Avon approach was applied to North Warwickshire the housing requirement would be higher than the proposed 5,808 dwellings. A re-calculated housing requirement figure would have to comprise of the following :-

- 4,740 dwellings for OAHN of 237 dwellings per annum between 2011 – 2031 = 4,740 dwellings ;
- 5,214 dwellings for OAHN of 237 dwellings per annum for 2031 – 2033 (237 x 2 = 474 dwellings) ;
- Plus 860 dwellings of unmet needs from Coventry less the “very modest” component of unmet needs already included in the economic growth uplift ;
- Plus 500 dwellings of unmet needs from Tamworth less “very modest” component of unmet needs already included in economic growth uplift ;
- Plus a contribution to the 825 dwellings of additional unmet needs identified in the adopted Tamworth Local Plan ;
- Plus a contribution to Birmingham’s identified unmet needs of 37,900 dwellings.

**Q3.3 LP Table 2 consistent with the SHMA sets out that overall OAHN for NWBC is 237 homes annually to 2031. Is that robust?**

The OAHN of 237 dwellings per annum comprises of :-

- demographic starting point of 163 dwellings per annum using 2012 SNPP ;
- +47 dwellings per annum to support an economic led housing need (210 dwellings per annum) which is then attributed to meeting unmet housing needs from Coventry (+16) and outside CWHMA (+31) in first stage of the two staged re-distribution methodology ;
- +27 dwellings per annum as market signal adjustment to improve affordability achieved by an adjustment to HFRs (237 dwellings per annum).

The robustness of the figure of 237 dwellings per annum is dependent on various factors as set out in the HBF answers to the Inspector's questions.

**(a) With reference to INSP2 does that figure take account of LPAs or LEP economic policies?**

The adjustment of +47 dwellings per annum is a lower estimate due to a downward adjustment of economic growth forecasts so that past growth attributed to specific strategic employment sites is excluded. The uplift could support economic policies if it was not re-attributed in its totality to meeting unmet housing needs from elsewhere in the first stage of the two staged re-distribution methodology.

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

There are several facts to be established before it can be ascertained whether or not suitable adjustments have been applied in accordance with the NPPG. These are :-

- Demographics – confirmation of any significant or otherwise impacts from the publication of latest data by ONS and the disregarding of sensitivity testing of longer term migration trends which are higher ;
- Economic Growth - if the adjustment to supporting the District's own economic growth is interchangeable with meeting unmet needs from elsewhere as undertaken in first stage of the two staged re-distribution methodology ;
- Market signals – if using an adjustment to Household Formation Rates (HFR) results in an uplift of enough quantum (only +7 dwellings per annum) to improve affordability. In 2016 the median affordability ratio of North Warwickshire was 6.67 which worsened to 7.12 in 2017. For comparative purposes only both the Local Plans Experts Groups proposed OAHN methodology and the Government's standardised methodology would have applied higher adjustments to improve affordability.

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

The Council should evidence its precise basis for the economic growth and affordability uplifts to the OAHN.

**Q3.4 Have the housing needs of all members of the community including affordable housing been robustly assessed and translated into policy?**

With regards to affordable housing the SHMA (para 6.59) states that some adjustment to overall housing provision might be appropriate to increase

delivery of affordable housing. However there is no further increase in the total housing requirement to help deliver affordable homes as set out in the NPPG (ID 2a-029) indicating a housing requirement which is potentially too low.

It is also noted that if 30% affordability threshold is used affordable housing need increases to 131 dwellings per annum (Table 44) rather than 92 dwellings per annum. In the Housing White Paper, the Prime Minister states *“Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting the fact is that housing is increasingly unaffordable – particularly for ordinary working class people who are struggling to get by ... high housing costs hurt ordinary working people the most ... working households below-average incomes spend a third or more of their disposable income on housing. This means they have less money to spend on other things every month ... I want to fix this broken market so housing is more affordable ... The starting point is to build more homes. This will slow the rise in housing costs so that ordinary working families can afford to buy a home and it will also bring the cost of renting down”*. The Council should fully justify its preference for the 35% affordability threshold which should not be used to under-estimate the true extent of affordable housing needs.

