

Harborough Local Plan 2011-2031 Examination

Responses to the Inspector's Initial Questions

Q1 - Q23

10th August 2018

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QUESTION 1

Q1.

The plan contains conflicting statements on its housing requirement. Policy SS1 states that provision of land will be made for a minimum of 12,800 dwellings, suggesting that this is the housing requirement. Policy H1 makes provision for it. However, paragraph 5.1.7 suggests that the requirement is 11,410 dwellings, or 557 dpa, and states that the 5 year supply will be calculated against this lower figure. This introduces confusion into the picture.

The housing requirement is 557 dpa (or 11,140 in total 2011-31), as set out at para 5.1.7. This will be the basis for calculating the five year supply of deliverable housing land. This is a minimum figure.

Policy SS1 currently sets out the total housing land supply of 12,800 dwellings. Further explanation of the housing requirement and housing land supply is set out at paras 5.1 – 5.14 of the Housing Topic Paper (TCP2). This is summarised in the following table below:

	Dwellings per annum	Total dwellings (2011-2031)
Objectively Assessed Need	532	10,640
Housing requirement	557	11,140
Housing land provision	640	12,800
Housing land provision (at 31.3.18)	647	12,948

Table 1: OAN, housing requirement and housing land supply

It is accepted that this could be more clearly set out in relevant policies. The Council is willing to consider a modification to clarify the position.

For information, the Local Plan Housing Trajectory (Appendix G of the submitted Local Plan) has been updated to take into account the changes in supply during 2017/18 (HSG14). This shows a total housing land supply of 12,948 dwellings 2011 – 2031 and is reflected in the bottom row of the above Table.

QUESTION 2

Q2.

Paragraph 5.1.10 sets out the reasons for what is described as a 15% contingency. At what stage and against what triggers do the Council envisage calculating the 5 year supply against the higher figure – given that it is already known that the City of Leicester is declaring unmet need?

As set out in para 5.1.10, the 12,800 dwellings figure provides for a 15% supply-side contingency over and above the requirement figure of 11,140 dwellings to take account of the issues set out in that paragraph. This includes both providing flexibility within the land supply and taking into account the potential need in due course to make provision for unmet need from Leicester City.

The Council considers that the 5 year supply should be calculated against the requirement figure of 11,140 dwellings within the Plan.

Ideally, for the purposes of this Plan, the distribution of housing to meet the need identified in the HEDNA (including any unmet need from Leicester) would be agreed across the Housing Market Area (HMA). Since publication of the HEDNA, it has been the intention of the authorities in the HMA to set this out in a Memorandum of Understanding (MOU) and work has been ongoing. However, due to unforeseen delays in local plan preparation for Leicester, their unmet need against the HEDNA is unquantified. The Plan does not therefore contain a specific 'higher figure' for calculating the 5 year supply as the quantity of unmet need in Leicester is unknown, and it would not be appropriate for Harborough to arrive at a specific figure in advance of the assessment of land supply in Leicester and HMA wide agreement on housing distribution.

The updated trajectory (HSG14) identifies a supply of 12,948 houses over the plan period. This exceeds the Objectively Assessed Need (OAN) of 10,640 in the HEDNA by some 2,308 houses. Therefore, this level of supply will help to make an immediate contribution to any additional provision required. Once the unmet need from Leicester has been quantified and the distribution of housing across the HMA agreed, the Council would assess whether the level of supply provides sufficient flexibility to meet the agreed level of provision for Harborough in accordance with Policy IMR1 in the Local Plan. In the event that that sufficient flexibility is not provided for, Policy IMR1 would trigger an update of the Plan.

QUESTION 3

Q3.

What is the latest position regarding the quantification of need arising in the City of Leicester?

Leicester City Council is continuing to interrogate land supply within the City at the current time, as part of the preparation of its new Local Plan, and therefore the scale of unmet need arising from Leicester is in a state of flux. Once there is greater clarity on this, the HMA authorities intend to agree how any unmet need is distributed to the Leicestershire authorities.

To consider the scale of unmet need, it is necessary to understand what the housing need is, and the land supply.

Need: It is anticipated that Harborough's Local Plan will be the last in the HMA to progress under the transitional arrangements in paragraph 214 of the 2018 NPPF. In this respect, any unmet need in the HMA, and an agreed distribution of housing, will likely be progressed using the standard method for calculating local housing need set out in the 2018 NPPF and associated Planning Practice Guidance. New household projections are anticipated in September which could change the housing need and the Government is going to consider reviewing the standard method and consult on any specific changes. This could lead to some short term uncertainty about the emerging housing need position.

Supply: Leicester City Council consulted on emerging options (Reg. 18) between July-December 2017 which identified a potential land supply comprising existing completions and commitments of 18,900¹ together with additional capacity of 7,100 dwellings on SHLAA sites. This indicates a total supply of 26,000 2011-31. The Consultation however made clear that the City Council were undertaking further work on the capacity of the City to address this shortfall, and was encouraging further potential development sites to be put forward.

It should be noted that the recently published Framework does have implications for joint working and the quantification of unmet need in the HMA. Officers are working with HMA partners to understand the implications of the new Framework on HMA wide matters and will provide a further update as appropriate.

¹ Comprising completions 2011-16, units on sites under construction, with full and outline planning permission and a small sites allowance 2016-31.

QUESTION 4

Q4.

Should the housing requirement include a quantified element for unmet need from Leicester and other authorities in the HMA?

Harborough District Council is fully committed to working with its partner authorities to meet the HMA's housing needs in full. Potential issues of unmet need within the HMA relate solely to Leicester.

The Council however considers that it is necessary first for the City to complete its review of land supply before specific provision is made for any unmet need from plans in other parts of the HMA. This is important in ensuring the effective use of land (2012 NPPF, para 111, 2018 NPPF Chapter 11). At the current time, this review of land supply in Leicester is ongoing.

Once Leicester City Council has clearly identified the scale of unmet need to 2031, the intention is that the HMA authorities progress a MOU or Statement of Common Ground which sets out how this will be distributed amongst the seven Leicestershire authorities within the HMA. This would be discussed by the Members Advisory Group and agreed by individual councils within the HMA.

Given the level of unmet need is unknown and HMA wide agreement about housing distribution has not been reached, it is not considered appropriate to include a quantified element for unmet need from Leicester at present. The role that Harborough should play should not ideally be determined isolation of the wider HMA.

Once the unmet need from Leicester has been quantified and the distribution of housing across the HMA agreed, the Council would assess whether the level of supply in the Local Plan provides sufficient flexibility to meet the agreed level of provision for Harborough in accordance with Policy IMR1. The commitment of this and other councils within the HMA to this is set out in the Joint Statement of Cooperation Relating to Objectively Assessed Housing Need (Nov 2017) (S2 Appendix B).

QUESTION 5

Q5.

What effect if any do the recently-published 2016 household projections have on the OAN and the housing requirement?

On the 24th May 2018, ONS published a new set of subnational population projections (SNPP). In the accompanying statistical bulletin it is noted that these will 'be used in the production of the 2016-based household projections for local authorities, to be published in September 2018'. It is therefore possible to use this new information to form a view about likely household growth ahead of publication of the 2016-based household projections.

Household growth can be estimated by applying household formation (headship) rates from the 2014-based Household Projections to the 2016-based SNPP. This is the latest available information at the current time.

Key methodological differences between the 2014- and 2016-based SNPP

There are no substantive methodological differences between the two projection runs, with both using past trend data about births, deaths and migration. However, at a national level a number of assumptions have been changed from the 2014-based version which will have a notable impact on future projections (both in Harborough and for other areas of the country).

ONS 2016-based National Population Projections indicate notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy. The key differences are:

- ONS's long-term international migration assumptions have been revised downwards to 165,000 pa (beyond mid 2022) compared to 185,000 in the 2014-based Projections. This is based on a 25 year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based Projections; and
- ONS is no longer assuming a faster rate of increase in life expectancy of those born between 1923 and 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

Table 5.1 overleaf shows projected population growth in England (2011-31) from each of the two projections. This confirms the lower projected level of growth in the latest projections: 12.6% over the 20-years, compared with 14.6% in the previous release.

Table 5.1 Projected Population Growth in 2014- and 2016-based National Population Projections for England

	Population 2011	Population 2031	Change in population	% change
2014-based	53,107,200	60,853,200	7,746,000	14.6%
2016-based	53,107,200	59,789,800	6,682,600	12.6%

Source: ONS

A further change is that the 2016-based SNPP use a different base period to study migration trends.² Additionally, the 2016-based SNPP use updated mid-year population estimates (MYE) to inform past migration. In Harborough the revised MYE suggests that past levels of population growth may have been over-estimated (albeit not by a significant amount).

The table below shows the migration trends for Harborough that would have fed into each of the 2014- and 2016-based SNPP. Overall, migration in the 2014-based SNPP base period averaged 672 people per annum (ppa), with a higher figure of 853 ppa in the 2016-based period. This is influenced in particular by the different base period. Although migration looks to have increased, reductions in fertility projections and in the rate of improvement in life expectancy have a downward impact on levels of population growth.

Table 5.2 Migration assumptions in the original and revised MYE for Harborough

	Original MYE		Revised MYE	
	Net internal migration	Net international migration	Net internal migration	Net international migration
2008/9	-	57	-	-
2009/10	500	5	-	-
2010/11	658	79	-	79
2011/12	491	100	491	76
2012/13	1019	27	1019	25
2013/14	357	133	357	86
2014/15	-	-	1079	79
2015/16	-	-	933	114
2014-based	605	67	-	-
2016-based	-	-	776	77

Source: ONS

Table 5.3 overleaf shows the same information for the HMA. As with data for Harborough, the analysis shows that the HMA has seen stronger migration in the 2016-based period when compared with the 2014-base. Overall net migration is nearly 2,000 people per annum higher for the latest projections.

² The 5-years to 2016 for internal migration and the 6-years to 2016 for international migration – previously it was the same length of time but in the period to 2014

Table 5.3 Migration assumptions in the original and revised MYE for the Leicester & Leicestershire HMA

	Original MYE		Revised MYE	
	Net internal migration	Net international migration	Net internal migration	Net international migration
2008/9	-	3,276	-	-
2009/10	884	3,415	-	-
2010/11	-815	5,157	-	5,157
2011/12	280	2,609	280	2,521
2012/13	-155	3,414	-155	3,617
2013/14	396	6,044	396	5,531
2014/15	-	-	2,112	6,685
2015/16	-	-	2,220	6,587
2014-based	118	3,986	-	-
2016-based	-	-	971	5,016

Source: ONS

Comparing 2014- and 2016-based SNPP – Harborough

Projected population growth in Harborough in the 2016-based SNPP over the 2011-31 period is 1,200 persons higher than in the 2014-based SNPP, a difference of 60 persons per annum. The stronger population growth is influenced by the stronger in-migration over the 2010/11-2016 input period, but also the national level assumptions on lower fertility, improvements in life expectancy and long-term international migration.

Table 5.4 Projected Population Growth in 2014- and 2016-based SNPP – Harborough

	Population 2011	Population 2031	Change in population	% change
2014-based	85,699	99,815	14,116	16.5%
2016-based	85,699	100,977	15,278	17.8%

Source: ONS

The table below shows the differences in the components of population change, with the average number of births in Harborough projected to be some 19 higher each year, along with an increase of 48 deaths. The net impact of this is for natural change to be around 27 people lower per annum on average for the 2011-31 period. When looking at net migration, it can be seen that internal migration is projected to be higher than in the 2014-based SNPP, but international migration is lower. The overall net effect is that migration is projected to be on average around 85 people per annum higher.

Table 5.5 Components of Population Change in 2014- and 2016-based SNPP – Harborough

2011-31 pa	2014-based	2016-based	Difference
Births	832	851	19
Deaths	852	900	48
Natural change	-21	-48	-27
Internal net	638	755	117
International net	85	53	-32
Total net migration	723	808	85

Source: ONS

It should be noted that the figures in the table 5.6 do not exactly sum to the overall population change. This is due to the inclusion in the SNPP of a consolidation factor;

this is included by ONS as an adjustment to ensure that all subnational projections sum exactly to national projections.

