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# **COVENTRY SUB-REGIONAL HOUSING STUDY**

**FINAL REPORT**

**JUNE 2014**

## COVENTRY SUB-REGIONAL HOUSING STUDY

### Final Report - June 2014

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<b>Prepared By:</b>	Morgan Reece
<b>Checked By:</b>	Simon Macklen/Daniel Hatcher

Barton Willmore LLP  
The Observatory  
Southfleet Road  
Ebbsfleet  
Dartford  
DA10 0DF

Tel: (01322) 374660  
Fax: (01322) 374661  
E-mail: [research@bartonwillmore.co.uk](mailto:research@bartonwillmore.co.uk)

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## EXECUTIVE SUMMARY

i. This study has been prepared on behalf of a consortium of house builders and developers with land interests across the West Midlands, including within the Coventry and Warwickshire Sub-Region. Members of the Consortium include:

- Barratt & David Wilson Homes
- Bloor Homes Midlands
- Catesby Property Group
- Crest Strategic Projects
- Hallam Land Management
- Richborough Estates
- Taylor Wimpey
- William Davis

ii. The primary objective of the study has been to provide an Objective Assessed Need (OAN) for housing development within the Sub-Region. The study has been carried out in accordance with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). In support of the principal elements described above, detailed analysis of key socio-economic and housing market data has been provided to place the study's findings into context.

### **National Planning Policy Context**

- iii. The National Planning Policy Framework (NPPF) requires local targets for housing development to be based on full, objective assessments of housing need, meaning that they are not constrained by policy considerations or past trends in delivery performance
- iv. The NPPF also outlines the 'Duty to Cooperate', under which Local Planning Authorities are required to work together on strategic policy matters, which includes housing
- v. The Planning Practice Guidance (PPG), published in its final form in March 2014, provides further illustration of how the policies set out in the NPPF are expected to be put into practice
- vi. The PPG identifies situation under which an upward adjustment to housing numbers should be made; this includes where market signals (such as affordability, house prices/rents and overcrowding) show worsening trends, or where housing targets are likely to yield insufficient affordable housing to meet identified needs
- vii. The methodology employed in this Study for Coventry & Warwickshire complies with this key national policy and guidance

**The Sub Region as a Housing Market Area**

- viii. An Objective Assessment of Housing Need for a given local authority must take account of its wider Housing Market Area (HMA)
- ix. Housing Market Areas are defined by migration and commuting patterns, and can also take into account spatial variations in house price where appropriate. There is no single definitive source of HMA definitions for the whole country
- x. According to research sponsored by CLG, Coventry, Warwick, Nuneaton and Bedworth and Rugby form the 'Coventry HMA'. Stratford-on-Avon and North Warwickshire are both considered to be part of the 'Birmingham HMA', but have significant areas within the Coventry HMA and also have ties to the 'Coventry HMA' authorities through the county of Warwickshire
- xi. An assessment area incorporating all six authorities has therefore been applied. For the purpose of this study, the HMA is referred to as the 'Coventry & Warwickshire HMA'

**Local Planning Policy Context**

- xii. The Strategic Housing Market Assessment (SHMA) is the key evidence base document relating to local housing requirements. The most recent SHMA for Coventry & Warwickshire was published in November 2013
- xiii. The SHMA recommends that provision is made for 3,750 dwellings per annum. However, this figure does not adequately take account of adverse market signals identified, and would yield insufficient affordable housing at current delivery quotas
- xiv. All six HMA authorities are in the process of producing and adopting new NPPF-compliant local plans. At present, the total annualised dwelling target based on emerging plans (including those withdrawn) is 3,075 dwellings per annum – significantly lower than set out in the SHMA
- xv. The Coventry & Warwickshire Local Enterprise Partnership (C&W LEP) aims to support employment growth in the sub-region. Although the link between employment growth and housing development is acknowledged, the LEP's assessment of the level of housing required to support their employment growth aspirations is flawed

