Harborough Local Plan Examination: Paper on Rebasing the Housing Requirement

1. The Inspectors, at the Matter 3 Hearing Session on Wednesday 11th November, asked the Council to prepare a Paper setting out the consequences of a) re-basing the housing requirement to start in 2022, and b) a continuing contribution to unmet need over the 2036-41 period. The Council has prepared this Paper to address these issues.

a. Rebasing the Start Point

2. The Plan period and the plan's housing requirement currently runs from 2020-41. As explained at the hearings, this aligns with the 2022 Housing Distribution Paper (HSG-NLP3) and associated 2022 SOCG on Housing & Employment Land Needs (SCG-NLP 3) which:

   - set the local housing need figure over the 2020-36 period for Harborough of 8,544 dwellings (534 dpa) in HSG-NLP3 Table 1, as well as that for Leicester and the HMA;

   - quantified Leicester's need over the 2020-36 period (39,424 dwellings, as per Table 1) and compared it to its supply (20,721 dwellings), generating an unmet need for 18,700 homes over the 2020-36 period (HSG-NLP3). This scale of unmet need is confirmed by Leicester City's Local Plan 2020 – 2036.

   - apportions Leicester's unmet need of 18,700 homes over the 2020-36 period in Table 3 to authorities in Leicestershire, with a contribution of 123 dpa to Harborough. The footnote to this table is however important and states "*Note: the figures are presented as annual averages 2020-36. This does not imply that an authority's unmet need apportionment must be phased evenly over this period. It will be for each Local Plan to determine appropriate phasing*." Therefore **the agreed contribution to unmet need from Harborough in HSG-NLP3 is therefore a figure of 1,968 dwellings over the 2020-36 period.**

3. Leicester's housing supply shortfall relates to a period starting in 2020, and the Plan period for the submitted Harborough Local Plan aligns to this.

4. The Council understand that the Inspectors are concerned with the consistency with the PPG which sets out the following in ID 2a-011:

> **Can strategic policy-making authorities take account of past under delivery of new homes in preparing plans?**
> The affordability adjustment is applied to take account of past under-delivery. The standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately.

5. In this instance, we are not however dealing with an under-delivery issue. There has been over-delivery over the 2020-22 period against the proposed housing requirement. Furthermore, the Plan does not propose a housing requirement which is based solely on the District's own local housing need.

6. The core issue, as the Council sees it, is the alignment of the housing requirement with the period to which Leicester's unmet need relates. The PPG does not address this issue and is silent.

7. Table 1 below sets out the position in the event that the plan period is re-based to 2022. In the 2020-22 period, there were 2,036 dwellings (net) completed in the District. Housing delivery in this period can contribute to both meeting the District's needs and to Leicester's unmet needs. If the District's needs over this period were assessed using the adopted Plan requirement of 557 dpa, the over-provision above this level would have contributed to addressing unmet need. This scenario is considered in Table 1 below and termed 'Option A.'

8. In Table 1, from net completions 2020-22, the Council subtracts 1,114 dwellings based on the requirement in its 2019 Local Plan. The over-provision against this is 922 dwellings which is the contribution made to Leicester's unmet need in this period. Subtracting this from the unmet need contribution of 1,968 dwellings, the residual unmet need over the 2022-36 period is then 1,046 dwellings (Row D below).

9. If the standard method LHN is then applied to a 2022-41 period, this generates a need for 10,146 dwellings (Row F below).

10. Combining these two components generates a housing requirement of 11,192 dwellings over the 2022-41 period. This remains above 80% of the standard method over this period.

11. The Plan's supply, with an April 2025 base date is over 2,000 dwellings above this, providing 19% supply-side contingency ('headroom').