Given the differences in the overall population growth, there will also be differences in the age profile of the population. The table below shows projected population change in five-year age bands in each of the two releases. Both projections see notable increases in the older person population, although the 2016-based SNPP shows a lower change in those aged 85 and over (linked to mortality assumptions). There are also lower levels of growth of people in their late 20s and 30s – this may well be linked to lower levels of international migration.

Table 5.6 Projected Change by Age in the 2014- and 2016-based SNPP – Harborough

2011-31	2014-based	2016-based	Difference
0-4	170	216	46
5-9	652	689	37
10-14	422	561	139
15-19	-3	328	331
20-24	-96	32	128
25-29	364	319	-45
30-34	340	244	-96
35-39	258	150	-108
40-44	-795	-738	57
45-49	-1,133	-867	266
50-54	-93	131	224
55-59	804	942	138
60-64	1,209	1,250	41
65-69	2,206	2,289	83
70-74	2,357	2,519	162
75-79	2,087	2,189	102
80-84	2,578	2,592	14
85 & over	2,790	2,435	-355
TOTAL	14,116	15,278	1,162

Source: ONS

Comparing 2014- and 2016-based SNPP – Leicester & Leicestershire HMA

The series of tables below show the same information for the whole HMA. Firstly, when looking at overall population growth, it can be seen that there is virtually no difference between the projection releases, this is despite the 2016-based SNPP (see second table below) projecting for there to be a slightly stronger level of migration moving forward. This is more than offset by a decrease in natural change, which itself is driven by both a decrease in births and an increase in deaths.

Table 5.7 Projected Population Growth in 2014- and 2016-based SNPP – L&L HMA

	Population 2011	Population 2031	Change in population	% change
2014-based	980,806	1,140,431	159,625	16.3%
2016-based	980,806	1,139,886	159,080	16.2%

Source: ONS

Table 5.8 Components of Population Change in 2014- and 2016-based SNPP – L&L HMA, 2011-31

	2014-based	2016-based	Difference
Births	12,547	12,322	-225
Deaths	8,590	8,941	351
Natural change	3,957	3,381	-576
Internal net	-353	615	969
International net	4,412	3,971	-441
Total net migration	4,058	4,586	528

Source: ONS

When looking at age structure changes, the key differences between the releases are a lower growth in the number of children and also in the older person population (notably those aged 85 and over). The projections also show stronger growth in the population aged 15-24 in the most recent SNPP release. These findings are consistent with the projections having a higher level of net migration, but lower levels of natural change.

The changes in the age structure of the population impact are important, as they impact on the level of housing need.

Table 5.9 Population Change by Age in 2014- and 2016-based SNPP – L&L HMA, 2011-31

	2014-based	2016-based	Difference
0-4	4,751	2,970	-1,781
5-9	11,295	10,144	-1,152
10-14	9,469	9,637	167
15-19	6,467	9,140	2,673
20-24	9,196	11,261	2,065
25-29	2,073	2,387	314
30-34	6,346	5,550	-796
35-39	8,549	7,954	-595
40-44	228	-220	-448
45-49	-4,227	-3,475	752
50-54	-1,368	-425	943
55-59	5,102	6,101	1,000
60-64	9,075	9,729	655
65-69	19,472	20,031	559
70-74	19,558	19,860	302
75-79	16,222	16,142	-80
80-84	18,238	17,203	-1,035
85 & over	19,179	15,090	-4,090
TOTAL	159,625	159,080	-546

Source: ONS

Household Growth and Housing Need

By applying the household representative rates (HRRs) from the 2014-based Household Projections (and other relevant data such as the size of the institutional population), it is possible to calculate of the level of household growth and housing

need associated with the new SNPP. A 3.5% vacancy allowance has been applied in converting household growth to housing need, consistent with the HEDNA.

The results indicate that the 2016-based SNPP would result in a demographic starting point of 424 dpa for Harborough. This is a modest 1.4% increase. Overall, this analysis suggests very similar levels of household growth in Harborough as a result of the new projections, despite the 2016-based SNPP showing higher population growth, taking into account the projected different age structure changes (and particularly the lower projected growth of those 85+).

Table 5.10 Housing Need associated with 2014- and 2016-based SNPP - Harborough

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
2014-based	35,077	43,153	8,076	404	418
2016-based	35,077	43,276	8,198	410	424

Source: Demographic Modelling

The table below shows the same analysis carried out across the HMA. This shows that the 2016-based SNPP would be expected to derive lower level of household growth than the 2014-based release. The 2016-based projections show a level of housing need which is around 2.5% lower, influenced in particular by the lower projected growth in the number of older persons (where household representative rates are high).

Table 5.11 Housing Need associated with 2014- and 2016-based SNPP – L&L HMA

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
2014-based	390,910	471,663	80,753	4,038	4,183
2016-based	390,910	469,697	78,787	3,939	4,080

Source: Demographic projections

10 Year Migration Trend Scenario

The HEDNA drew conclusions on the demographic need for housing based on 10 year migration trends (2005-15). It is helpful to update this scenario to take into account the most recent data and ONS revised mid-year estimates for the 2011-16 period. The projection therefore takes assumptions on migration from the 2007-17 period.

Consistent with the HEDNA, the 10 Year Migration Projection used does not just take the levels of migration over the 10-year period, but compares the share of migration in each area with the share in the base period used to construct the 2016-based SNPP. This allows for the approach to maintain consistency with national projections.

As the table below shows, the levels of net migration are slightly lower over the 2007-17 period than the base period for the 2016-based SNPP. The differences are not however substantial given the overall scale of migration. It should also be noted that whilst the figures below show net migration, the modelling analysis looks separately at each of in- and out-migration.

Table 5.12 Net Migration Trends, 2007-17

	Harborough		Leicester & Leicestershire HMA	
	Internal migration	International migration	Internal migration	International migration
2007/8	546	60	-986	4,209
2008/9	381	57	-1,109	3,276
2009/10	500	5	884	3,415
2010/11	658	79	-815	5,157
2011/12	491	76	280	2,521
2012/13	1,019	25	-155	3,617
2013/14	357	86	396	5,531
2014/15	1,079	79	2,112	6,685
2015/16	933	114	2,220	6,587
2016/17	1,183	94	5,335	5,726
SNPP average	776	77	971	5,016
10-year ave.	715	68	816	4,672
Difference	-61	-9	-154	-344

Source: ONS

The table below shows the estimated housing need in Harborough when looking at migration trends over the past 10-years (2007-17) using the latest data. This is contrasted with the HEDNA 10-year migration projection, which used a different five year period (2005-15) and used MYE data prior to the adjustments made by ONS. The updated projections also take account of assumptions on births, deaths and migration within the 2016-based SNPP and national projections.

For Harborough, the updated 10 year migration trend projection shows a need or 422 dwellings per annum (dpa). This is very similar to that arising from the 2016-based SNPP (424 dpa).

The Council considers that given this similarity between the 2016-based SNPP and 10 year migration projection, and to maintain consistency in approach to the HEDNA, this figure (422 dpa) is the appropriate demographic need figure to which any market signals adjustment should be applied.

Table 5.13 Housing Need associated with 10-Year Migration Trends – Harborough

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
HEDNA 10-year Migration Trend (2005-15)	35,077	44,017	8,940	447	463
Updated 10-year Migration Trend (2007-17)	35,077	43,233	8,156	408	422

Source: Demographic Projections

The same analysis has been undertaken for the HMA. A 10-year migration trend projection would suggest a need that is very slightly higher than the 2016-based SNPP (4,124 dwellings per annum compared with 4,080 dpa). The need associated with 10-year trends across the HMA is however lower than the equivalent calculation made in the HEDNA. **The updated data therefore suggests a level of**

demographic need across the HMA which is 5.6% lower than shown in the HEDNA.

Table 5.14 Housing Need associated with 10-Year Migration Trends – L&L HMA

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
HEDNA 10-year Migration Trend (2005- 15)	390,910	475,225	84,315	4,216	4,368
Updated 10-year Migration Trend (2007- 17)	390,910	470,505	79,595	3,980	4,124

Source: Demographic Projections

Economic-led Housing Need

Chapter 5 in the HEDNA considered economic-led housing needs. It found that the level of workforce growth which the demographic projections would support was sufficient to accommodate the expected growth in Leicester and Leicestershire's economy, but that a revised distribution of housing provision across the HMA could help to support employment growth in Melton and North West Leicestershire (HSG8 Para 12.40). However as this Paper considers updated demographic projections, it is appropriate to reconsider whether these will still support sufficient workforce growth.

A consistent approach has been adopted to that in the HEDNA, taking outputs on residence-based employment 2015-31 from the Oxford Economics modelling and including adjustments for double jobbing (HEDNA Figure 31) to calculate changes in residents in employment. The jobs growth assumptions in the Planned Growth Scenario are used. The table below shows the estimated workforce growth over this period, drawn from Table 27 in the HEDNA.

Table 5.15 Jobs Growth and Change in Resident Workforce, 2011-31

	Job growth (2015-31)	Net change in residence-based employment	Double jobbing	Change in residents in employment
Harborough	6,406	5,663	0.95	5,376
HMA	54,302	50,872	-	48,797

Source: HEDNA Table 27

The demographic modelling can then be used to adjust migration to support this level of workforce growth. It is necessary to make assumptions on changes in economic participation in doing so. The starting point herein has been to use economic activity rates provided by Experian, consistent to the approach taken in the HEDNA.

As the table below shows, the updated analysis shows an economic-led need for 435 dpa in Harborough. The economic-led need is higher than the demographic based need in Harborough.

Table 5.16 Economic-led Housing Need – Harborough

	Households 2011	Households 2031	Change in household s	Per annum	Dwellings per annum
HEDNA Economic-led Need (Table 30)	35,077	43,893	8,816	441	456
Updated Analysis	35,077	43,477	8,399	420	435

Source: Demographic Projections

Across the HMA, the updated modelling indicates an economic-led need for 3,711 dpa. This is below the demographic need, indicating that supporting a local balance between homes and jobs can be achieved by agreeing an alternative distribution of housing provision within the HMA.

Table 5.17 Economic-led Housing Need – L&L HMA

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
HEDNA Economic-led Need (Table 30)	390,910	467,431	76,521	3,826	3,963
Updated Analysis	390,910	462,563	71,653	3,583	3,711

Source: Demographic Projections

Implications for Harborough's OAN

The following implications can be drawn for the purposes of defining Harborough's OAN (before consideration is given to market signals which are considered in the next question):

- The demographic starting point has increased slightly, from 418 dpa to 424 dpa, a modest increase of 1.4% which the Council does not consider to be a meaningful change.
- However the latest data indicates that the conclusions on the demographic need in the HEDNA over-estimated this. The demographic need, based on the latest evidence, is for 422 dpa based on 10-year migration trends (2007-17). This is the figure which the Council consider a market signals adjustment should be applied to, taking a consistent approach to the HEDNA and recognising that the 10 year migration scenario is higher than the 2016-based SNPP across the HMA. Either way, the difference between the two projections is very modest (2dpa).
- Taking account of the latest demographic data, an economic-led need for 435 dpa is shown based on the HEDNA assumptions for linking jobs and homes. The economic-led need is thus 3.0% above the demographic need figure of 422 dpa.
- Conclusions on the OAN are however likely to be driven by judgements on the appropriate uplift to be applied for market signals and affordable housing to the demographic need, as this is likely to exceed the uplifts necessary to support employment growth. This is considered in the response to the next question.

Growth of Magna Park and the Housing Requirement

The housing requirement of 11,140 dwellings (557 dpa) takes into account the potential delivery of up to an additional 700,000 sq.m of B8 employment floorspace at Magna Park (Policy BE2). The Magna Park Sensitivity Study (HSG12) considered the inter-relationship between additional employment growth at this location and housing need in the District. The housing requirement is based on an assumption that 25% of Magna Park's additional workforce lives within the District (relative to 19% now).