### **Demographic Trends and Projections**

- xvi. Population and Household growth rates across the HMA have been broadly in line with national average. On average, the population grew by 5,670 people per annum between census years, resulting in the formation of 2,680 new households per annum
- xvii. The Long Term Net Migration trend for the HMA shows an average of 4,722 more people entering the HMA than leaving each year. Coventry has experienced the highest level of net in-migration over the period analysed
- xviii. The most recent 2011-based CLG household projections estimate that 4,067 households will form over the period 2011-21. However, these projections are considered to be unreliable due to their use of household formation rates strongly influenced by the recent recession
- xix. The most recent ONS 2012 Sub National Population Projections estimate population growth of 7,165 people per annum, a significant decrease compared with the Interim 2011 projections. However, these projections should be treated with caution, as they are believed to under estimate net international migration by a significant amount – something that is likely to have a significant effect on Coventry city in particular

### **Economic Trends and Forecasts**

- xx. Employment growth across the HMA averaged approximately 3,000 jobs per year between the 2001 and 2011 censuses
- xxi. According to growth forecasts from Experian Economics, it is anticipated that 62,920 jobs will be created between 2011 and 2031 – an average of 3,146 per annum
- xxii. The Coventry & Warwickshire LEP Strategic Economic Plan (SEP) provided a further forecast of employment growth from Cambridge Econometrics, totalling 94,500 jobs 2013-31
- xxiii. Unemployment across the HMA is below the regional average, but Coventry's unemployment rate remains high, meaning that some employment growth may be met by latent (unemployed) labour supply

### **Housing Market Signals**

- xxiv. Between 2006/07 and 2012/13, housing delivery across the HMA averaged 2,293 net additional dwellings per annum. However, this is skewed by stronger performance in the earlier years of the period analysed. Between 2008/09 and 2012/13, delivery was 23% lower at 1,797 dwellings per annum

- xxv. Since 1997, house prices across the HMA have risen significantly, although Median house prices remain below national average in all LPAs apart from Warwick and Stratford-on-Avon
- xxvi. Affordability, measured in terms of the ratio between lower quartile earnings and lower quartile house prices, has worsened significantly since 1997 and remains worse than national average in the authorities outside of Coventry. Private rents are also less affordable than national average in four of the six authorities
- xxvii. Overcrowding in Coventry is above national average, but lower in the rest of the HMA
- xxviii. Overall, market signals have clearly worsened in recent years, meaning that housing numbers should be boosted to address market dysfunction

### **Objective Assessment of Housing Need**

- xxix. On the basis of the 2012 Sub National Population Projections alone, around 4,500 net additional dwellings would needed per annum 2011-31. Based on a continuation of long term net migration trends, the requirement increases to c.5,000 dwellings per annum. These scenarios, however, represent only the starting point in an objective assessment of housing need
- xxx. On an economic-led basis, job creation forecasts from Cambridge Econometrics (as shown in the CWLEP Strategic Economic Plan) would create a requirement for c.5,100 dwellings per annum. This requirement is broadly in line with the long term net migration-based scenario, but would spread the labour force capacity (and therefore housing requirement) more effectively across the HMA. This means that economic development would be better supported and reduce the reliance on unsustainable long distance commuting (in line with the PPG)
- xxxi. Based on this reconciliation of demographic needs (at HMA level) and local economic needs, it is recommended that around 5,100 dwellings per annum are planned for across the HMA over the period 2011-31
- xxxii. This would also be expected to yield sufficient affordable housing at HMA level, based on the assessment of need provided in the 2013 C&W SHMA. It would also represent a significant uplift compared against past delivery rates and targets, suggesting that a housing target set on this basis would begin to help address the adverse market signals identified in Chapter 7

**Summary Table: Recommended Minimum Dwelling Requirements 2011-31**

	<b>Recommended Minimum Housing Target (per annum)</b>	<b>Recommended Minimum Housing Target (total)</b>	<b>Potential Unmet Need from Birmingham (per annum)</b>
<b>Coventry</b>	1,350	27,000	-
<b>North Warwickshire</b>	500	10,000	61-195
<b>Nuneaton &amp; Bedworth</b>	800	16,000	-
<b>Rugby</b>	750	15,000	-
<b>Stratford-on-Avon</b>	800	16,000	110-387
<b>Warwick</b>	900	18,000	-
<b>C&amp;W HMA</b>	<b>5,100</b>	<b>102,000</b>	<b>171-582</b>



