

**Report of Chief Planning Officer**

**Report to Development Plan Panel**

**Date: 19<sup>th</sup> May 2015**

**Subject: Implications of the 2012-based household projections on the Core Strategy Housing Requirement**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): ALL	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The Leeds Core Strategy was adopted in November 2014 following a period of extensive preparation and public scrutiny; including Examination by an independent Planning Inspector. The Core Strategy sets an overall requirement of 70,000 homes (net) between 2012 and 2028. There is a consequent need to allocate land for 66,000 homes via the Site Allocations Plan (SAP) and Aire Valley Leeds Area Action Plan (AVLAAP). This housing requirement is derived from an extensive evidence base, which is subject to continuous monitoring. Within this overall context, this report examines the key messages from a variety of drivers of growth and sources of information which have emerged since the Examination of the Core Strategy, including the most recent household projections.
2. A key piece of evidence is projected population and household change. The latest Government figures, February 2015, suggest that a lower level of growth, than set out in the Core Strategy, is projected to occur in Leeds. However, as emphasised in the National Planning Policy Framework (NPPF) and by the Core Strategy Inspector, projections are only the starting point for an analysis of a full housing requirement and wider local evidence needs to be considered.
3. Looking at the evidence in the round over the long term and balancing the effects of the recent recession alongside the sustained growth in the decade prior to the downturn, it is recognised that whilst the 70,000 (net) Core Strategy figure remains at the upper end of likely scenarios to 2028 it is not significantly at variance with the direction of travel of the most recent evidence, National Planning Policy Guidance

(NPPG) and local and sub-regional objectives. Officers have reached this conclusion on the basis that the latest projections and economic forecasting would suggest a figure in the region of 60,000 net new homes. However, as the report sets out, there are a number of compelling factors which would have the effect of increasing this number.

4. There is a commitment to continually monitor the evidence base of the Core Strategy and to undertake a selective Review within three years following its Adoption i.e. by the end of 2017. By this time the Council will be better placed to understand how the economic recovery affects the evidence base for the Core Strategy, including its housing requirement. Development Plans are meant to cover in excess of 15 year Plan periods and there is a danger that reviewing a Plan following a market downturn (at a point in time) will mean a need to review again once the market improves. This does not provide the certainty needed for residents, investors and infrastructure providers in Leeds or the provision of a resilient Plan to withstand different stages of the economic cycle.
5. At the same time there is a need to implement the proposals of the Core Strategy in Leeds, via the SAP and AVLAAP. The SAP ensures that the priority areas are developed with the remaining areas protected and in line with the CS directing the majority of development to the Main Urban Area to make best use of previously developed land and infrastructure and targeted greenfield development. Delays to the SAP and AVLAAP are unwelcome because without an up to date allocations plan in place the Council is at risk from further house builder pressure to build on sites which the Council and local people do not wish to see released. The SAP and AVLAAP are the means by which the Council can continue to demonstrate that it has a Five Year Supply of land. Without their progression the Council risks facing a period of 'planning by appeal' where despite having an Adopted Core Strategy the most vulnerable greenfield sites will be under intense pressure for release in an unplanned and uncoordinated way at the expense of local engagement via a plan-led approach.
6. There are understandably concerns around progressing the allocations plans in advance of a Core Strategy Review, which may amend the housing requirement, but it is important to understand that in addition to the above harm, any Review would restart the clock on a new Plan period and mean that additional years would need to be provided for. In the meantime, the Council will ensure that the phasing of the allocations prioritises the release of previously developed land and land which is most accessible, brings with it the infrastructure improvements which Leeds needs and provides the new homes which people in all parts of Leeds need, whilst ensuring that latter phases are not released until they are needed to meet a supply of land which is based on an up to date housing requirement.

## **Recommendations**

7. Members of the Development Plan Panel are recommended to:
- i) note the contents of the report and endorse the maintenance of the Core Strategy housing requirement as a basis for the Leeds Site Allocations Plan and Aire Valley Leeds Area Action Plan
  - ii) support the continual monitoring of the evidence underpinning the housing requirement, as further evidence is made available and the updating of Development Plan Panel on a bi-annual basis of any meaningful and significant changes
  - iii) support a selective review of the Core Strategy within 3 years of its Adoption and following subsequent household projections, which will better reflect demographic trends of a recovering economy
  - iv) support wider Corporate mechanisms to co-ordinate the monitoring of changes to the population, household composition and economic growth of Leeds relating to wider Council services which depend on demographic analysis and forecasting

## **1 Purpose of this report**

- 1.1 This report provides an update on monitoring the evidence base of the Adopted Core Strategy. It sets out the broad approach to establishing a housing requirement in the Plan and explores whether the latest evidence warrants a root and branch review of this requirement.