Table 1: Rebasing to 2022 – Option A

A	Net Completions 2020-22	2,036
B	HDC 2019 Local Plan requirement, 2020-22 (557x2)	1114
C	Contribution to Leicester Unmet Need	922
D	Remaining Contribution to Leicester Unmet Need, 2022-36	1,046
E	Harborough LHN, 2022-41 (534 dpa x 19)	10,146
F	Housing requirement, 2022-41	11,192
G	Requirement per annum	589
H	Total supply 2020-41	15,324
I	Total supply 2022-41 (G-A)	13,288
J	Supply headroom over requirement (H-F)	2,096
K	% Supply headroom	19%

12. The Council has then also considered, as a theoretical alternative, an approach which applies standard method annual figure from 2022; and the annual dpa figure from the 2022 SOCG of 123 dpa to the 2022-36 period. This approach (Option B), as shown below, results in a housing requirement of 11,868 homes.

13. As with Option A, the housing requirement in this scenario sits above 80% of the revised standard method in the 2026 NPPF. Again, there is supply headroom – in this instance of 1,420 dwellings (12%).

14. This approach is inconsistent with the 2022 SOCG as it assumes that the authority's unmet need apportionment over the 2020-36 period is evenly phased, which cuts across the footnote to Table 3 in the SOCG (SGP-NLP3) which is very clear that "*it will be for each Local Plan to determine the appropriate phasing*." The Council considers that its strong delivery in the early years of the plan period mean that this contribution to unmet need has been 'front-loaded.'

15. Option B however penalises the District Council in not taking account of the "downpayment" to meeting unmet needs of stronger housing delivery in the initial period 2020-22.

Table 2: Rebasing to 2022 with Annualised Figures – Option B

A	Annual local housing need - Harborough	534
B	Leicester unmet need @ 123 dpa	123
C	Harborough's need, 2022-41 (Ax19)	10,146
D	Contribution to Leicester unmet need, 2022-36 (Bx14)	1,722
E	Total housing requirement, 2022-41 (B+C)	11,868
F	Requirement per annum	625
G	Total supply 2022-41	13,288
H	Supply headroom over requirement	1,420
I	% Supply headroom	12%

The Council considers that it is both unnecessary and unjustified for soundness to rebase the plan. It has a plan period which starts in 2020 as it is making a contribution to Leicester's unmet needs, the assessment of which relates to the 2020-36 period. It is appropriate to align its plan period with that of Leicester. Furthermore, Leicester's plan drew on the same standard method calculations in HSG-NLP3 and SCG-NLP3 and that Plan was found to be sound. There is no conflict with the PPG in the Council's view.

The approach adopted accords with PPG ID 2a-012 which states that the annual figure generated by the standard method can be applied to the plan period. It does not specify what the plan period should be. Any homes built in the District count towards meeting the housing requirement for the area.

b. Unmet Need Contributions post 2036

16. The Inspectors have also asked the Council to consider, within this Note, the effect of applying contributions of unmet need post 2036 (ie. To the 2036-41 period) at a rate of both 123 dpa (as derived from the 2022 SOCG (SCG-NLP2)) and 112 dpa (as derived from the 2025 SOCG (SCG-NLP18)).

17. This Plan is being prepared against the 2023 NPPF. Leicester's unmet need against the 2023 NPPF to 2036 has been calculated in the 2022 SOCG (SCG-NLP3). However, this SOCG does not consider the City's unmet needs thereafter which remain unquantified.

18. If the annualised unmet need figure of 123 dpa in the 2022 SOCG is applied to the 2036-41 period for which there is no evidence base, it would increase the requirement by 615 dpa.

19. The resultant requirement in this scenario is influenced by whether the re-basing to 2022 is taken forwards and on what basis. Table 3 sets out the potential permutations.

20. In Option 1, the additional 615 dwellings are added onto the housing requirement in the submitted Plan, generating a total requirement for 13,797 dwellings over a 2020-41 plan period. There is supply headroom of 1,527 dwellings (11% against this).

21. Option 1A adds these additional 615 dwellings to the requirement derived in Option A above, generating a total requirement for 11,807 dwellings over a revised 2022-41 plan period. Against this there is supply headroom of 1,481 dwellings – lower in absolute terms than in Option 1, but higher as a percentage (13%).