The demographic modelling work within the Magna Park Sensitivity Study has been re-run using consistent assumptions to those therein. The analysis indicates that to support resident workforce growth of 7663 persons (5,376+2287, 2015-31) would require 533 dpa.

Table 5.18 Housing Need to support Growth of Magna Park – Harborough

	Households 2011	Households 2031	Change in households	Per annum	Dwellings per annum
HEDNA-based	35,077	45,848	10,771	539	557
Updated Analysis	35,077	45,381	10,304	515	533

Source: Demographic Projections

The latest demographic evidence would thus potentially justify a slightly lower housing requirement than in the submitted Plan, principally as a result of lower projected population growth in the oldest age groups as a result of lower increases in life expectancy which are now anticipated. The 533 dpa shown by the updated analysis would result in a requirement for 10,600 over the plan period, a 4.4% reduction on that in the submitted Plan.

The Council however considers that there are inevitably uncertainties associated with projecting economic growth over the longer-term and calculating the level of housing need required to support this, and the housing requirement figure potentially falls within the margin of error associated with this. The Council's provision view (subject to discussion at the hearings in due course) is that the latest evidence does not point to a meaningful change which would justify adjusting the housing requirement in the Plan.

QUESTION 6

Q6.

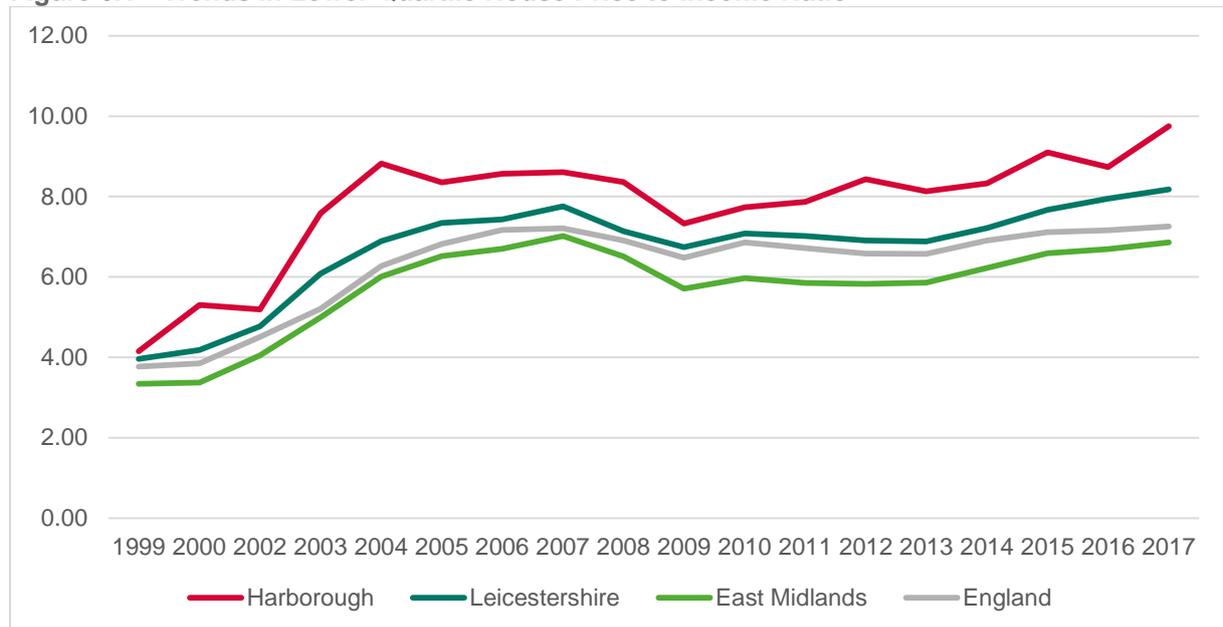
What is the latest lower quartile affordability ratio for Harborough District? How does this differ from that considered in the HEDNA, what are the long term trends, and what market signals adjustment should be made?

Trends in the Lower Quartile Affordability Ratio

The latest lower quartile affordability ratio data is for 2017. This indicates a ratio of 8.38 relative to residence-based earnings and a ratio of 9.75 relative to workplace-based earnings. The difference indicates that some higher earners commute out of the District to work. The workplace-based ratio has been taken as the core indicator.

The LQ affordability ratio in Harborough is above the regional and national average, and the highest of the eight local authorities within the Leicester & Leicestershire HMA. Historically, as the chart below shows, the ratio grew strongly between 1999-2004, as was the case across wider geographies influenced by mortgage availability and macro-economic conditions at that point. It declined from 8.82 in 2004 to 7.33 in 2009, but has since grown to a figure of 9.75 in 2017.

Figure 6.1 Trends in Lower Quartile House Price to Income Ratio



Source: ONS Housing Affordability in England and Wales, 2017

Analysis of the changes in the ratio shown in the table below indicates that Harborough has seen slightly stronger growth in lower quartile house prices relative to earnings over the last five years relative to Leicestershire, and stronger growth relative to wider geographies. It has seen stronger relative growth than for wider geographies over the past 10 or 15 years as well.

Table 6.1 Change in LQ Price-Income Ratio

	5 Year (2012-17)	10 Year (2007-17)	15 Year (2002-17)
Harborough	1.32	1.14	4.56
Leicestershire	1.27	0.42	3.41
East Midlands	1.03	-0.16	2.81
England	0.68	0.05	2.75

Source: Icen Projects analysis of ONS Housing Affordability in England and Wales, 2017

The relatively poorer house price-to-income ratio was recognised in the HEDNA (HSG8, Page 98), which outlined that Harborough had the highest median house prices in the HMA, the highest land values, and the highest lower quartile house price to income ratio (9.0 in 2015, HEDNA Figure 42). It identified that the District had seen the highest increase in house price in absolute (but not percentage terms) between 2000-15. It did however note that rents were equal to the national average (overall and relative to incomes), and that levels of overcrowded, concealed and shared households in 2011 were below wider benchmarks.

In drawing conclusions, the HEDNA brought together evidence from market signals and of affordable housing need, recognising the close inter-relationships between these (HEDNA Para 12.31). It identified that a 15% adjustment was justified.

The Level of Affordable Housing Need

There is a close inter-relationship between affordable housing and market signals, as market housing costs are an important input to the assessment of affordable housing need and upward adjustments within an OAN calculation will boost both market and affordable housing delivery. The HEDNA therefore considered the market signals and affordable housing evidence together in drawing conclusions on adjustments in determining the OAN.

The Council has therefore commissioned its consultants to update the assessment of affordable housing to take into account the latest data. This is presented in Appendix 1.

The updated analysis points to an affordable housing need of 179 homes per annum over the 2017-31 period. The affordable housing need calculation is very sensitive to changes in housing costs and earnings, and the latest evidence suggests that over the period since the HEDNA was prepared household incomes have grown more strongly than entry-level housing costs, based on private sector rents.³ Policy H2 in the Plan seeks 40% affordable housing provision. Notionally at 40% affordable housing delivery, 448 dwellings per annum (dpa) would be needed to meet the District's affordable housing need in full.

Taking into account completions between 2011-17 of 2,462 dwellings, the residual requirement over the plan period is 8,678 dwellings, equivalent to 620 dpa. The

³ Note the analysis here is looking at household rather than individual earnings, and private rents as opposed to lower quartile house prices, following the methodology set out in the PPG.

updated evidence therefore does not suggest significant upward pressures to increase the housing requirement to meet the affordable housing need. The Council however recognises that not all sites will deliver policy-compliant affordable housing and invariably any upward adjustments from the demographic need shown will support delivery of additional market and affordable housing.

Considering the Appropriate Market Signals Adjustment

The Council recognises that the adjustment should reflect the severity of the affordability constraints and, in line with the PPG (2a-020-20140306), on reasonable assumptions and consistent with the principles of sustainable development be expected to improve affordability. The PPG however advises that “market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply.”

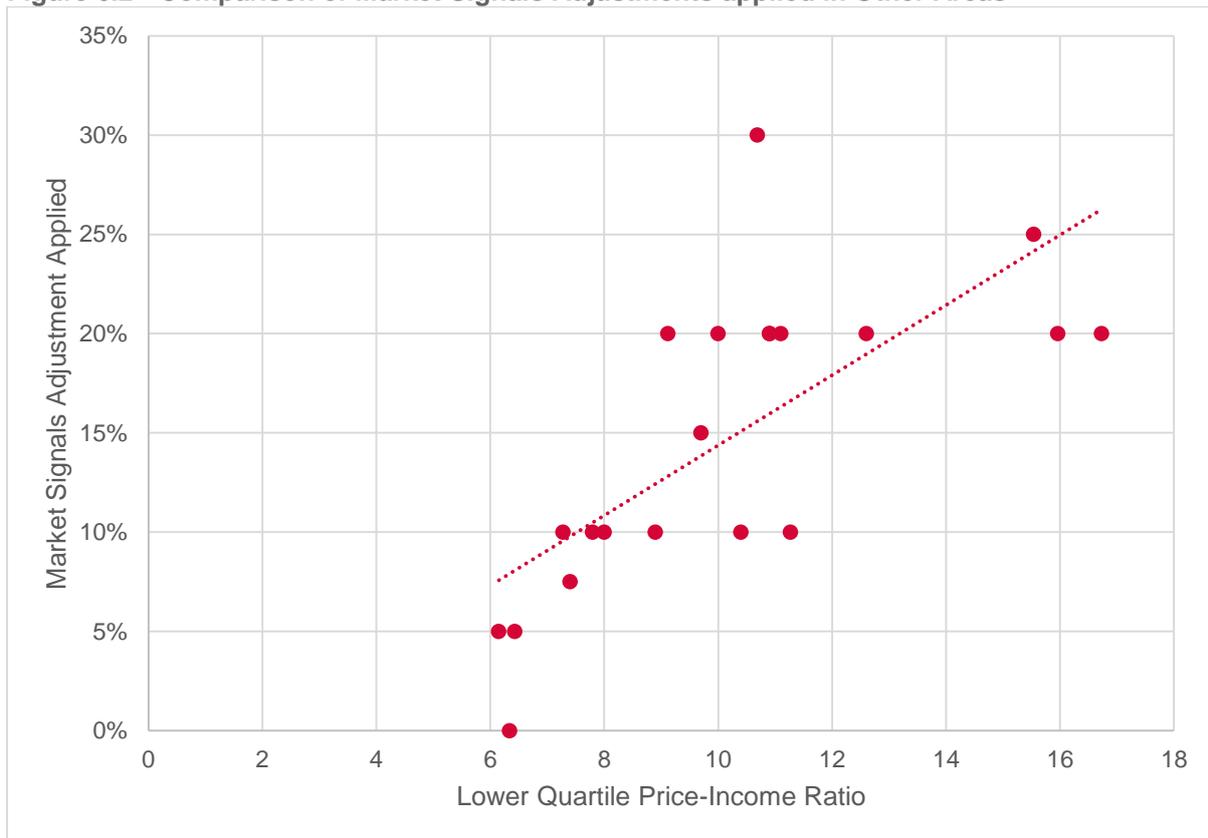
The Council has sought to review what adjustment would now be appropriate, taking account of the revised demographic information and the latest affordability ratio. The following have been considered:

- Comparison against market signals adjustments which have been applied in other local authority areas in recent Local Plan Examinations using the 2012 NPPF methodology;
- Comparisons against historical completions in Harborough District and historical growth in the housing stock in the District and wider benchmarks;
- An indicative assessment of the impact which the delivery of the OAN and housing requirement in the submitted Plan would have on affordability over the plan period.

Benchmarking against Market Signals Uplifts applied Elsewhere

We have benchmarked housing delivery in the District against market signals uplifts applied in other areas, based on review of evidence studies and Inspector’s Reports. This includes circumstances only where specific market signals adjustments have been applied, and excludes studies by GL Hearn. It considers the market signals adjustment recommended relative to the lower quartile house price-to-income ratio set out in the evidence base at the relevant time.