## **2 Background**

- 2.1 The need to plan for population growth and demographic change in Leeds is a key objective of the Core Strategy (CS), and has its roots in the Vision for Leeds and Best Council Plan which set out the need for and benefits of growth. In Leeds there is an accepted need to cater for an increasing number of single person homes as a result of changing demographics, including an ageing population and high level of graduates who wish to remain in the City. At the same time there is recognition that Leeds should be taking the lead in driving the economy of the Leeds City Region (LCR) as set out in the Strategic Economic Plan, agreed by the relevant local authority Leaders. The CS seeks to manage this growth in a sustainable manner with a development focus on the City Centre, Inner Area, regeneration priorities and East Leeds.
- 2.2 The Council's recently adopted CS housing requirement rests at 70,000 homes (net) between 2012 – 2028. The requirement represents the full objectively assessed need (OAN) for housing in Leeds; in line with Government guidance contained in the National Planning Policy Framework (NPPF) and accompanying guidance which at

its heart seeks to significantly boost the supply of housing to address a nationally accepted housing shortage. The intent to meet its full objectively assessed need is part of a package of housing growth measures brought forward by the Council, which also includes: a Council House Building Programme, a brownfield land investment programme and the return of long term empty properties to use.

- 2.3 Whilst these growth ambitions and spatial approach are not in dispute, the latest headline 2012-based population and household projections bring the precise scale of local growth into question. Sub-national population projections (SNPP) are released every two years by the Office of National Statistics (ONS) and identify how local populations will change if trends (in births, deaths, internal migration and international migration) experienced in recent years are projected forward for the next 25 years. Sub-national household projections (SNHP) are released every two years by the Department for Communities and Local Government (CLG) and, using SNPP as their base, assess the likely level of household change when applying estimated change in the size and make up of households.
- 2.4 The Core Strategy requirement of 70,000 was prepared on the basis of a holistic Strategic Housing Market Assessment (SHMA, 2011), as required by the NPPF, and was not directly linked to a specific household projection figure. The 2008-based household projections were the starting point for the SHMA but were recalibrated by external demographic experts (Edge Analytics – based at the University of Leeds), using local GP registration data which pointed to a lower than estimated base population. It is important to remember that the CS housing requirement was therefore substantially lower than the ONS projected growth at the time because of this recalibration. The difference between this local approach and national demographic releases has important implications for assessing demographic change in Leeds because the range of potential future scenarios is far wider than for other authorities where recalibration has not occurred.
- 2.5 A SHMA Update (Edge Analytics, 2013) was also prepared for the CS Examination which looked at the 2010-based and post Census 2011-based population projections. The 2010 and 2011-based population projections identified a lower rate of household growth, and were discussed in some detail at the Examination in Public. Following the final CS hearings and through the process of Main Modifications to the CS, the Inspector was made aware of the 2012-based sub-national population projections (SNPP), by the City Council and a number of representors (including resident's groups).
- 2.6 In his report<sup>1</sup> the Core Strategy Inspector made a number of key points in relation to the objective assessment, which are summarised below:
- assessing housing need is not an exact science
  - it would be unwise to base requirements on recent lower rates of household formation, as shown in recent projections

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<sup>1</sup> Leeds City Council Core Strategy: Final Inspector's Report (paras 9 to 19), 5<sup>th</sup> September 2014

- reopening the debate on projections following the release of the 2012-SNPP would not lead to clear and reliable conclusions
- most of the employment-led scenarios lead to figures in the region of 70,000
- all past housing need has not been met in Leeds and is therefore reflected within the 70,000
- population projections are only part of the picture
- Leeds's economic role in the region, specific needs and ambitions of the City Council, are relevant to the setting of a requirement

2.7 The 2012-based SNPP were converted into sub-national household projections (SNHP) in March 2015. They reveal that the number of households in Leeds is projected to increase by 45,000 between 2012 and 2028 (i.e. 2,800 homes per annum). Following these national headline figures a number of requests have been made to revise the Core Strategy requirement. The Government requires that Local Plans should be kept up-to-date and considers that *“a meaningful change in the housing situation should be considered in this context, but this does not automatically mean that housing assessments are rendered outdated every time new projections are issued”*.

