

**EXECUTIVE – 24 SEPTEMBER 2014**

**LEICESTER & LEICESTERSHIRE STRATEGIC HOUSING MARKET  
ASSESSMENT**



Hinckley & Bosworth  
Borough Council

**REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)** *A Borough to be proud of*

**WARDS AFFECTED: ALL WARDS**

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1. **PURPOSE OF REPORT**

To seek approval of the Leicester and Leicestershire Strategic Housing Market Assessment (June 2014) as an evidence base in planning for future housing provision in Hinckley & Bosworth.

2. **RECOMMENDATION**

2.1 To request Executive to:

- Approve the Leicester and Leicestershire Strategic Housing Market Assessment (SHMA) Report (June 2014) as a Local Plan evidence base.

3. **BACKGROUND**

- 3.1 The National Planning Policy Framework (NPPF) introduced a presumption in favour of sustainable development. For plan making this means that local planning authorities should positively seek opportunities to meet the development needs of their area; and, ensure that local plans meet objectively assessed development needs with sufficient flexibility to adapt to rapid change.
- 3.2 On 6 March 2014 the Department for Communities & Local Government (DCLG) published National Planning Practice Guidance (NPPG), a web-based resource which replaces previous practice guidance on a wide range of planning topics, including the approach to take when assessing development needs by providing further detail on the practical application of the NPPF.
- 3.3 Local authorities are required by the NPPF to have a clear understanding of housing needs in their area and are therefore required to prepare a Strategic Housing Market Assessment (SHMA) to assess their full objectively assessed housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries.
- 3.4 Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the strategic priorities such as the future number of homes and jobs that are needed across the area. Within this context, the NPPF requires local authorities to work together at a housing market area level. The starting point in planning

for housing is that objectively assessed needs for the housing market area should be met within it.

- 3.5 Objective assessments of housing need must be undertaken within a strategic housing market area without account being taken of constraints such as land availability or environmental factors. The NPPG states that *“plan makers should not apply constraints to the overall assessment of housing need, such as limitations imposed by the supply of land for development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans”*
- 3.6 The Leicester and Leicestershire Housing Market Area (LLHMA) was the subject of a previous SHMA that was published in 2008. This document is now to be replaced by a new SHMA which has been prepared by consultants as part of a Housing Market Area wide project to ensure that local plans in Leicester and Leicestershire can continue to be prepared on the basis of an up-to-date study on housing need as part of a proportionate, robust and credible evidence base. The new SHMA has been prepared within the context of the requirements of the NPPF and the supporting NPPG. The SHMA project has been overseen by the Leicester and Leicestershire Housing, Planning and Infrastructure Group (HPIG) and the associated Member Advisory Group (MAG). A paper was presented to the MAG meeting on the 26th June 2014 and the SHMA has been endorsed by that Group.
- 3.7 The SHMA provides a ‘policy off’ evidence base assessment of future housing need that is intended to inform the future development of planning policy.

#### 4. HOUSING MARKET AREA

- 4.1 The NPPG recognises that there is no “hard and fast” approach for defining a housing market area and, in practice, many housing market areas overlap. It has therefore been necessary for the SHMA to consider whether Leicester and Leicestershire continues to be an appropriate basis for a SHMA, whilst recognising that there is interaction between adjacent and overlapping market areas.
- 4.2 The analysis that has been undertaken as part of the SHMA exercise has given consideration to the definition of the Leicester & Leicestershire Strategic Housing Market Area against the best available evidence. This includes data published by DCLG, regional research, migration flows and commuting dynamics.
- 4.3 The analysis of commuting flows indicates that each of the local authority areas in Leicestershire have a core workforce drawn from the LLHMA area. Overall, 84% of jobs are taken up by residents of the LLHMA area (for Hinckley & Bosworth this percentage is 78 %)
- 4.4 The migration analysis that has been undertaken identifies that the strongest migration flows are between authorities within the LLHMA. The SHMA uses analysis of commuting flows to establish that self containment across the LLPA is highly likely to exceed 80%.

4.5 In drawing this analysis together, the SHMA concludes that there is a high level of self containment in Leicester and Leicestershire as currently defined. The consultants therefore consider that at a strategic level, the LLHMA remains an appropriate housing market area on which to prepare the SHMA. This area includes Hinckley & Bosworth Borough. Notwithstanding this, the SHMA recognises that links to neighbouring housing market areas exist, reflecting principally localised cross-boundary moves between neighbouring authorities outside of the LLHMA. This should be borne in mind when exercising the duty to cooperate through the plan making process.

## 5. ASSESSMENT OF HOUSING NEED FOR LEICESTER AND LEICESTERSHIRE

5.1 A number of factors must be taken into account when considered what constitutes objectively assessed housing needs as part of the preparation of a SHMA.

5.2 The National Planning Practice Guidance (NPPG) indicates that demographic projections published by the Department for Communities and Local Government (DCLG) should form the starting point for an assessment of housing need. In order to become an 'objective assessment of housing need', consideration is given through the SHMA to the requirement for an upward adjustment to the household projections by working through three tests:

- Test 1: Do market signals point to a need to increase housing supply in order to address affordability and high demand.
- Test 2: Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs.
- Test 3: Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA.

5.3 The tests have been considered within the SHMA and it is recommended by the consultants that the 375 per annum requirement from the demographically led household projections for Hinckley & Bosworth is increased to 450 in order to support the provision of additional affordable housing and to support growth in employment.