Figure 6.2 Comparison of Market Signals Adjustments applied in Other Areas



Source: Icen Projects analysis

Taking account of Harborough’s lower quartile price/income ratio of 9.75, **this benchmarking approach would yield a market signals adjustment of around 14%-15%. Applied to the 10 year migration demographic scenario of 422 dpa, this would result in an OAN of 481- 485 dpa.** However consideration needs to be given as to whether, on reasonable assumptions, this could be expected to improve affordability.

Delivering a Significant Increase in Housing Completions

Net completions in Harborough District over the last decade (2008-18) have averaged 415 dpa. Over the last 20 years, net completions have averaged 443 dpa. The table shows that potential OAN arising from the above analysis, the HEDNA OAN and the housing requirement in the plan as submitted would represent a substantive increase in housing delivery relative to historical delivery rates. In all scenarios a significant boost to housing delivery in the District would be achieved.

Table 6.2 Comparison to Past Housing Delivery Rates

	Initial Market Signals OAN @ 15%	HEDNA OAN @ 532 dpa	Housing Requirement @ 557 dpa
Requirement, 2011-31	9700	10640	11140
Completions 2011-17	2462	2462	2462
Residual Requirement, 2017-31	7238	8178	8678
Residual Requirement pa	517	584	620
% Uplift on 10 Year Historical Delivery	25%	41%	49%
% Uplift on 20 Year Historical Delivery	17%	32%	40%

Benchmarking Housing Delivery Rates

A comparison against housing delivery rates achieved in other areas can be achieved through analysis of rates of growth in the housing stock. Over the 2001-17 period⁴ the housing stock in Harborough has grown by an average of 1.1% pa with an average of 0.9% pa achieved across the Leicester & Leicestershire HMA and the East Midlands.

Housing provision at 485 dpa would see a modest increase in the rate of housing stock growth rate to 1.2% pa looking forwards to 2031 – an increase of a scale that might not achieve the impact in improving affordability sought.

However delivery of the HEDNA OAN of 532 dpa would see a more substantial increase in the stock growth rate to 1.4% pa, with the Plan's housing requirement expected to support an average of 1.5% pa looking forwards to 2031. These rates of stock growth are amongst the highest levels achieved for authorities across the Midlands historically. **An absolute and relative increase in housing delivery through delivery of the HEDNA OAN (532 dpa, 2011-31) would be achieved, relative to that in the District historically, in the HMA and across the Midlands.**

Table 6.3 Benchmarking Growth Rates in Housing Stock

CAGR	Harborough	HMA	East / West Midlands
Historical Delivery, 2001-17 (CAGR)	1.1%	0.9%	0.9% / 0.6%
Initial Market Signals Uplift @ 15%	1.2%		
HEDNA OAN @ 532 dpa	1.4%		
Housing Requirement @ 557 dpa	1.5%		

Source: Icen Projects Analysis

The 1.4% pa growth in housing stock (2017-31) which delivery of the OAN implies would see Harborough delivering homes at a rate which would place it in the top 5% of authorities across the East and West Midlands based on historical delivery.

⁴ The longest period for which consistent data is available

Affordability Modelling

There are a number of national studies which have sought to use econometric modelling to examine the interaction between levels of housing supply and affordability. These have principally drawn on modelling which considers the interaction between factors influencing house prices at a national level, in particular the Office for Budget Responsibility/ University of Reading Affordability Model. The model assumes a house price elasticity of -2.0 at a national level, implying that for every 1% increase in supply, relative house prices would be expected to fall by 2%.

Studies considering affordability dynamics have shown that there are a range of influences on house prices and affordability – including earnings growth, interest rates and market expectations. The available models do not capture local influences on housing market and economic dynamics, including migration, the proportion of working age population to housing stock, and market perceptions. They are also very sensitive to the base assumptions on price and earnings growth. The modelling results therefore need to be treated with caution.

The starting point of the modelling is 2017, and therefore the analysis undertaken takes the residual requirement taking account of completions from 2011-17. We have modelled scenarios based on the HEDNA OAN of 532 dpa and the Plan requirement of 557 dpa given that the above analysis does not suggest that an OAN of 485 dpa would necessarily be sufficient to improve affordability in the District. The relevant residual requirements associated with these figures are shown in the table below.

Table 6.4 Residual Requirement 2017-31 associated with the OAN and Housing Requirement

	OAN	Plan Requirement
Provision pa	532	557
Provision over plan period	10640	11140
Completions 2011-17	2462	2462
Residual Requirement	8178	8678
Residual Requirement pa	584	620

A starting point assumption is that real house prices and earnings growth is aligned, consistent with March 2018 forecasts from the Office for Budget Responsibility. The model is thus calibrated in an equilibrium position.

The modelling indicates that delivery of the 532 dpa figure would see affordability improve, the median house price-to-income ratio falling from 9.66 in 2017 to 8.61 in 2031. Delivery of the housing requirement of 557 dpa would see the median house price-to-income ratio falling to 8.39 in 2031. **The analysis suggests that the Plan can be expected, on reasonable assumptions, to improve affordability in Harborough over the remainder of the plan period.**

Some caution should be applied in interpreting the results, noting that the modelling does not specifically take into account local demographics and is probably of greater utility in considering dynamics at a regional and national, rather than local authority, level.

Table 6.5 Indicative Affordability Modelling – Scenario A (532 dpa, 2011-31)

ICENI AFFORDABILITY MODELLING - 532 dpa (2011-31)															
Earnings rate of increase =	1.031	(OBR, March 2018)													
House price rate of increase =	1.031	(OBR, March 2018)													
Implied dwelling growth in OBR model	412														
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Median Earnings	26916	27,750	28,611	29,498	30,412	31,355	32,327	33,329	34,362	35,427	36,526	37,658	38,825	40,029	41,270
Median House Price	259950	268,008	276,317	284,883	293,714	302,819	312,206	321,885	331,863	342,151	352,758	363,693	374,968	386,592	398,576
Number of homes (assuming 1% growth as per OBR)	38,580	38,966	39,355	39,749	40,147	40,548	40,953	41,363	41,777	42,194	42,616	43,042	43,473	43,908	44,347
Median Affordability Ratio	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66
Variant annual dwelling increase	584														
Number of homes	38,580	39,164	39,748	40,332	40,916	41,500	42,084	42,668	43,252	43,836	44,420	45,004	45,588	46,172	46,756
Increase in supply above baseline assumption	0	0.5%	1.0%	1.5%	1.9%	2.3%	2.8%	3.2%	3.5%	3.9%	4.2%	4.6%	4.9%	5.2%	5.4%
Price change (assuming -2.0)		-1.0%	-2.0%	-2.9%	-3.8%	-4.7%	-5.5%	-6.3%	-7.1%	-7.8%	-8.5%	-9.1%	-9.7%	-10.3%	-10.9%
Median House Price Ratio assuming Base Increase	259950	268,008	276,317	284,883	293,714	302,819	312,206	321,885	331,863	342,151	352,758	363,693	374,968	386,592	398,576
Median House Price including reduction	259950	265,282	270,805	276,526	282,455	288,599	294,969	301,574	308,423	315,527	322,898	330,545	338,481	346,718	355,268
Median Affordability Ratio	9.66	9.56	9.47	9.37	9.29	9.20	9.12	9.05	8.98	8.91	8.84	8.78	8.72	8.66	8.61
Data Sources															
Median earnings and house prices in 2017 from CLG Ratio of House Price to Workplace-based Earnings Data, Tables 5a and 5b															
Earnings and house price inflation from OBR March 2018 Forecasts															
Residual 584 dpa based on OAN of 532 dpa over the 2011-31 plan period															

Table 6.6 Indicative Affordability Modelling – Scenario B (557 dpa, 2011-31)

ICENI AFFORDABILITY MODELLING (557 dpa 2011-31)															
Earnings rate of increase =	1.031	(OBR, March 2018)													
House price rate of increase =	1.031	(OBR, March 2018)													
Implied dwelling growth in OBR model	412														
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Median Earnings	26916	27,750	28,611	29,498	30,412	31,355	32,327	33,329	34,362	35,427	36,526	37,658	38,825	40,029	41,270
Median House Price	259950	268,008	276,317	284,883	293,714	302,819	312,206	321,885	331,863	342,151	352,758	363,693	374,968	386,592	398,576
Number of homes (assuming 1% growth as per OBR)	38,580	38,966	39,355	39,749	40,147	40,548	40,953	41,363	41,777	42,194	42,616	43,042	43,473	43,908	44,347
Median Affordability Ratio	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66	9.66
Variant annual dwelling increase	620														
Number of homes	38,580	39,200	39,820	40,440	41,060	41,680	42,300	42,920	43,540	44,160	44,780	45,400	46,020	46,640	47,260
Increase in supply above baseline assumption	0	0.6%	1.2%	1.7%	2.3%	2.8%	3.3%	3.8%	4.2%	4.7%	5.1%	5.5%	5.9%	6.2%	6.6%
Price change (assuming -2.0)		-1.2%	-2.4%	-3.5%	-4.6%	-5.6%	-6.6%	-7.5%	-8.4%	-9.3%	-10.2%	-11.0%	-11.7%	-12.4%	-13.1%
Median House Price Ratio assuming Base Increase	259950	268,008	276,317	284,883	293,714	302,819	312,206	321,885	331,863	342,151	352,758	363,693	374,968	386,592	398,576
Median House Price including reduction	259950	264,787	269,794	274,978	280,348	285,911	291,676	297,652	303,847	310,273	316,938	323,853	331,029	338,477	346,208
Median Affordability Ratio	9.66	9.54	9.43	9.32	9.22	9.12	9.02	8.93	8.84	8.76	8.68	8.60	8.53	8.46	8.39
Data Sources															
Median earnings and house prices in 2017 from CLG Ratio of House Price to Workplace-based Earnings Data, Tables 5a and 5b															
Earnings and house price inflation from OBR March 2018 Forecasts															
Residual 620 dpa based on housing requirement of 557 dpa over the 2011-31 plan period															

Drawing the Evidence Together

The latest data points to a deterioration in the lower quartile affordability ratio from 9.0 in 2015 to 9.75 in 2017. On face value whilst this might justify a higher market signals adjustment, the latest evidence indicates that incomes have grown more strongly than rental costs, and as a result the scale of affordable housing need has fallen. It certainly justifies seeking higher delivery moving forwards than has been seen historically.

The HEDNA determined that a 15% upward adjustment should be applied to the demographic need to take account of the market signals and affordable housing evidence. The benchmarking exercise undertaken suggests that this 15% adjustment seems reasonable. However the latest evidence suggests that the demographic need figure to which it should be applied is lower. Applying a 15% market signals uplift to the 422 dpa demographic need results in a need for 485 dpa. This exceeds the economic-led need for 435 dpa and the demographic led need.

However the comparison of stock growth rates indicates that this would support a modest increase in the rate of housing delivery in the District from 1.1% to 1.2% pa. The HEDNA OAN proposed higher housing provision than this, and the delivery of this would support 1.4% pa stock growth moving forwards. On reasonable assumptions this could be expected to have a more positive effect on improving affordability in the District. Whilst there are clearly a range of influences on housing market dynamics, and it is difficult to isolate the precise impact of an increase in supply on improving affordability within an individual district, the analysis undertaken does suggest that delivery of the HEDNA OAN could be expected to improve affordability within the District over the period to 2031.

Higher in-migration is however required to support the potential growth of Magna Park, to align the housing and economic strategies within the Plan. This can be achieved as part of a first stage redistribution of housing provision within the HMA, which would thus contribute to workforce growth within the District. As set out in the HEDNA, a housing requirement above the District's OAN would contribute to meeting unmet need. The updated evidence, using consistent assumptions, points to figure of 533 dpa. This is 4.4% below the figure set out in the submitted plan, **but it is considered (subject to the discussions at the hearing in due course) that the latest evidence does not point to a meaningful change which would justify adjusting the housing requirement in the Plan.**

QUESTION 7

Q7.

In the schedule of representations, the Council have commented that the Local Plan allocates 79% of the residual requirement plus 5% on windfall sites and is expecting 16% on unallocated sites, including neighbourhood plans. Do these figures relate to 12,800 or 11,410 dwellings?