2.8 The question of whether a meaningful change has occurred and whether this triggers a need to review the housing requirement in the CS is examined below. The report sets out the Government Guidance that must be followed if a review of the CS housing requirement is undertaken and then looks by means of a high level “sense check” at the various pieces of evidence that would need to be addressed.

### **3 Government Guidance**

3.1 The NPPF states that local authorities should boost significantly the supply of housing, and in so doing, ensure that their evidence base meets the full, objectively assessed need for market and affordable housing. They should prepare a SHMA which meets household and population projections, taking account of migration and demographic change and cater for housing demand and the scale of housing supply necessary to meet this demand.

3.2 More detailed guidance is provided in the NPPG which states:

- Household projections should provide the starting point estimate of overall housing need
- Household projections may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends
- Plan makers should not apply constraints to the overall assessment of need
- Establishing future need for housing is not an exact science. No single approach will provide a definitive answer
- Local planning authorities should assess their development needs working with the other local authorities in line with the duty to cooperate

- Household formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing
- As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply
- Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate
- The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals
- Appropriate comparisons of indicators should be made. This includes comparison with longer term trends in the housing market area and nationally. A worsening trend in any indicator will generally require upward adjustment to planned housing numbers compared to ones based solely on household projections

3.3 Clearly, it would be inappropriate to simply substitute a CS requirement with the latest household projection figure. A far more in depth assessment is required and the guidance is heavily stacked in favour of boosting the housing requirement, particularly to take account of any unmet and concealed needs and to reflect the impacts of economic growth on the need for housing.

3.4 This was the experience of the City Council at its CS Examination where the Inspector was categorically of the view that the Council should not be seeking to project forward the effects of the recession on migration, household formation and household size, and in addition was concerned that the concealed needs of those unable to afford to buy a house (older children living with parents or sofa surfing) were addressed.

3.5 This experience is occurring elsewhere in the Country and the following table shows where authorities have recently experienced significant delays and uncertainty to plan preparation, as a result of not fully reflecting national guidance in deriving full OANs.

<b>Authority</b>	<b>Housing Issue identified by Planning Inspectorate</b>
<i>East Staffordshire</i>	<i>Need to factor that employment and housing growth will return to trend as economy improves</i>
<i>Uttlesford</i>	<i>Too low. No attention to market signals</i>
<i>Cheshire East</i>	<i>Serious mismatch between economy and housing strategies and no attention to market signals</i>
<i>Eastleigh</i>	<i>No attention to market signals and under-estimate of affordable housing need</i>
<i>Solihull</i>	<i>OAN must be policy-off and objective</i>
<i>Horsham</i>	<i>Need to reflect local economic ambition</i>

3.6 At a local level, within Leeds City Region, City of York Council, Kirklees (MBC) and Harrogate (BC), have had to withdraw their Development Plans at examination stage, due to issues of soundness, relating to housing issues linked to the derivation of

OANs. In Kirklees' case they suggested that the housing requirement should be based on what people were likely to be able to afford and what house builders would build. Their Inspector was of the view that the full OAN should be identified. As with the examples cited above, this has led to considerable delays and uncertainty and the continued risk of proposals for 'unplanned' and poorly co-ordinated development, to be assessed without the benefit of an up to date 'local plan'.

- 3.7 Given that the CS is now Adopted, a change to its housing requirement would only be possible via a review to the Core Strategy. Moreover, only once that Plan was significantly advanced would figures within it carry any weight. In December 2014 the Planning Minister, Brandon Lewis, set out the relationship between housing figures produced as part of a SHMA and those in a Local Plan. He said *"the outcome of a SHMA is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans"*.