**(a) Does the forecast level of affordable housing need in LP para 8.10 accord with that of the SHMA? If not why not?**

The SHMA calculates a net affordable housing need of 92 dwellings per annum using an affordability threshold of 35%. In the Local Plan (para 8.10) affordable housing need is stated as 112 dwellings per annum. The affordable housing need should be clarified and if necessary the figure corrected.

**(b) What is the total quantity of affordable housing predicted to be delivered over the plan period relative to needs?**

Policy LP9 proposes affordable housing provision for sites of more than 10 dwellings of 30% on non-greenfield and 40% on greenfield sites. Until the updated Viability Report is available it is impossible to confirm whether or not the policy is deliverable and if the predicted quantity of affordable housing will be delivered. The HBF may wish to make further comments concerning viability after publication of the Council's latest Viability Report post 10<sup>th</sup> September.

**Q3.6 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 & 620 homes). With reference to INSP2 is that approach consistent with the approach to establishing OAHN set out in the NPPF 2012 and PPG?**

The approach is not consistent with the NPPF and the PPG.

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

The apportionment is based on past commuting trends.

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

The accuracy of the description depends on the acceptability or not of the assumption that the economic uplift in its totality is interchangeable with the meeting of unmet needs from elsewhere. If the economic uplift in its totality is accepted as interchangeable with meeting unmet needs from elsewhere the apportionment of that uplift was apportioned on the basis of past trends of commuting between North Warwickshire and Coventry (35%) and Birmingham (65%). It was not based on evidence of commuting between North Warwickshire and Tamworth.

The existing commitment to meet 500 dwellings of unmet needs of Tamworth as set out in the adopted North Warwickshire Core Strategy and the adopted Tamworth Local Plan should be carried forward and explicitly set out in the North Warwickshire Local Plan. The unmet needs of Tamworth as set out in its adopted Local Plan identifies 825 dwellings of unmet needs in addition to the 1,000 dwellings of unmet needs committed to in the adopted North Warwickshire Local Plan (500 dwellings) and adopted Lichfield Local Plan (500 dwellings). The unmet needs should not be subsumed into the GBHMA with the potential to become lost and unaccounted for in Local Plan housing requirements.

**Q3.7 The LP housing requirement includes 540 homes redistributed from other authorities within CWHMA in accordance with a MoU to that effect. 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 this justified?**

It is appropriate for the North Warwickshire Local Plan to meet unmet needs from Coventry, Tamworth and Birmingham. However the Council's evidence does not justify the quantum or its apportionment.

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

It is appropriate that the North Warwickshire Local Plan accommodates a proportion of unmet needs from Coventry under the Duty to Co-operate as set out in the signed MoU.

**(b) Nuneaton & Bedworth**

From attending the Nuneaton & Bedworth Local Plan Examination Hearings it is understood that Nuneaton & Bedworth will accommodate in full its re-distribution of unmet housing needs from Coventry as set out in the MoU. The Council should provide a signed version of the MoU to confirm this understanding.

**(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 the likely housing needs arising in the GBHMA that would be unmet by 2031 / 2033?**

The SGS is inconsistent with the Stratford upon Avon Inspector's Final Report in attributing all the uplift to support economic growth in the Borough as interchangeable with meeting unmet needs from Coventry, Tamworth and Birmingham. The SGS also assumes increases in the density of future development in calculating the extent of unmet needs. The appropriateness of this assumption has not yet been tested in any Local Plan Examinations. If this assumption is unsound then the unmet needs arising in the GBHMA will be higher than set out in the SGS.

**(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 & 3,790 homes respectively) compared to the 35% / 65% split indicated in LP Table 1?**

The 35% / 65% split refers to the apportionment of the uplift to support economic growth in the Borough as the first stage of the two staged re-distribution methodology. The 540 dwellings (12.5%) is the residual unmet housing needs from Coventry re-distributed to the Borough in the second stage of the two staged re-distribution methodology as set out in the MoU. The 3,790 dwellings (87.5%) is 10% of the unmet needs from Birmingham identified in its adopted Development Plan. As the figures are derived differently a direct comparison is difficult to justify.

**Q3.8 In establishing the overall housing requirement has appropriate account been taken of the wider economic context to NWBC including HS2?**

In establishing the housing requirement an appropriate account of the wider economic context including HS2 has not been taken into consideration. The wider economic context would indicate a higher overall housing requirement of 246,000 dwellings by 2031 across the GBHMA as indicated in the SGS.