The figures relate to 12,800. They are calculated on the basis of deducting completions as at 31.3.17 (2,458) and commitments (5,454) from 12,800, to give a 'residual' figure of 4,888, of which the Plan allocates land for a total of 3,870 dwellings (79% of 4,888). The Plan includes a windfall allowance of 225 (5% of 4,888), leaving 793 (16%) to be delivered on unallocated sites, including neighbourhood plans.

Calculating the figures on the 11,140 housing requirement figure would give a residual requirement as at 31.3.17 of 3,228, of which the Plan allocates land for a total of 3,870 (120% of 3,228). The Plan includes a windfall allowance of 225 (7% of 3,228), leaving 793 (25%) on unallocated sites.

QUESTION 8

Q8.

What is the evidence for the level of development expected to come forward under Policy GD2?

Policy GD2 allows for additional development within and adjoining sustainable settlements, as outlined in Policy SS1(1)a-e.

Of the 790 unallocated dwellings identified in Policy H1, due to completions and commitments in 2017/18, including allocations in made neighbourhood plans, this has reduced to 307 dwellings as set out in the updated Housing Trajectory (HSG14).

The dwellings are expected to be delivered in line with Policy GD2, on land adjoining Rural Centres and Selected Rural Villages, through the Plan period. A number of these are expected to be delivered through forthcoming neighbourhood plans, as set out in response to Question 9 below.

The 2016 Strategic Housing Land Availability Assessment (SHLAA) (HSG5) sets out (para 3.2.1) a land capacity of 4819 dwellings within a 15 year period (to 2031) in Rural Centres, and 1864 dwellings in Selected Rural Villages over the same period. Development on some of these SHLAA sites (where not allocated in neighbourhood plans) could be brought forward through Policy GD2, with significant capacity above the residual housing provision identified in Policy H1.

When considering sites for allocation in the Local Plan, the Council considered sites above a threshold of 50 dwellings. The Council's 5 year housing land supply report (HSG1), as of 31st March 2017, shows a number of large sites, below a threshold of 50 dwellings, which have been permitted in the past 5 years. These include a mix of infill, redevelopment and edge of settlement sites that would be assessed against Policy GD2. The sites, at the time of permission, were not allocated in neighbourhood plans and equate to permissions for 557 dwellings on 24 unallocated sites. All sites have either been completed, commenced development, or are expected to commence within a 5 year period.

Whilst it is noted that the Council have been unable to demonstrate a 5 year housing land supply in recent years, the demand for sites of below 50 units is expected to continue, particularly in Rural Centres and Selected Rural Villages and with further neighbourhood plan allocations coming forward.

Development in accordance with Policy GD2, together with Policies GD4 and H3, will also contribute towards the identified windfall development allowance of 225 dwellings across the Plan period. The Windfall Analysis (HSG6) identifies past delivery equating to an additional 10 dwellings per year resulting from large sites (over 5 dwellings) in urban settlements of Market Harborough, Lutterworth, Broughton Astley and the Principal Urban Area, together with 15 dwellings per annum from small urban and open countryside sites (less than 5 dwellings).

The annual windfall allowance does not apply to the first three years of the Plan period, starting instead in 2022/23, allowing for unplanned sites to gain permission and deliver dwellings. The windfall allowance excludes sites in Rural Centres and Selected Rural Villages (despite evidence of past unplanned delivery) to avoid double counting in these settlements against their targets as set out in Policy H1 and to allow neighbourhood plans to make settlement-specific assumptions.

The Council considers that an unallocated allowance of 307 dwellings (24 dpa 2018-31) – or 790 in the submitted Local Plan - is an achievable level of development across the district to be delivered through Policy GD2. The windfall allowance is based on evidence that such sites have consistently become available in areas outside of the Rural Centres and Selected Rural Villages.

QUESTION 9

Q9.

*How much reliance can be placed on delivery from future neighbourhood plans?
What is the evidence for the anticipated delivery rate?*

There are currently 14 'made' neighbourhood plans in the District. The Council's 5 Year Housing Land Supply Report (31st March 2017) (HSG1) includes delivery of 'made' neighbourhood plan allocations totalling 528 net dwellings. Of these, 427 dwellings are included within the 5 year housing land supply. In 2017/18 five further neighbourhood plans were 'made' which allocate 188 dwellings in Foxton, Great Easton, Hungarton, Lubenham, and North Kilworth.

In addition to the allocations in made neighbourhood plans, the following allocations are proposed in emerging neighbourhood plans:

Neighbourhood Plan stage	Proposed allocations	
	Site name	Approx. no dwellings proposed for allocation
Referendum		
Swinford	Land at Rugby Road	15
	Land at Lutterworth Road	17
	Land at Shawell Road	3
Total		35
Examination		
Burton Overy	No allocations proposed	-
Saddington	Land off Weir Road	4
Shearsby	Land off Smeeton Road	3
Total		7
Regulation 16		
Arnesby	Proposed H1 allocation	7
South Kilworth	Opposite Leys Crescent	5
	Abattoir site	10
Tur Langton	No allocations proposed	-
Total		22

In addition to the emerging neighbourhood plans outlined above, a further 2 neighbourhood plans are at Regulation 14 consultation, and a further 11 neighbourhood areas designated.

The emerging neighbourhood plans above seek to allocate an additional 64 dwellings. Of the above proposed allocations, all sites are for fewer than 20

dwellings, and all bar one site are greenfield sites, with one site an intensification of an existing greenfield outline permission.

Given the small greenfield rural nature of the sites proposed, the site selection process and engagement with willing landowners / developers through the development of the plans, these sites are expected to be built out quickly and well within the Plan period.

The proposed allocations in emerging neighbourhood plans are small in scale, reflecting a mix of small rural development sites, and will comprise a small proportion of the Local Plan housing requirement.

QUESTION 10

Q10.

Having regard to all the above, is the 15% contingency sufficient?

Taking into account the updated housing trajectory (HSG14), which updates the housing supply to 1st April 2018, the Plan contains sufficient supply to deliver 12,948 houses over the plan period. This is 22% (2,308 houses) above the OAN of 10,640 in the HEDNA, and 16% (1,808 houses) above the housing requirement of 11,140.

This additional supply will provide a degree of flexibility in the unforeseen event that some of the identified sites do not come forward as predicted. In addition, there may be a need to accommodate some of Leicester's as yet unquantified unmet need. Therefore, this level of supply of 2,308 above the OAN in the HEDNA will help to make an immediate contribution to any additional provision required until: the unmet need is quantified; the distribution of housing is agreed across the HMA; and an assessment of whether the level of supply provides sufficient flexibility to meet the agreed level of provision for Harborough, in accordance with Policy IMR1 in the Local Plan. In the event that sufficient flexibility is not provided Policy IMR1 would trigger an update of the Plan.

The latest data (including 2016 based household projections) supports the OAN and the housing requirement of 11,140 houses in the Plan.

The housing need for Harborough using the new standard method in the recently published Framework is 542 houses per year (from 2018) which is comparable to the OAN of 532 in the HEDNA (2011-31) and the housing requirement of 557 per year in the Plan. Thus in terms of 'future proofing' against the recently published Framework and potential unmet needs arising from the standard method, the level of supply in the Plan would continue to provide considerable flexibility.

Only a small element of the supply is unallocated and there is strong evidence to suggest that this will come forward in due course through the Development Management process and Neighbourhood Plans over the plan period.

Taking into account the above, it is considered that the level of supply provides appropriate contingency for any reasonable level of unmet need that the Council may need to provide in future and to ensure that the housing requirement is achieved.

QUESTION 11

Q11.

In respect of Policy H1, the Council want to add text into 5.1.17 stating that the residual housing requirement in certain centres is zero. Once existing commitments are built out, this approach would appear to impose severe restraint over the whole plan period. Is this a sound approach given that some of these centres are recognised as in very sustainable locations?

The suggested text would follow on from the final sentence of para 5.1.17. Its purpose is to clarify the list of settlements where the requirement has effectively been met through the existing high levels of commitments and completions, leaving a residual requirement of zero to be found. However, Policy GD2 would allow housing development to come forward in sustainable settlements with a residual requirement of zero where proposals meet the relevant criteria. As such, appropriate development would occur in these sustainable locations. This approach is therefore considered to be sound.

The issue arises from the presentation of the settlement requirement figures in H1 as residual figures. The Council would be willing to consider a modification to address this, if necessary. An alternative could be to show the total number of dwellings to be delivered in each settlement during the plan period. For some settlements this would be the current level of commitments and completions. For information, the following table sets out the total number of dwellings to be delivered in each settlement during the plan period, together with their current level of commitments and completions (as at 31.3.2018). In this respect it takes into account what has happened in 2017/18. The Policy H1 requirements in the submitted plan have been adjusted in Column D of the Table to reflect changes to supply, including completions and commitments that occurred in 2017/18.

A: Settlement	B: Settlement hierarchy	C: Commitments and completions to 31.3.18	D: H1 adjusted settlement requirements**	E: Total settlement-level housing delivery 2011-31
Scraptoft, Thurnby and Bushby	PUA	959	1200	2159
Market Harborough	SRC	3000	1040	4040
Lutterworth	KC	759	1254	2013
Broughton Astley	KC	621	0	621
Billesdon	RC	95	10	105
Fleckney	RC	480	130	610

A: Settlement	B: Settlement hierarchy	C: Commitments and completions to 31.3.18	D: H1 adjusted settlement requirements**	E: Total settlement-level housing delivery 2011-31
Great Glen	RC	532	0	532
Houghton on the Hill	RC	138	20	158
Husbands Bosworth	RC	123	0	123
The Kibworths	RC	901	0	901
Ullesthorpe	RC	122	0	122
Bitteswell	SRV	9	30	39
Church & East Langton	SRV	7	30	37
The Claybrookes	SRV	44	12	56
Dunton Bassett	SRV	7	40	47
Foxton	SRV	30	0	30
Gilmorton	SRV	171	0	171
Great Bowden	SRV	203	0	203
Great Easton	SRV	67	0	67
Hallaton	SRV	13	30	43
Lubenham	SRV	80	5	85
Medbourne	SRV	17	30	47
North Kilworth	SRV	108	0	108
South Kilworth	SRV	28	19	47
Swinford	SRV	20	31	51
Tilton	SRV	18	35	53
Tugby	SRV	16	15	31
Countryside		260		260
Windfalls			225	225
Total				12984*

*Note the total settlement requirement is 36 dwellings above the total in the trajectory. This is due to a 10% lapse rate being applied to small site permissions in the trajectory (HSG14).

**The figures in Column D have been adjusted to reflect changes to supply, including completions and commitments that occurred in 2017/18.

QUESTION 12

Q12.

It is not clear how the application of Policy H3, Rural Exception Sites, would work in combination with Policy GD2, Settlement Development. Policy GD2 allows general housing on sites physically and visually connected to settlements and Policy H3 allows "rural exception" housing on sites with the same attributes – in which case they would be in accordance with Policy GD2 and would not be exception sites.

Policy H3, Rural Exception Sites, relates to residential development that would be an exception to policies SS1, GD2, GD4 and H1, allowing for affordable housing development in the open countryside (outside of the sustainable settlements set out in Policy SS1(1)a-e, subject to criteria .

Policy GD2 refers to development within or contiguous with the existing built form or committed built up area of sustainable settlements only, with Policies GD4 and H3 considered to apply to residential proposals that are both outside the built form of a sustainable settlement, or not considered to be physically and visually connected to a sustainable settlement.

As a result, development coming forward with a majority (minimum 80%) of affordable dwellings may be permitted in otherwise unsustainable locations in the District, subject to compliance with the criteria of Policy H3 and other relevant Local Plan policies. Rural Exception Sites however, would also be considered acceptable adjoining sustainable settlements, subject to criteria.

QUESTION 13

Q13.

Policy GD2 applies to development both within and adjacent to settlements, with the result that criteria a. and b. could have the effect of preventing windfall development on appropriate sites inside settlements that would otherwise be acceptable. At the same time criteria c. to e. do not apply to sites within settlements. The two different kinds of site location require different approaches and should be clearly separated. Moreover, criterion a. could restrict acceptable development in one settlement because of development that had occurred elsewhere even if that settlement was distant and unrelated.