#### **4 The latest evidence**

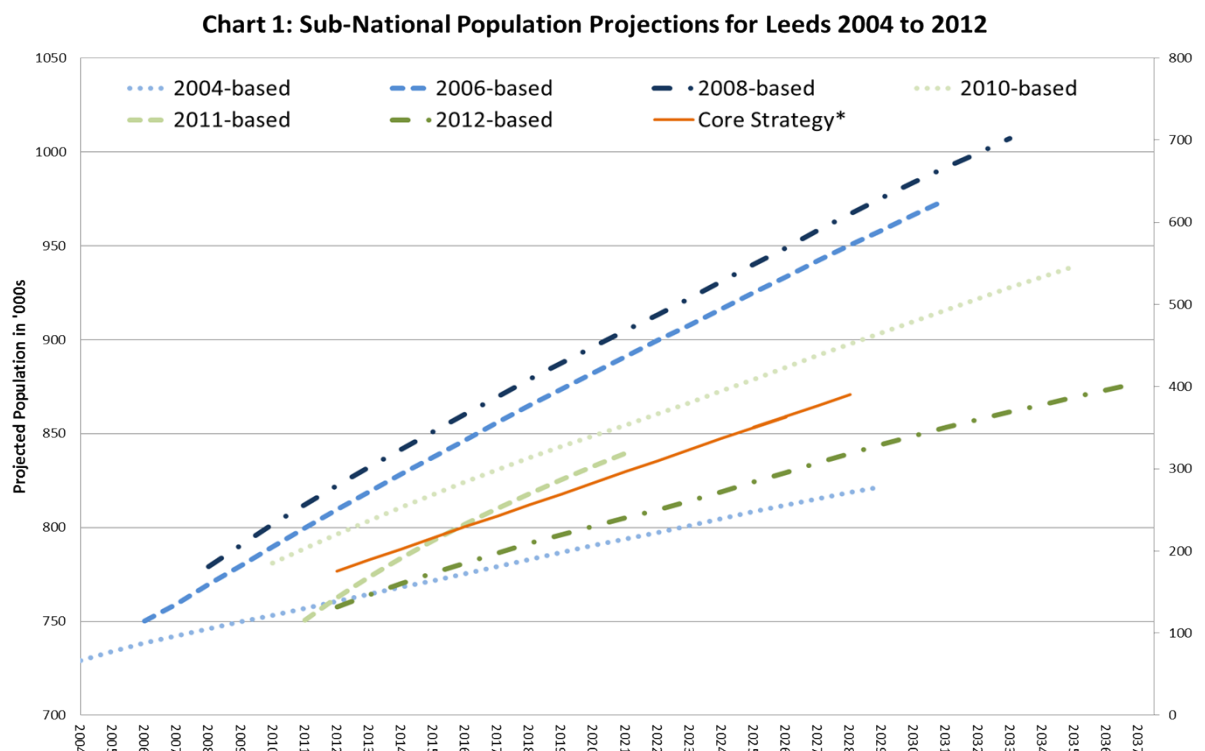
- 4.1 Given that the 2012-based household projections are the second set of household projections since the SHMA to project a lower rate of household growth in Leeds it is important to reflect on and understand how they might influence the CS requirement and whether they are likely to represent a meaningful change. There are a number of drivers of housing growth and these are examined in the context of the latest evidence below. This report does not set out a full analysis of each of the drivers, such work would need to be done through a thorough SHMA. Instead it provides a "direction of travel" for each driver which is summarised in **Appendix 1**.

##### Main Issues

- 4.2 The derivation of an objective assessment must be done as part of a wider Strategic Housing Market Assessment (SHMA), which is a complex and resource intensive task involving the triangulation of a number of different factors so as to ensure that results are credible and robust over a plan period of 16 years. Given that the Core Strategy is recently adopted following lengthy preparation and examination and that the SHMA underpinning it is recent assessment (prepared in 2011 and updated in 2013 to reflect post-Census projections) there would need to be a meaningful change in the evidence base in order to undertake a root and branch review at this time.
- 4.3 This report examines the main "direction of travel" messages from the evidence and considers their implications for the CS requirement. If the City Council were minded to change the housing requirement of the CS this cannot be undertaken without a formal plan review. This would need to be supported by a revised Strategic Housing Market Assessment (SHMA), to form a comprehensive evidence base. A SHMA is an intensive piece of work (involving extensive technical work and extensive stakeholder engagement including via the house building industry) and it is therefore necessary to gauge what the latest evidence is telling us in general, prior to commencing such work.

## Population projections

- 4.4 Population projections are released every two years and are always changing because they are based on the most recent historical evidence. For Leeds they are also heavily influenced by the significant recalibration of population following the new Census information where 50,000 were removed from the base population.
- 4.5 The Council would be unable to plan solely for projected growth figures based on a recession since this would compound the problems of local household formation and would not take into account economic 'up turns' over a full plan period. One way of dealing with this is to recognise the impact of economic cycles and look across a number of projections. This is important so as to provide certainty to investors, developers and the local community and so as to plan for strategic medium and long term infrastructure. In broad terms, between 2004 and 2012, the CS housing requirement sits slightly lower than average population growth projections. However, it must be noted that the 2006 and 2008 projections are likely to have included an overestimation of international in-migrants in the Leeds population that was remedied in post-Census projections.