**Q3.9 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?**

The 3,790 dwellings of unmet needs re-distributed from the GBHMA it is not robustly evidenced. It represents 10% of the 37,900 dwellings of unmet needs identified in the Birmingham Development Plan. The 10% is an arbitrary figure identified as a mid-point between various ranges of figures based on past

commuting trends between the Borough and Birmingham. The relevant evidence is specific to Birmingham City only and therefore it is not related to the wider GBHMA or any unmet needs from Tamworth.

The expression of meeting unmet housing needs as just an aspiration is not consistent with the NPPF. The meeting of unmet needs from elsewhere should be set out in policy as part of the Borough's housing requirement. The apportionment of unmet needs from Coventry, Tamworth and Birmingham should be clearly and explicitly set out in the North Warwickshire Local Plan and supported by signed multi-lateral legal agreements.

**Q3.10 as set out in NWBC2 the LP plan period is intended to be 2011 to 2033. CD8/13A sets out annual completions since 2011. The CS target was 175 dwellings annually (excluding 500 from Tamworth). 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 5 YHLS requirement be?**

The 5 YHLS should be based on the annualised housing requirement multiplied by 5 years plus shortfalls accrued since 2011.

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

If the annualised housing requirement is assumed to be 264 dwellings per annum then a shortfall figure of 593 dwellings is mathematically correct. However the accuracy of this shortfall figure depends on confirmation of :-

- the OAHN for the District ;
- the housing requirement figure (including unmet needs from Coventry, Tamworth and Birmingham) set out in the Local Plan ;
- the establishment of the most appropriate annualised figure to apply for the plan period 2011/12 – 2017/18.

**(b) LP para 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 CD8/13A where the accrued shortfall in delivery since 2011 is added to the baseline OAHN. Which approach accords with the PPG?**

If the start date of the Local Plan and the calculation of the OAHN are aligned at 2011 then shortfalls in delivery should not need to be taken account of in an NPPG compliant OAHN which should correctly account for demographic, economic growth and market signals including affordability. However it is not clear that the Council's OAHN is fully compliant with the NPPG.

It is correct for any accrued shortfalls in delivery against the housing requirement (which should include unmet needs from Coventry, Tamworth and Birmingham) since 2011 to be included in the calculation of 5 YHLS as set out in the NPPG (ID 03-035).

**(c) Is there the need to take account of any backlog ie under-delivery from earlier plan period or is that accounted for in OAHN?**

If it is established that the Council's OAHN correctly deals with demographic, economic growth and affordability then there should be no necessity to deal with backlog (under delivery from earlier periods) in the OAHN.

It is correct for any accrued shortfalls in delivery against the housing requirement (which should include unmet needs from Coventry, Tamworth and Birmingham) since 2011 to be included in the calculation of 5 YHLS as set out in the NPPG (ID 03-035).

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

Before establishing whether or not a 20% buffer is justified the appropriate figure against which to measure under delivery and its persistence has to be determined. If it is determined that the annualised housing requirement is 264 dwellings per annum then the HBF agree with the Council's assessment that persistent under delivery has occurred and a 20% buffer is appropriate. However if it is determined that 264 dwellings per annum is incorrect and a different housing requirement figure is proposed then the appropriateness of the 20% buffer may have to be re-assessed.

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

The decline in HFRs indicates that in the past housing supply may have been constrained.

**(f) Should any shortfall be addressed within the first 5 years of the plan in accordance with the PPG ie as part of the 5 YHLS?**

The shortfall should be addressed within the first 5 years as set out in the NPPG (ID 03-035).

**3.11 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?**

The windfall allowance has been derived from averaging completions from past years. This approach is not always appropriate if the period of time under consideration includes specific years which could be justifiably considered as outliers such as 2011/12 in the case of North Warwickshire. The average figure is significantly reduced if 2011/12 is excluded from the Council's data. It is also not considered necessary to set out the proposed windfall allowance as a policy in the Local Plan.

**Q3.12 What is the relevance of para 9.67 of the GBSGS 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?**

1.8% represents the Borough's population as a percentage of the total GBHMA population. This percentage has no relevance in justifying the potential for additional housing supply. The GBHMA SGS just reiterates the proposals set out in the North Warwickshire Local Plan it provides no further analysis of the aspiration to meet 3,790 dwellings of Birmingham's unmet housing needs.