Policy GD2 proposes to apply criteria to development coming forward both within and adjoining sustainable settlements as listed in Policy SS1(1)a-e. It is noted that in its current wording, Policy GD2 applies the same criteria to development both within and contiguous with the listed settlements. The Council is willing to consider amending the wording of Policy GD2 to split the criteria for development within and adjoining sustainable settlements. This may provide greater clarity, simplify criteria applying to development within sustainable settlements and ensure greater control over development adjoining settlements than within settlements through the use of a more extensive set of criteria.

With regards to criteria a, cumulative housing development, the Council is willing to consider an amendment to the policy, to apply this criteria to development adjoining sustainable settlements only, and also to apply to individual settlement targets. This should both provide clarity and seek to avoid restricting development in one settlement because development had occurred in a separate settlement.

QUESTION 14

Q14.

Policy GD4 criterion c. should reflect the Framework (preferably the latest one). Criterion d. is too restrictive; it would act to prevent the re-siting of the replacement dwelling to achieve visual or sustainability benefits. It would also prevent beneficial additional housing provision through the subdivision of existing dwellings (note 79d of the new Framework).

Noted, the Council is willing to consider modifications to Policy GD4 to ensure compliance with the Framework. A suggested modification is outlined below:

Proposed amended Policy GD4:

1. Outside Market Harborough, Key Centres, the Principal Urban Area, Rural Centres and Selected Rural Villages, and land adjoining them, but excluding Green Wedges, new residential development will be permitted where ~~it is the~~ following for:

a. Housing on small sites of no more than 4 dwellings which are within or physically and visually connected to settlements and which meet a local need for housing of a particular type, including small dwellings for the elderly and starter homes, providing this has been evidenced through a rural housing needs survey or a neighbourhood plan;

b. Housing to meet the needs of a rural worker, providing that:

i. there is ~~an clearly~~ established existing functional need for a full time worker that is directly related to the commercial enterprise or operation concerned;

~~ii. the need cannot be met by any existing suitable residential accommodation at the business or in the locality which is suitable and available to the worker;~~

iii. the business has been established for at least three years, has been profitable for at least one of them, is financially sound and has a clear prospect of remaining so;

iii. the need cannot be met by any existing residential accommodation at the business or in the locality which is suitable and available to the worker;

*iv. there are no available dwellings, or buildings that are suitable for conversion to dwellings, that have ~~been~~ recently **been** sold separately from the rural business unit that could address the need;*

v. *the size of the dwelling is commensurate with the **functional financial** need and is not unusually large in relation to the **agricultural** functional needs of the unit;*

vi. *its location is suitable to meet the functional need and well-related to any existing farm buildings, dwellings or other buildings linked to the **commercial enterprise or** operation concerned; and*

vii. *it will be kept available to meet the functional need in perpetuity through being subject to an appropriate occupancy condition;*

~~c. *An isolated dwelling of innovative and/or exceptional design quality; or*~~

~~d. *The rebuilding or replacement of existing dwellings providing that the resultant dwellings have no adverse impact on the character and appearance of the area, are constructed on the footprint of the existing dwellings and do not result in a net increase in housing numbers.*~~

c. re-use of redundant or disused buildings that results in enhancement to their immediate setting;

d. subdivision of an existing dwelling;

e. a design of exceptional quality, in that it is truly outstanding or innovative design and would significantly enhance its immediate setting;

f. the rebuilding or replacement of an existing dwelling providing that the resultant dwelling preserves or enhances the character and appearance of the countryside.

QUESTION 15

Q15.

In Policy H5, what evidence is there to show justification for applying the nationally described space standards, having regard to PPG 56-020?

Having regard to PPG 56-020, the Council has justified the need for applying the nationally described space standards in the following ways:

Need:

The need for the application of space standards is set out in the submission evidence document 'The case for requiring Nationally Described Space Standards through the Harborough Local Plan' (HSG13). This reports on the results of a sample of housing developments approved during the period between 2012 and 2017 delivering a minimum of 20 dwellings on each site. The sites vary in size, delivering between 28 and 187 dwellings. Table 2 of the report sets out the results of the analysis of dwelling size for 2 and 3 bedroom houses. This identifies a number of developments where approved houses are below the nationally described space standard. This is particularly the case for 2 bedroom 2 storey dwellings, where all but one were found to be below the space standard. In light of evidence of approved schemes not meeting the national space standards, the Council therefore considers that there is a clear need for the application of the nationally described space standards through the Harborough Local Plan.

Viability:

The Local Plan Viability Assessment (HSG10) assessed the impact of adopting the space standard. This was done by using assumed dwelling sizes in the viability assessment which met or exceeded the nationally described space standard. These assumptions were built into the viability assessment of a series of hypothetical schemes (or typologies) across the District and detailed site specific appraisals for both the East of Lutterworth and Scraftoft North Strategic Development Areas (SDAs). For both the typologies and SDAs the appraisals assessed the cumulative impact of the full suite of Proposed Submission Local Plan policies on the viability of schemes and found all to be viable. Para 5.118 concludes that:

'By ensuring the floor area assumptions either meet or exceed the nationally described standards, this appraisal provides evidence of the general viability of applying the nationally described space standards in Harborough.'

The Council therefore considers that the adoption of the nationally described space standards would not have an impact on the viability of proposed developments within Harborough.

Timing:

The Council's intention to adopt the nationally described space standard was set out in the Proposed Submission Local Plan, published in September 2017. At the point of adoption, developers will therefore have been aware of the Council's intention to adopt the standard for approximately 18 months. Given this and the time that has elapsed since the publication of the DCLG Guidance 'Technical housing standards – nationally described space standard' in 2015, this is considered sufficient notice of the introduction of the standard. As such, no transitional provisions are considered necessary.

QUESTION 16

Q16.

Can it be demonstrated that the plan meets identified needs? In Policy H6, is there a case for allowing ancillary commercial activity in certain well-defined circumstances?

It is considered that the Plan meets identified Gypsy, Traveller and Travelling Showpeople needs through both site allocations and an enabling policy.

The Leicester and Leicestershire Gypsy and Traveller Accommodation Assessment (GTAA) (HSG7) sets out a district wide need for Gypsies and Travellers and Travelling Showpeople. Figure 36 (para 7.56) of the GTAA sets out a need for 5 additional pitches to 2031. For Travelling Showpeople, the GTAA sets out (Figure 38, para 7.62) a need for 26 plots to 2031.

In addition to the identified need of 5 pitches to 2031, the GTAA identifies a potential 'unknown' need of up to a further 13 pitches to 2031, arising from new household formation of up to 52 households for which no data was able to be collected. This unknown need is based on an assumption that all of the unknown households meet the Planning Policy for Traveller Sites (PPTS) (2015) definition, when in practice this is unlikely, with 10% an accepted national approximation (para 3.29 of HSG7).

A potential unknown need for additional Travelling Showpeople plots could equate to an addition 5 plots to 2031 above the identified need of 26 plots.

Policy H6 seeks to meet identified Gypsy and Traveller needs through site allocations, a reserve site, and an enabling policy. The identified need of 5 Gypsy and Traveller pitches is proposed to be met through two site allocations, a new site at Spinney View Farm, Claybrooke Parva (3 pitches) and intensification of an existing site of Smithfields, Dunton Bassett (2 pitches). A further site, at Boneham's Lane, Gilmorton, is proposed as a reserve site for up to an additional 10 pitches should either a change in the PPTS definition lead to an increase in need, or sufficient evidence is provided that additional growth arising from the unknown Gypsy and Traveller population be considered to meet the PPTS definition. All three of the proposed allocation sites have been assessed through a Gypsy and Traveller and Travelling Showpeople Site Identification Study (HSG3). Development of new, and extensions/improvements to existing permitted or lawful, Gypsy and Traveller sites will be permitted subject to criteria.

It is noted that an application for 3 Gypsy and Traveller pitches at Spinney View Farm, Claybrooke Magna (17/02031/FUL) was recently refused by Planning Committee in July 2018 against Officer recommendation. The reason for refusal is set out below:

'The proposal is unsustainable as detrimental to highway safety, there being no footpath to Ullesthorpe village, and is development in the open countryside

harmful to visual amenity of the landscape. The proposal is therefore contrary to Core Strategy policy CS17'

No objections were received from statutory consultees to the planning application, including from Leicestershire County Council Highways, whilst the refusal reason does not state the application is contrary to relevant Gypsy and Traveller planning policy (Core Strategy Policy CS4, or the PPTS). The applicant has since resubmitted the application, and stated intent to submit an appeal. The resubmitted application is expected to be determined in September 2018.

Policy H6 seeks to meet identified Travelling Showpeople needs through both a site allocation and an enabling policy. The proposed site allocation, for 18 plots at Moorbarns Lane, Lutterworth, has since gained planning permission (17/01357/FUL), with a discharge of condition application currently pending consideration. Development of new, and extensions/improvements to existing permitted or lawful, Travelling Showpeople sites will be permitted subject to criteria.

Whilst 8 Showpeople plots remain unallocated to 2031, permission has since been granted for 7 additional plots as an extension to the James Bond Caravan Park, Moorbarns Lane, Lutterworth (16/01165/FUL). This results in a net need of 1 additional plot to 2031. However it is noted that the GTAA contains an over provision of a single pitch at the existing James Bond Caravan Site, Moorbarns Lane, Lutterworth, (shown as 6 rather than 5 plots as authorised). As a result, the unidentified need for plots is considered to equal 2 plots to 2031, with this expected to be delivered through the enabling policy (Policy H6(6)).

Policy H6 allows for residential use only for Gypsy and Traveller sites, and residential, storage and maintenance uses on Travelling Showpeople sites. For ancillary commercial activity, the Council would not normally welcome such a use on Gypsy and Traveller sites due to the rural location of such sites and their enclosed and residential nature, together with the potential for an increase in traffic movements to and from the site. Allowing additional space for ancillary commercial activity on site will also result in an expansion being required for existing and allocation sites, which would not be supported beyond existing or identified boundaries.

For Travelling Showpeople sites, the Council would be willing to allow for limited ancillary commercial activity on site due to the nature of the sites being larger per plot than Gypsy and Traveller sites, and less enclosed and residential in nature due to the need for storage and maintenance of equipment. The Council is willing to consider additional criteria to Policy H6(6) to include ancillary commercial development.

Proposed amendment to Policy H6 criteria 6a-c:

6. *Development for new, and extensions/improvements to existing permitted or lawful, Travelling Showpeople sites will be permitted subject to:*
 - a. *the site meeting criteria 5b – 5g as above;*

- b. ~~the site being used exclusively for residential, storage and maintenance purposes only; and~~ **any commercial use remains ancillary;**
- c. **any ancillary commercial activity**, the movement of vehicles to and from the site and the maintenance of equipment on the site not creating unacceptable noise or visual disturbance for occupants of existing land uses within the surrounding area.
- d. **additional traffic movements resulting from commercial uses are not considered detrimental to highway safety or result in the residual cumulative impact on the road network being severe.**

QUESTION 17

Q17.

Policy GD5 is attempts to cover too much and in doing so applies an incorrect policy approach to a range of important interests in conflict with the Framework. Landscape, townscape and heritage assets should be dealt with separately.

It is accepted that at present the GD5 is overly wide-ranging and attempts to cover townscape, heritage assets, wildlife and geological features which are already addressed in more detail in other policies of the Plan. It is proposed to amend the policy (and paragraph 4.9.1 of the Explanation) as set out below to ensure its focus is avoiding unacceptable adverse effects on the District's landscape character.