## Household projections

- 4.6 Household projections convert population projections into households by applying headship rates (or household size). Average household size generally reduces over time to account for an aging population and more single person households. Therefore, for each population projection, a range of household projections can be derived depending on how quickly household size is projected to shrink locally. The



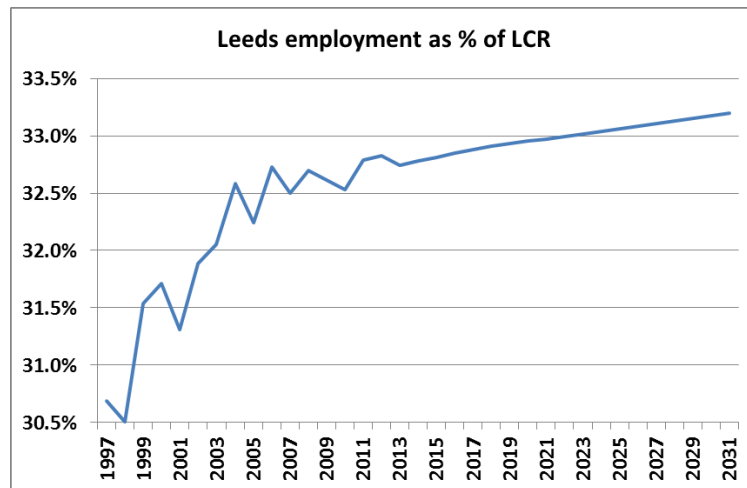
recession has reduced rates of household formation and there has been a consequential increase in larger households. The Government do not wish local authorities to maintain such trends and the CS Inspector in his report notes, “it would be unwise not to anticipate a growth in household formation rates as the economy and confidence improves.”

#### The relationship between jobs and new homes

- 4.7 Leeds sits at the heart of the City Region and the Strategic Economic Plan (SEP) sets out long term ambitions for the economy of the City Region up to 2021. The Growth Deal proposed in the SEP is based on population growth driving housing demand. The SEP acknowledges that it is access to finance, construction and a risk-averse construction sector that is restricting the realisation of this growth rather than a lack of need and demand.
- 4.8 The Regional Econometric Model<sup>2</sup> (REM) provides different outputs every six months but on average over the past few years they have rested at around job growth of 54,000 jobs between 2012-2028 or 3,375 jobs per annum. This compares to levels of 2,710 jobs per annum between 1997 and 2014. Such job growth estimates are supported by work on strategic infrastructure planning, the unlocking of sites via regeneration areas, Enterprise Zones and the devolution of local powers to the combined authority.
- 4.9 It is on this basis that it is considered appropriate and in line with national guidance to moderate SNHP with optimistic job growth estimates. Not only does this estimate the likely in-migration of people to Leeds who will require a new home (which in Leeds is a broad spectrum of high and low earners) it also, especially through provision of affordable housing, helps to unlock the recession induced household formation rates which characterise recent projections. Linking such rates to optimistic job growth levels ensures that Leeds builds sufficient homes to ensure competition and less volatile house prices which in turn ensure economic growth and stability for local communities.
- 4.10 The REM has shown recent increases since the recession and is now at a higher level than when the original SHMA was prepared. To illustrate the role of the District within the wider City Region the table below shows that Leeds’ employment as a share of the Leeds City Region is expected to grow throughout the plan period.

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<sup>2</sup> The REM provides economic and labour market estimates and forecasts for the UK, local authorities and city regions. It is operated by Experian Business Strategies and the Regional Economic Intelligence Unit in the West Yorkshire Combined Authority.



Source: Regional Economic Intelligence Unit West Yorkshire Combined Authority

- 4.11 A key area of work needs to be undertaken within the sub-region on commuting patterns and job growth (and the relationships to housing growth). The timing of this needs to reflect the current and future rounds of Development Plan preparation and requirements under the Duty to Co-operate and the Council will engage with the City Region so as to ensure that a future Review of the evidence can include a consistent approach to this evidence.

#### A backlog of housing need

- 4.12 Housing projections do not reflect unmet housing need and national guidance is clear that such need must be added on to objectively assessed need and addressed within five years. The Core Strategy Inspector noted that not all existing housing need in Leeds has been met and this factor is likely to have partly influenced his decision to retain the CS requirement despite scenarios of lower projected growth. The identification of a significant backlog of housing need is something that Bradford MBC has done explicitly through its recent Core Strategy submission. It is not possible to gauge with accuracy a level of total pre-Core Strategy housing need backlog from the currently available evidence. However, the SHMA identified a backlog of 4,000 households in need based on homeless, living in temporary accommodation or concealed in the social rented sector. Further more detailed work will be needed to identify a full picture as part of a SHMA.
- 4.13 If the Council were to undertake a fundamental review of the SHMA the backlog of housing need would be a key consideration and one which would be highly scrutinised. In addition, national guidance advises that “household formation rates may have been suppressed historically by under-supply and worsening affordability of housing” and that local authorities should “reflect the consequences of past under delivery of housing” including where this may have been “constrained by supply”.