5.4 The conclusions of the SHMA indicate that based on the per annum level of growth for the period 2011 to 2031, the recommended objectively assessed housing need range for each of the local authorities is as follows:

- Leicester and Leicestershire total – 3775 to 4215 dwellings per annum.
- **Hinckley & Bosworth – 375 to 450 dwellings per annum;**
- Leicester – 1,250 to 1,350 dwellings per annum;
- Blaby – 360 to 420 dwellings per annum;
- Charnwood – 810 to 820 dwellings per annum;
- Harborough – 415 to 475 dwellings per annum;
- Melton – 200 to 250 dwellings per annum;
- NW Leicestershire – 285 to 350 dwellings per annum; and
- Oadby & Wigston – 80 to 100 dwellings per annum.

- 5.5 The SHMA is a 'policy off document that determines objectively assessed housing need. Analysis is therefore required during plan making to consider whether policy decisions generate the need for further adjustment to the housing figures.

## 6. PLANNING FOR THE DELIVERY OF HOUSING IN LEICESTER AND LEICESTERSHIRE

- 6.1 As indicated in paragraph 2.5 above, Hinckley & Bosworth forms part of the LLHMA and therefore contributes towards meeting housing needs in Leicester and Leicestershire as a whole. It is important that LLHMA authorities are able to meet their objectively assessed needs over the plan period and contribute towards satisfactorily meeting the overall Leicester and Leicestershire housing requirement. Ongoing engagement is therefore required when devising policies for housing provision to ensure that housing is being planned for strategically (which has been increasingly important since the revocation of the Regional Plan and the introduction of the Duty to Co-operate within the NPPF). This is not to say that an authority will necessarily need to meet the needs of other districts within its HMA or other adjoining districts, however they must be able to demonstrate that any relevant issues have been appropriately considered during the local plan making process in order to respond to any challenges made to the local plan relating to strategic planning matters such as housing need.
- 6.2 The NPPF (paragraph 14) sets out that local planning authorities should positively seek opportunities to meet the development needs of their area and that local plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change. It is therefore important that a proportionate evidence base relating to development needs is maintained in order to monitor whether there has been any changes in circumstance. This includes the need to undertake an appropriate level of analysis to ensure that an authority is able to respond to rapid change through its plan making and associated decision taking. This will require local analysis in Hinckley & Bosworth as part of its monitoring and plan making processes. In addition, this must be supported by a commitment towards joint working on an on-going basis across Leicester & Leicestershire to ensure that the HMA authorities are able to respond to issues that could influence a change to development needs over time.
- 6.3 It is intended that this on-going engagement will be formalised through a Memorandum of Understanding on strategic planning issues, led by HPIG and reported to the Leicester & Leicestershire MAG.

## 7. FINANCIAL IMPLICATIONS (KP)

- 7.1 A contribution of £8,495 was made by Hinckley and Bosworth Borough Council in 2013/2014 towards the cost of producing the Strategic Housing Market Assessment.
- 7.2 The Council has a £50,000 budget for 2014/2015 for spend associated with the Local Plan. It should be acknowledged that there is the risk that decisions resulting from the Plan may be challenged through the planning appeal process which may incur costs for the Council.

7.3 Any new housing in the Borough will attract New Homes Bonus once the property is bought into the taxable base.

## 8. LEGAL IMPLICATIONS [MR]

8.1 Set out in this report.

## 9. CORPORATE PLAN IMPLICATIONS

9.1 This report relates to an evidence base that is required by the NPPF to inform future planning processes in relation to objectively assessed housing need.

9.2 The preparation of the Local Plan is of relevance to the delivery of the following aims of the Corporate Plan:

- 1 Creating a vibrant place to work and live
- 2 Empowering communities
- 3 Supporting individuals
- 4 Providing value for money and pro-active services

## 10. CONSULTATION

10.1 The SHMA has been prepared by a consultant team led by the Leicester and Leicestershire Housing, Planning and Infrastructure Group (HPIG). The process has therefore included involvement from all authorities within the housing market area. The consultant team has also engaged with other relevant stakeholders during the preparation of the SHMA, which has included two stakeholder workshop events.

## 11. RISK IMPLICATIONS

11.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

11.2 It is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
No up-to-date shared evidence on objectively assessed housing need in Leicester & Leicestershire leading to the inability to progress with plan making and to defend challenges made through decision taking processes. This would include the inability to demonstrate the duty to cooperate on planning issues	<ul style="list-style-type: none"> <li>• Approve the SHMA for use as an HBBC evidence base</li> <li>• Engage with HMA authorities through HPIG and MAG, including on a Memorandum of Understanding (MOU) relating to common strategic planning issues.</li> <li>• Continue engagement</li> </ul>	NT

that cross administrative boundaries relating to the overall need for new homes within the housing market area.	with other adjacent authorities (non-HMA authorities) on housing needs through local plan making processes.	
Challenges to housing need and the SHMA through plan making processes.	<ul style="list-style-type: none"> <li>• The consideration of factors relating to the potential requirement for adjustments to housing need through analysis undertaken to support the plan making process (the 'policy on' position)</li> <li>• The continued consideration of relevant updated ONS/DCLG data to analyse any potential change over time.</li> </ul>	NT

## 12. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

12.1 The purpose of the SHMA is to provide a 'policy off' assessment of future housing needs across the Leicester and Leicestershire housing market area. It provides detailed analysis of demographic data, market dynamics and signals. This includes the consideration of housing needs of specific groups across the housing market area.

## 13. **CORPORATE IMPLICATIONS**

13.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications – None arising from this report
- Environmental implications – None arising from this report
- ICT implications – None arising from this report
- Asset Management implications – None arising from this report
- Human Resources implications – None arising from this report
- Planning Implications – Contained within the body of the report.
- Voluntary Sector – None arising from this report

### **Background Papers**

- Leicester & Leicestershire Strategic Housing Market Assessment June 2014

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