Proposed Modification to GD5 and Explanation

Policy GD5: Landscape ~~and townscape~~ character

*1. Development ~~will~~ **should** be located and designed in **such** a way that **it** is sensitive to its landscape ~~and/or townscape~~ setting and landscape character area and will be permitted where it:*

a. respects and, where possible, enhances local landscape ~~and/or townscape~~, the landscape setting of settlements, and settlement distinctiveness;

*b. avoids the loss of, or substantial harm to, features of landscape, townscape, historic/heritage, wildlife or geological importance, whether of national or local significance **importance**;*

c. safeguards important public views, skylines and landmarks; and

*d. restores or provides equivalent mitigation for damaged features and/or landscapes/townscapes **that would be damaged in poor or degraded condition as a result of the development.***

4.9.1 Harborough is essentially rural in character and the quality of the landscape has a key role to play in maintaining the District's identity. The Local Plan provides a framework for conserving, enhancing and managing the character, distinctiveness and appearance of landscape ~~and townscape~~ alongside providing for development which meets needs and delivers a thriving rural economy. Policy GD5 ensures that development proposals do not result in unacceptable harm to the landscape ~~or townscape~~.

Although townscape character will no longer be referenced in GD5, it is considered that this is already addressed appropriately the Plan through policies GD2 and GD8. More specifically GD2 seeks to ensure that development 'is physically and visually connected to and respects the form and character of the existing settlement'. In addition GD8 specifically addresses issues relating to settlement context through design 'being inspired by, respecting and enhancing

both the local character and distinctiveness of the settlement concerned' (criterion a.) and 'respecting the context and characteristics of the individual site, street scene and the wider local environment to ensure that it is integrated as far as possible into the existing built form' (criterion d.).

The modification to GD5 also sees reference to features of historic/heritage, wildlife and geological importance removed. However, the Plan already sets out the detailed policy approach to these subjects. HC1 specifies in detail the policy in relation to development affecting heritage assets and their setting, with GD8 criterion c. recognising the importance of good design in relation to areas of high heritage value. Similarly G15 sets out a comprehensive policy approach for the safeguarding of biodiversity and geological features.

Taking into account the proposed modification to GD5, it is considered that landscape character, townscape character and heritage assets are addressed separately and appropriately in the Plan.

QUESTION 18

Q18.

Regarding Policy BE1, Provision of New Business Development, according to the relevant topic paper, the residual requirement for business uses has been calculated at 40.4ha, but a minimum of 59ha has been allocated. What cross boundary discussions have taken place to provide a context for the scale of this allocation?

As detailed in TCP3, the residual requirement as at 31 March 2017 is calculated at 40.4ha. In order to meet the requirement for employment a total supply of 59ha of land is allocated in Policy BE1.

The context for the scale of allocation in Policy BE1 is local and specific to Harborough District. Further explanation is provided in paras 5.43 – 5.51 of TCP3 'Scale and Distribution of Employment Land Provision' and reflects the status, nature and location of existing and potential sites. Justification for the scale of allocation includes supporting the overall viability of the East of Lutterworth SDA, providing greater choice to the market, and improving supply early in the Plan period to offset reliance on supply associated with the East of Lutterworth SDA. Looking beyond the plan period Harborough's assessed need for the period 2011-36 increases to a range of 54–61ha.

Cross-boundary discussion has taken place within the Housing Market Area (HMA) / Functional Economic Market Area (FEMA) to support the preparation of the HEDNA and to inform the preparation of the Plan, as set out in the Duty to Cooperate Statement (S2). The scale of allocation proposed in the Submission Local Plan is acknowledged in the Leicester & Leicestershire Joint Position Statement on Housing and Employment Land Supply 2011-2031 (March 2018) appended to the Duty to Cooperate Statement (S2) as set out overleaf.

Employment Land Supply as at 31 March 2017

Authority	Assessed need 2011-2031 (ha)	Projected supply 2011-2031 (ha)	Notes
Blaby	62-70	62	Completions at 3ha plus commitments at 44ha, emerging allocations of 15ha
Charnwood	46-69	67	Completions at 8ha plus commitments at 59ha, emerging allocations tbc
Harborough	44-51	75	Completions at 5ha plus commitments at 12ha, emerging allocations of 58ha
Hinckley & Bosworth	41-62	17	Completions at -14ha plus commitments at 31ha, emerging allocations tbc
Leicester	53-57	17	Completions at 12ha plus commitments at 5ha, emerging allocations tbc
Melton	45-53	49	Completions at 12ha plus commitments at 6ha, emerging allocations of 31ha
NW Leics	65-66	50	Completions at 5ha plus commitments at 29ha, allocations of 16ha
Oadby & Wigston	5	9	Commitments at 3ha, emerging allocations of 6ha
FEMA Total	367-423	346	

Note – figures are net and are rounded to the nearest hectare

Table 1: Leicester & Leicestershire Joint Position Statement on Housing and Employment Land Supply 2011-2031 (March 2018)

There is no requirement to meet unmet need from other local authorities within the HMA/FEMA or neighbouring Harborough District. As stated in the Leicester & Leicestershire Joint Position Statement on Housing and Employment Land Supply 2011-2031 (March 2018) it is a reasonable expectation that the available supply will mean that the minimum requirements for additional land will be met over the period to 2031.

QUESTION 19

Q19.

Policy BE1 sets out the scale and distribution of business development, and this includes B1(a) offices. B1(a) offices are categorised as a main town centre use (see p 68 of the Framework). However, none of the locations for the provision of business use in BE1 appear to be town centres. It is not clear from Policy BE1, or from Policy RT2, which deals with town centres, whether national policy towards main town centre uses, including the sequential approach to allocations, has been applied in respect of the planned distribution of B1(a) offices. See Paragraphs 85(d) and (e) of the new Framework, and paragraph 23 of the previous Framework. Can the Council point to evidence to demonstrate that such a process has been undertaken?

National policy towards office, and main town centre use, has been applied in the selection of employment allocations. A call for sites was undertaken and all sites assessed and considered. None of those sites were located within or in edge of centre locations in the defined town centres of Market Harborough or Lutterworth. The next most sequentially preferable sites in other locations that are well connected to the town centres were chosen for allocation for office uses.

The process of selecting locations and sites for allocation, and the evidence used, is set out in para 5.53-5.61 of the Business and Employment Topic Paper (TCP3), with a summary in Appendix A.

The SELAA (EMP1) assessed sites in the District, identified as set out in para 2.2.5 of that report, with the potential for employment development falling within use classes B1, B2 and B8. Appendix D (Settlement Maps) of the SELAA Companion Guide illustrates that there were no sites assessed within the town centre boundary of either of the District's town centres (Market Harborough and Lutterworth). Of the resulting long list of sites there were also no 'edge of centre' sites, within 300m of the town centre boundary or within 500m of a public transport interchange, assessed as having potential for employment development.

The SELAA (EMP1) and TCP3 provide evidence that only one of the sites considered, Ref: E/007M/11, is within the built-up area of Market Harborough, but in accordance with the Framework definition is not 'edge of centre' as it is located more than 300m from the town centre boundary and more than 500m from a public transport interchange. This particular site is at the 1ha threshold, forms part of a largely developed mixed-use site, is subject to pending applications for office and extra care residential accommodation, and was not selected for allocation.

A number of the sites assessed by the SELAA (EMP1) are in other accessible locations that are well connected to the District's two town centres. Therefore, in accordance with para 23 of the Framework (2012), Policy BE1 and relevant site specific policies set out how the requirement for Class B1a/b (Office) uses, which is of a scale that cannot be accommodated on sites in or adjacent to the District's

town centres, will be met and on which sites permission for B1a/b uses is supported.

To clarify, B1 uses are supported on the following allocations: MH5-Airfield Business Park, MH6-Compass Point Business Park, L2-Land South of Lutterworth Road / Coventry and K1-Land south and west of Priory Business Park, all of which either form the undeveloped parts of partially developed employment areas (containing B1 uses) or have planning consent which permits B1 use, following the application of the sequential test. B1 uses are also supported at L1-East of Lutterworth SDA, and MH4-Land at Airfield Farm both of which form part of committed or planned SDAs and are in locations which are accessible and well connected to the District's two town centres.

Harborough District has two defined town centres both of which are small and, not uncommonly for rural market towns, have compact historic cores. Opportunities to accommodate the full range of main town centre uses vying for space on infill sites within the town centre boundary, or on brownfield and edge of centre sites are very limited as also evidenced by the Retail Study (RTL3) and the SHLAA (HSG5). Nevertheless Policy RT1(3) allocates 2 sites in Market Harborough for retail and town centre uses and RT2(2) permits development proposals for main town centre uses in the town centre and primary shopping area of Market Harborough and in the town centre of Lutterworth, subject certain conditions. Policy RT2(5), in accordance national policy, is intended to apply the sequential test to development proposals for office use which are not on allocated sites or are outside the defined town centres.

QUESTION 20

Q20.

Regarding Policy BE2, Strategic Distribution, what analysis has been undertaken, and what cross boundary discussions have taken place, to evaluate the impact of this policy on other strategically important projects such as DIRFT?

Strategic B8 behaves differently from other commercial sectors. Its scale and drivers ensure its influence extends beyond boundaries making forecasting and impact assessment difficult at district level. No specific analysis has been undertaken to evaluate the impact of this policy on other strategically important projects, such as DIRFT, nor has any evidence been submitted, via consultation or as a result of Duty to Co-operate discussions, to substantiate concerns in this regard expressed in representations.

Cross-boundary discussions have taken place as detailed in the Duty to Co-operate Statement (S2 para. 5.4 – 5.15). This has included specific engagement to determine the scope of, and to support, the undertaking of SA work early in the plan preparation process to appraise the economic, social and environmental effects of growth options, as covered in Chapters 18 /19 of the Proposed Submission SA Report (S6). The undertaking of the MPEGSS (HSG12), to assess the housing and employment impacts of different growth options on the District and adjoining authorities (including Daventry, Rugby) resulted from Duty to Co-operate liaison and also involved cross-boundary discussion of the effects and resulted in policy revision. Cross boundary stakeholder engagement also formed part of the final stage of the jointly commissioned LLSDSS (EMP6) in 2014, focussing on its findings and recommendations.

The Local Plan (Policy BE2) does not propose or allocate land for strategic B8 or the expansion of Magna Park. It is a 'criteria based' policy against which planning applications would be considered. Subject to an application meeting the criteria in the policy, it may be approved (taking into account other relevant considerations). Similarly, if an application conflicts with the policy it may be refused (subject to other relevant considerations).

There are many of these 'criteria based' policies in the Local Plan. For example, Policy GD4 - New Housing in the Countryside would allow housing in countryside subject to a range of criteria. This policy does not 'propose' new housing in the countryside, but will allow it if a planning application can meet the necessary criteria (and other relevant considerations).

Policy BE2 is similar, except it has the addition of a 'maximum' amount of floorspace to prevent the amount of strategic B8 development becoming so great that it could require significant redistribution of housing across the Housing Market Area. The housing requirement of 11,140 dwellings in Policies SS1 and H1 provide a sufficient number of houses, should the maximum upper limit of 700,000 sq. m be realised.

Criterion BE2(2)b supports the principle of modal shift of freight to rail and is included as a direct result of liaison under the Duty to Co-operate to enable relevant considerations to be taken into account. This requires applicants to demonstrate that any proposal for strategic B8 supports or at least has no adverse impact on the viability of SFRIs, which would include DIRFT.

Any additional development would contribute towards addressing the minimum requirement for strategic B8 in the FEMA as set out in the LLSDSS (EMP6) and subsequent refresh (EMP7). Both set out the baseline position of rail-served and non rail-served stock within the FEMA and provide an account of land supply that covers the wider geographical area which acknowledges consented / pipeline development including at DIRFT. The requirement figure is split between rail-served and non rail-served provision, using a methodology that takes account of rail-freight demand forecasts. Any development permitted in accordance with BE2(2) would contribute to non rail-served only, limiting any direct impact on rail-served provision at DIRFT.

QUESTION 21

Q21.

Does BE2(2) apply to sites other than Magna Park? I note criterion a. but it is not clear from the policy whether all the criteria must be complied with.

Policy BE2(2) does apply to sites other than Magna Park. The intention of BE2(2) is that development proposals must comply with all the stated policy criteria a-f inclusive. Essentially this means that only sites forming an extension of or which are on sites adjoining Magna Park have the potential to meet the criteria. However, this criteria-based approach avoids a policy vacuum in terms of considering future development proposals located elsewhere in the District.