#### Need for affordable housing

- 4.14 There is a huge need for affordable housing in Leeds and the current housing requirement envisages that over 1,100 homes are made affordable each year. There

remains a reliance on S106 as the primary delivery mechanism for affordable housing, despite the fact that given recent low levels of building grant funded schemes have been the prime route for delivery. A consequence of setting housing requirements towards the upper end of likely scenarios is that there is a greater ability to deliver the affordable housing the City needs. A failure to deliver an adequate supply of housing would have adverse consequences for affordable housing delivery because greater affordability pressures would reduce the ability of people to purchase homes on the open market. In turn this would increase the need for affordable housing and exacerbate the current shortfall further. There is a real danger that by setting a requirement at the lower end of likely scenarios the problem of concealed households will not be remedied.

#### Uncertainties around international migration

- 4.15 Recent national figures point to a return to pre-recession trends for international migration despite Government caps and targets. It is a highly uncertain element of demographic modelling but must be factored into any flexibility which a longer term housing target should embed.

#### Market Signals

- 4.16 The NPPG advocates that local authorities should respond to market signals that may lead to upward revision of housing requirements, to increase supply and address affordability problems for example.
- 4.17 The NPPG requires that planning authorities should analyse market signals to see if planning in the past has constrained housing development. Where that was the case, demographic projections will carry forward that under-provision, and therefore should be adjusted upwards. There is a great deal of uncertainty around whether the land supply in Leeds has indeed constrained housing development. The house builders have consistently argued that it has and any revised SHMA may see a re-opening of this debate.

#### Consequence of evidence upon CS review

- 4.18 The process of undertaking a SHMA would be lengthy (up to 12 months in total) and would necessitate the involvement of a wide range of stakeholders, including house builders and neighbouring authorities. Once agreed the implications of the SHMA on the CS would need to be assessed and could include amendments to:
- overall housing requirement
  - the spatial distribution of housing
  - affordable housing levels
  - rates of CIL
  - brownfield land target

- 4.19 Work on the Site Allocations Plan would need to cease until such a time as the CS was amended and taken through a process of consultation and examination. This could take up to two years; leading to a total delay to the SAP of up to 3 years.
- 4.20 Such a delay would lead to harm to the implementation of the CS strategy chiefly through impacts on the City's housing land supply. The only option for release of land to make up a five year housing land supply would be from non-Green Belt sites i.e. existing safeguarded land or from rural land.
- 4.21 There would also be a need via the review to re-set the base date of the CS. If this were done the plan period would extend from 2016 to 2032. In such cases it is likely that the pool of sites identified to form part of the SAP to 2028 would remain even if the revised plan target was lower overall. This is because there would already be a need to remedy backlog between 2012 and 2016 which already stands at 3,000 homes.

#### Corporate consideration of demographics

- 4.22 The projections and the manner in which they change is not simply a matter for the housing requirement in Leeds. A corporate approach to dealing with demographics across the City Council which links planning, housing, economic growth and a range of service delivery factors is essential.

## **5 Corporate Considerations**

### **5.1 Consultation and Engagement**

- 5.1.1 The SNHP and SNPP have ramifications across the City Council and have been considered by officers within the Policy and Intelligence section of Strategy and Resources Directorate. Officers have also engaged with the Regional Economic Intelligence Unit (REIU) of the Combined Authority. The REIU was established to ensure a co-ordinated approach to the use of key intelligence resources (such as the Regional Econometric Model) and to provide specialist economic support across the sub-region and to Leeds City Council.
- 5.1.2 Officers have also consulted with Edge Analytics who have been involved for many years in assessing the implications of demographic change upon the authority. Whilst Edge Analytics remain of the view that the Core Strategy requirement remains at the upper end of likely scenarios, they share the Council's view that a wider range of factors will need to be considered and that the analysis set out above is an appropriate account of the headline factors.

### **5.2 Equality and Diversity / Cohesion and Integration**

- 5.2.1 In the preparation of the Core Strategy, due regard has been given to Equality, Diversity, Cohesion and Integration issues.