22. Option 1B adds the additional 615 dwellings onto a housing requirement of 11,868 dwellings over the 2022-41 period (as shown in Table 2). Against this there is a more limited headroom at 805 dwellings (6%).

Table 3: Requirement Scenarios including Additional Unmet Need Contribution of 615 dwellings 2036-41

		Applied to draft Plan approach (0ption 1)	Applied to rebased Option A (Option 1A)	Applied to rebased Option B (Option 1B)
A	Plan period	2020-41	2022-41	2022-41
B	Annual local housing need - Harborough	534	534	534
C	Harborough LHN over plan period	11214	10146	10146
D	Contribution to Leicester's unmet need to 2036	1,968	1046	1,722
E	Contribution to Leicester's unmet need, 2036-41 @ 123 dpa	615	615	615
F	Total requirement	13797	11807	12483
H	Requirement per annum	657	621	657
I	Total supply	15,324	13,288	13,288
J	Supply headroom over requirement	1,527	1,481	805
K	% supply headroom	11%	13%	6%

23. The Council consider it irrational to apply the 123 dpa figure to Leicester's unmet need post 2036. The figure has been calculated in the 2022 SOCG (SCG-NLP2) over the period to 2036.

24. The Inspectors have also asked the Council to calculate the effect of applying the contributions to unmet need in the 2025 Housing Distribution Paper (HSG-NLP11).

This assessed supply against the revised standard method and was intended to be used for Tranche 4/5 Plans.

25. The 2025 Housing Distribution Paper identified an unmet need from Leicester against the revised standard method of 8,230 homes over the 2036-46 period (HSG-NLP11). It recommended an annualised apportionment post 2036 of 112 dpa to Harborough (Table 9.2).

26. If this annualised figure is applied to the 2036-41 period it generates an additional unmet need contribution of 560 dwellings. Table 4 below replicates the scenarios in Table 3 to take include this contribution (560 dwellings) to unmet needs. We term this Option 2.

27. The results show a requirement figure of 13,742 dwellings over the 2020-41 plan period in Option 2 without any rebasing, against which there is supply headroom of 1,582 dwellings (12%).

28. In Option 2A, where the plan period is rebased using the Option A approach, a housing requirement of 11,752 dwellings is shown. Against this there is supply headroom of 1,536 dwellings (13%).

29. In Option 2B, where the plan period is rebased using the Option B approach, a housing requirement of 12,428 dwellings is shown. Against this there is supply headroom of 860 dwellings (7%).

Table 4: Requirement Scenarios including Additional Unmet Need Contribution of 560 dwellings 2036-41

		Applied to draft Plan approach (Option 2)	Applied to rebased Option A (Option 2A)	Applied to rebased Option B
A	Plan period	2020-41	2022-41	2022-41
B	Annual local housing need - Harborough	534	534	534
C	Harborough LHN over plan period	11214	10146	10146
D	Contribution to Leicester's unmet need to 2036	1,968	1046	1,722
E	Contribution to Leicester's unmet need, 2036-41 @ 112 dpa	560	560	560
F	Total requirement	13742	11752	12428
G	Requirement per annum	654	619	654
H	Total supply	15,324	13,288	13,288
I	Supply headroom over requirement	1,582	1,536	860
J	% supply headroom	12%	13%	7%

30. The Council is concerned about an approach which 'mix and matches' unmet needs arising from Leicester measured against the 2023 NPPF/ previous standard method and the December 2024 NPPF/ revised standard method for the reasons explained in its Matters Statement (Matter 3, Issue 4, Question 2) and in the hearing session.

31. The Council consider that whilst the intention of these latter scenarios would be to make provision for Leicester's unmet needs post 2036, the practical effect would more likely be to increase delivery in the more immediate period before 2036 and could result in similar issues arising to Scenario A when the plan comes to be reviewed.