The geographical requirement within criterion a. is intentional and reflects that Magna Park is a sequentially preferable location as set out in the LLSOSS (EMP6(d) para. 34). It is within a Key Area of Opportunity, where commercially attractive sites to the logistics market are likely to be located. The policy is intended to focus future development proposals in the vicinity of Magna Park and address concern about unrestrained development elsewhere in the District. Criteria BE2(2)a. was introduced in direct response to consultation and discussion under the Duty to Co-operate.

QUESTION 22

Q22.

Can the Council direct me to an analysis of the impacts on the countryside of this policy, having regard also to the Council's proposed modification to Policy GD3 which would allow such development in the countryside?

The proposed modification to Policy GD3 is intended to ensure that the Plan is internally consistent.

The Proposed Submission Sustainability Appraisal (S6) appraises the sustainability effects (economic, environmental and social) of all the Plan's policies alone and in combination. The appraisal scores for each individual policy are provided in Table 21.2 of S6 followed by a discussion of how the policies interact with one another and what this means in terms of the effects of the Plan as a whole. Environmental considerations include effects on the natural environment, built and natural heritage and resources.

The District-wide Landscape Character Assessment (LAN2) provides an overview and analysis of the structure of the landscape across the District. It identifies that Magna Park, which sits within the Lutterworth Lowlands landscape character area and borders the Upper Soar landscape character area to the north west, has an impact on both landscape character areas. Respectively these landscape areas are assessed as having 'medium/ high' and 'medium' capacity to accept and accommodate development.

The Local Plan does not propose or allocate land for strategic B8 use. Policy BE2 is a criteria based policy against which planning applications would be considered. Subject to an application satisfying all the criteria, including BE2(2)f, and any other relevant considerations, development of up to 700,000sq.m. may be approved. As stated in the explanation for BE2 (para 6.3.11) environmental and economic impact assessments will be necessary for proposals for additional development. These would be required to provide sufficient information, including in respect of criterion f, to evaluate the impact of a specific proposal and any cumulative effects.

QUESTION 23

Q23.

Similarly can the Council direct me to an analysis of the effect on commuting, travel patterns and the environment?

Magna Park already contains approximately 1,000,000 sq.m of B8 floorspace and therefore the best means of gauging where the workforce will be drawn from is to understand where Magna Park's existing workforce live.

The Magna Park Employment Growth Sensitivity Study (HSG12) considered commuting dynamics in Section 4. This principally used 2011 Census data to understand travel patterns, but also considered the results of a confidential occupier's survey undertaken by Magna Park Ltd in 2013. Current commuting patterns to Magna Park are shown in Table 10 in HSG12 (see Scenario 1 Column). 19% of the workforce lives in Harborough, 17% in Leicester, 12% in Hinckley and Bosworth and 12% in Blaby. 9% live in Nuneaton and Bedworth, 8% in Rugby and 7% in Coventry. These are the principal locations which people commute from; the spread of areas reflecting the strategic accessibility of the site which is an important influence on its market attractiveness.

The Plan intends that the proportion of additional workers who live in the District will rise to 25% with commuting patterns associated with the additional jobs shown in Scenario 2 in HSG12 Table 10.

As explained in relation to Question 22, the Proposed Submission Sustainability Appraisal (S6) also appraises the sustainability effects of all the Plan's policies, both individually and in combination. Health and Wellbeing considerations include air quality and transport modes, Housing and Economy includes issues around job creation and Environmental considerations include effects on the natural environment, built and natural heritage and resources.

When read as a whole the Plan contains suitable safeguards in respect of sustainable travel and the mitigation of highways and environmental impacts to ensure that any development that takes place is sustainable.

APPENDIX 1 - AFFORDABLE HOUSING NEED UPDATE

Overview of Methodology and Data Sources

The last full assessment of affordable housing need was carried out as part of the Leicester and Leicestershire HEDNA (dated January 2017). The analysis herein provides a selected update to key variables where new information is available to provide an updated assessment for Harborough. The methodology used in the previous assessment is broadly similar and a full description of the methodology can be found in that document. Specifically, this assessment seeks to update the following variables:

Housing costs (private sector rent levels) – drawing on the latest Valuation Office Agency data covering a 12-month period to March 2018;

Income data – taking account of new data about local incomes (including information from the Annual Survey of Hours and Earnings (2017) and small area income estimates from ONS (published in December 2016);

Estimates of the number of newly forming households – this is a direct output of the demographic modelling; and

Estimates of the supply of affordable housing from relets – taken from Continuous Recording of Lettings data (CoRe) up to 2017.

The table below sets out the main aspects of analysis and provides a description of the sources used.

Table A1.1 Core Analysis and Sources for Modelling Affordable Housing Needs

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to March 2018	Used to establish the entry level cost of housing. Although in theory entry levels could also be the lower quartile sales price this would be highly unusual.
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earnings (ASHE)	Used to estimate the average household income in 2017 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to March 2018	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of Harborough, the analysis suggests that spending 30% of income on housing is an appropriate affordability threshold – this is consistent with analysis in the HEDNA
Current need	2011 Census, CLG live table 784 (homelessness), EHS, income and housing cost data	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing)
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of newbuild and transfers. Figures are only for social and affordable rented housing and are based on trends in lettings over the 2014-17 period.

Other more minor changes have been made; for example estimates of the current need for affordable housing have been updated but this does not substantially change the figures.

Updated Housing Cost Information

Entry-level private sector housing costs are an important input to assessing affordable housing needs. In previous assessments, it has been established that the private rented sector typically requires lower incomes to access than owner-occupation and so the focus is on costs in this sector. The affordable housing needs assessment compares rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'.

The entry-level costs of housing have been established from Valuation Office Agency (VOA) data. For the purposes of analysis (and to be consistent with Paragraph 25 of the PPG (2a-025)), lower quartile (LQ) rents have been taken to reflect the entry-level point into the market – the data covers a 12-month period to March 2018. The analysis also compares this data with equivalent information from the 2017 HEDNA (which was based on a 12-month period to 2016). The analysis shows that over the two-year period, rents have risen by an average of about 8%.

Table A1.2 Lower Quartile Private Rents per month – Harborough

	Year to March 2016	Year to March 2018	Change in monthly rent	% change
Room only	-	£360	-	-
Studio	-	£400	-	-
1 bedroom	£425	£450	£25	6%
2 bedrooms	£550	£575	£25	5%
3 bedrooms	£650	£700	£50	8%
4+ bedrooms	£925	£995	£70	8%
All dwellings	£550	£595	£45	8%

Source: Valuation Office Agency (2018)

A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis. CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).

The HEDNA assumed that households would spend up to 30% of their gross income on housing. This analysis adopts a consistent definition.

The Latest Income Data

Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:

ONS modelled income estimates (published in December 2016 with a 2013/14 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas. Consideration has also been given to earlier ONS estimates to recognise the error margins associated with this source (i.e. a better view can be gained from looking at a range of outputs);

English Housing Survey (EHS) – to provide information about the distribution of incomes; and

Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.

These sources have been used to construct an income distribution for 2017. The table below shows the mean household income arising from the latest data, and compares this to the HEDNA estimates for 2015. The latest evidence points to incomes which are 14% higher, and suggests stronger household income growth relative to rents. This difference will in part reflect a higher estimate of income from the new ONS source, as well as any wage increases seen over the period studied.

Table A1.3 Mean Household Income Estimates – Harborough

	2015 estimate	2017 estimate	% change
Harborough	£42,810	£48,951	14%

Assessing Affordability

To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in the HEDNA.

Newly-forming Households

The number of newly-forming households has been estimated through the demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation (e.g. the analysis considers the number of households aged under 45 in a particular year and subtracts the number aged under 40 five-years previously – this provides an indication of the number of new household (i.e. that didn't exist five years earlier)). This differs from numbers presented in the demographic projections which are for net household growth.

Using the updated projections in this report, it is estimated that around 637 new households are likely to form per annum in the 2017-31 period – this figure is virtually identical to the 642 figure modelled in the Leicester & Leicestershire HEDNA and is consistent with the finding that household growth in the latest projections is not substantially different from previous releases.

Supply of Affordable Housing

The final key area of updating is around the supply of affordable housing from relets of current stock. For this analysis, information has been taken from CoRe for the 2014-17 period. The table below provides a summary of the calculation carried out, which includes data from both general needs and supported lettings. Overall the table suggests a potential future supply of 153 homes per annum, very slightly higher than the equivalent figure in the HEDNA of 141 homes per annum.

Table A1.4 Estimated Supply of Affordable Housing from Re-let Properties - Harborough

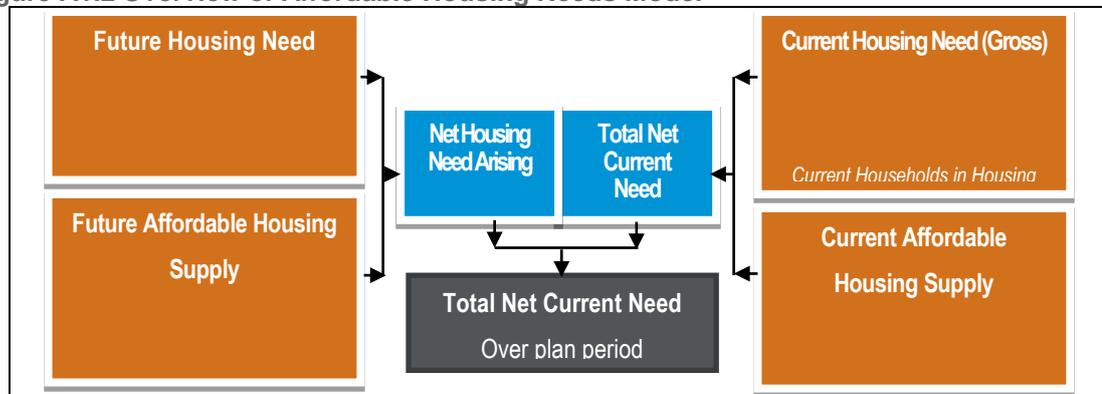
	General needs	Supported housing	Total
Total lettings	254	62	315
% as non-newbuild	80.9%	84.3%	81.6%
Lettings in existing stock	205	52	257
% non-transfers	59.9%	58.4%	59.6%
Total lettings	123	30	153

Source: Derived from CoRe data

Affordable Housing Needs Assessment

Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in the figure below.

Figure A1.2 Overview of Affordable Housing Needs Model



The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 14-year period from 2017 to 2031. Whilst most of the data in the model are annual figures the current need has been divided by 14 to make an equivalent annual figure.

As the table sets out, the analysis calculates an overall need for affordable housing of 179 units per annum over the 14-years to 2031 in Harborough. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table A1.5 Estimated Annual Affordable Housing Need – Harborough, 2017-31

	Per annum	2017-31
Current need	21	300
Newly forming households	237	3,317
Existing households falling into need	74	1,035
Total Gross Need	332	4,653
Supply	153	2,142
Net Need	179	2,511

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Comparison with Previous Assessment of Affordable Housing Need

The analysis above can be compared with the previous assessment undertaken in the HEDNA (which had a base date of 2015). The table below shows a summary of the key outputs from each of these assessments.

The analysis seems to be showing that the affordable need has declined slightly over time; however, the reality is that figures can vary and are specific to the point at which the analysis is undertaken. Given that the net need is a function of two large numbers (gross need and gross supply) it can be seen that small changes can have quite a notable impact on the bottom line needs estimate. Overall, the difference in both gross need (348 vs. 332) and gross supply (141 vs. 153) are not substantial.

Table A1.6 Comparison of Updated Affordable Housing Need and HEDNA – Harborough

	HEDNA (2015-base)	This study (2017-base)
Current need	18	21
Newly forming households	250	237
Existing households falling into need	80	74
Total Need	348	332
Supply from existing stock	141	153
Net Need	206	179

Source: This study and 2017 HEDNA (Table 27)