### **5.3 Council Policies and City Priorities**

5.3.1 The adopted Core Strategy takes forward the spatial objectives of the Vision for Leeds and the priorities set out in the City Priority Plans and the Best Council Plan (in particular Objective 2: to 'promote sustainable and inclusive economic growth'). Housing Growth is a City Council 'break through' project. This will be supported through the identification of land and its phasing through the Site Allocations Plan and Aire Valley Leeds Area Action Plan.

### **5.4 Resources and value for money**

5.4.1 The preparation of statutory Development Plan Documents is an essential but a very resource intensive process. This is due to the time and cost of document preparation (relating to public consultation and engagement), the preparation and monitoring of an extensive evidence base, legal advice and Independent Examination. These challenges are compounded currently by the financial constraints upon the public sector and resourcing levels, concurrent with new technical and planning policy pressures arising from more recent legislation (including the Community Infrastructure Levy and Localism Act). There are considerable demands for officers, members and the community in taking the Development Plan process forward.

5.4.2 For the Local Development Framework to be as up to date as possible, the Council now needs to produce the Site Allocations Plan as quickly as practicable, following the adoption of its Core Strategy. This will provide value for money in that the council will influence and direct where development goes. Without an up to date plan the presumption in favour of development by the Government means that any development in conformity with national policy will be acceptable, regardless of any previous positions of the authority, which will have implications in terms of resources and value for money and the operational issues associated with "planning by appeal".

5.4.3 In that context, a revised SHMA could cost in excess of £50,000 and would need to be sufficiently robust to withstand inevitable objection. Understanding the likely consequences of undertaking such work at an early stage ensures that the Council spends money wisely.

5.4.4 If the housing requirement were to be reduced there may be a knock on consequence for other parts of the plan, including for New Homes Bonus, CIL and infrastructure spending in the District.

### **5.5 Legal Implications, Access to Information and Call In**

5.5.1 The report is not eligible for call in as no decision is being taken.

### **5.6 Risk Management**

5.6.1 Amending the Core Strategy target would require a halt to the progression of the Site Allocations Plan and Aire Valley Leeds Area Action Plan. Without a current

allocations plan(s), aspects of the existing UDP allocations will become out of date and will not reflect or deliver the Core Strategy policies and proposals. Early delivery is therefore essential to enable the Council to demonstrate that sufficient land will be available when needed to meet the Core Strategy targets. Without an up to date plan the presumption in favour of development by the Government means that any development or neighbourhood plan in conformity with national policy will be acceptable, regardless of any previous positions of the authority. The more the work progresses, the more material weight can be given to it.

- 5.6.2 The establishment of cross Corporate monitoring arrangements to take account of changes to the evidence base will ensure that the Council can be responsive to the individual changes to the evidence base.
- 5.6.3 The Council is committed to an early selective Review of the Core Strategy within 3 years of Adoption. In the meantime the ongoing monitoring of the Core Strategy evidence base coupled with the implementation of a phased approach to Site Allocations will ensure that the risks of releasing land unnecessarily is reduced.

## **6 Conclusion**

- 6.1 The derivation of an OAN is not simply a consequence of substituting one household projection figure for another. A fundamental SHMA review would be required and once this had been completed any changes would have to be made via a development plan review involving two rounds of public consultation and the necessary legal and plan making requirements such as the Duty to Cooperate and consistency with the wider CS. This report seeks to explore whether the latest evidence suggests a need for a fundamental SHMA review. It then must balance this with the harm which may arise in Leeds from having a housing requirement which is in excess of full needs arising during the Plan period.
- 6.2 There are a number of different elements to a SHMA and these are covered broadly in the report. The two main drivers which point to a lower target than 70,000 homes are population and household projections, and on their own they suggest a household change in the region of 45,000 households. However, the national evidence is not yet complete as household type headship rates remain to be released by Government.
- 6.3 Other drivers which will also need to be assessed as part of a SHMA are likely to generate upward adjustments. Whilst it is not possible to ascertain the precise scale of the adjustments it is unlikely that they would match the 70,000 figure in the CS which the Council has consistently argued is at the upper end of likely scenarios.
- 6.4 However, there is national recognition that housing needs should be met and that local authorities must significantly boost the supply of housing locally. Part of achieving sustainable development locally requires meeting needs for housing and the CS requirement is a hard won strategy for achieving substantial growth whilst protecting the quality of the environment and local community identity. Whilst it is

acknowledged that on the face of it the basis for the CS requirement may have shifted there are a number of high profile local evidence and policy drivers which an Inspector would expect the Council to take account of and adjust the figure upwards.

- 6.5 The purpose of this report has been to set out a high level sense check of the latest information available, including household projections and economic forecasts. Further work is needed on these sources of information, as household projections remain incomplete. Based on the evidence at it stands, it is the view of officers that the housing requirement would be in the region of 60,000 net new homes between 2012 and 2028 and that the requirement in the Core Strategy is at the upper end of likely scenarios. However, as set out in the report, account would need to be taken of any historic backlog of housing and how such a requirement would impact upon the need for more affordable housing in Leeds. It is only possible to assess such elements via a SHMA but it is noted that the identified unmet social housing needs in the SHMA (2010) totalled 4,000 homes.
- 6.6 If members determine that a review of the SHMA is the best course of action there are some significant consequences which would need to be addressed. First, the CS target would remain until replaced and would continue as the basis for determining the Council's five year land supply and assessment of backlog. Second, with a delay to the progression of the Site Allocations Plan and Aire Valley Leeds Area Action Plan it would be apparent that there would be a delay in bringing forward new sites to maintain and supplement the Council's recently endorsed five year housing land supply. This would leave the Council vulnerable to proposals on non-green belt sites – all PAS sites would be at risk alongside land currently designated as “rural land” – and a cycle of planning by appeal would likely ensue, unless LCC accepted these consequences.
- 6.7 There is therefore a strong argument to proceed with the Allocations Plans as programmed whilst considering a selective Review of the Core Strategy within 3 years of its Adoption. This commitment has already been made and would allow a period of time for the local economy to recover from recession and for such growth to be picked up in trend based forecasts.
- 6.8 At the same time it will be important for the Council to continue to monitor the evidence base and it is recommended that this is prioritised at a wider corporate activity rather than solely as an element within the Forward Planning and Implementation Service.
- 6.9 Finally, it will be of critical importance that the Council is able to implement a phased approach to the release of Site Allocations. Many other authorities under the new provisions of the NPPF have no phasing at all. There is a specific paper on the proposed approach to phasing at this Panel meeting. The Council will ensure that the phasing of the Site Allocations prioritises the release of previously developed land and land which is most accessible, brings with it the infrastructure improvements which Leeds needs and provides the new homes which people in all parts of Leeds need, whilst ensuring that less sequentially preferable phases are not released until

they are needed to meet a supply of land which is based on an up to date housing requirement.










## **7 Recommendations**

7.1 Members of the Development Plan Panel are recommended to:

- i) note the contents of the report and endorse the maintenance of the Core Strategy housing requirement as a basis for the Leeds Site Allocations Plan and Aire Valley Leeds Area Action Plan
- ii) support the continual monitoring of the evidence underpinning the housing requirement, as further evidence is made available and the updating of Development Plan Panel on a bi-annual basis of any meaningful and significant changes
- iii) support a selective review of the Core Strategy within 3 years of its Adoption and following subsequent household projections, which will better reflect demographic trends of a recovering economy
- iv) support wider Corporate mechanisms to co-ordinate the monitoring of changes to the population, household composition and economic growth of Leeds relating to wider Council services which depend on demographic analysis and forecasting



## Appendix 1: Summary of drivers

Local policy	<ul style="list-style-type: none"> <li>• address housing need</li> </ul>	
Sub-Regional policy	<ul style="list-style-type: none"> <li>• role as part of the Leeds City Region</li> </ul>	
Population projections	<ul style="list-style-type: none"> <li>• based on recession trends</li> </ul>	
Household projections	<ul style="list-style-type: none"> <li>• based on recession trends</li> </ul>	
Job growth	<ul style="list-style-type: none"> <li>• emerging from recession</li> </ul>	
Backlog / concealed need	<ul style="list-style-type: none"> <li>• at least 4,000 in social rented sector pre-2012</li> <li>• some element of private sector pre-2012</li> </ul>	
Affordable Housing	<ul style="list-style-type: none"> <li>• house prices are increasing</li> <li>• income needed for mortgage payments is increasing</li> <li>• mortgage lending is increasing but slowly (but in some cases these drive up prices)</li> </ul>	
Market signals	<ul style="list-style-type: none"> <li>• demand for housing increasing</li> <li>• relationship between historic supply and demand</li> <li>• rates of development</li> </ul>	
Current international migration trends	<ul style="list-style-type: none"> <li>• signs that increasing steeply as recovery from recession bites</li> </ul>	
Commuting	<ul style="list-style-type: none"> <li>• commuting ratio remains similar to the original SHMA</li> <li>• as Leeds' role in the LCR develops this may change</li> </ul>	