## 1.0 INTRODUCTION

1.1 This study has been prepared on behalf of a consortium of house builders and developers with land interests across the West Midlands, including within the Coventry and Warwickshire Sub-Region. Members of the Consortium include:

- Barratt & David Wilson Homes
- Bloor Homes Midlands
- Crest Strategic Projects
- Hallam Land Management
- Richborough Estates
- Taylor Wimpey
- William Davis

1.2 The primary objective of the study is to provide an Objective Assessment of Need (OAN) for housing development within the Sub-Region. The study has been carried out in accordance with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). In support of the principal elements described above, detailed analysis of key socio-economic and housing market data has been provided to place the study's findings into context.

### Report Structure

1.3 This study is intended to be comprehensive, complying with national policy and guidance in the assessment of housing need. This report is divided into several chapters.

1.4 Chapter 2, **National Policy Context**, introduces the relevant aspects of national planning policy and guidance, describing the key aspects required within an objective assessment of housing need.

1.5 Chapter 3, **The Sub-Region as a Housing Market Area**, assesses the extent to which the Coventry and Warwickshire Sub-Region represents a coherent Housing Market Area. This includes analysis of Migration and Commuting flow data. Published research into Housing Market Area definitions is also taken into consideration.

1.6 Chapter 4, **Local Planning Policy Context**, evaluates existing/emerging local policy (and associated evidence) relating to housing, including Local Plans, Core Strategies and Strategic Housing Market Assessments (SHMAs). The chapter also includes a review of the Coventry and Warwickshire Local Enterprise Partnership's aspirations for economic development and housing.

1.7 Chapters 5, **Demographic Trends and Projections** and 6, **Economic Trends and Forecasts** provide the key socio-economic data upon which the objective assessment of

housing need is based. The data contained within these chapters also provide useful additional context for the more qualitative elements of this assessment.

- 1.8 Chapter 7, **Housing Market Signals**, provides detailed analysis of how the housing market functions locally, including a review of key market signals.
- 1.9 Chapter 8, **Objective Assessment of Housing Need**, takes key demographic inputs and objectively assesses housing need based on sophisticated demographic modelling. This provides the starting point from which an objective assessment of housing need can be carried out. This 'starting point' is then tested to identify the extent to which it will supply sufficient labour to meet demands identified in Chapter 6, as well as assessing its capacity to deliver sufficient affordable housing and alleviate adverse market signals.
- 1.10 The report then concludes in Chapter 9, **Conclusions**, with a discussion of the key themes and issues raised by the OAN and context analysis, as well as considering the implications of the study's findings.
- 1.11 Key supporting tables and documents are also provided as appendices.

## 2.0 NATIONAL PLANNING POLICY CONTEXT

- **The National Planning Policy Framework (NPPF) requires local targets for housing development to be based on full, objective assessments of housing need, meaning that they are not constrained by policy considerations or past trends in delivery performance**
- **The NPPF also outlines the 'Duty to Cooperate', under which Local Planning Authorities are required to work together on strategic policy matters, which includes housing**
- **The Planning Practice Guidance (PPG), published in its final form in March 2014, provides further illustration of how the policies set out in the NPPF are expected to be put into practice**
- **The PPG identifies situations under which an upward adjustment to housing numbers should be made; this includes where market signals (such as affordability, house prices/rents and overcrowding) show worsening trends, or where housing targets are likely to yield insufficient affordable housing to meet identified needs**
- **The methodology employed in this Study for Coventry & Warwickshire complies with this key national policy and guidance**

2.1 The requirement for all Local Planning Authorities (LPAs) to base their housing targets on Objective Assessments of Need (OANs) is rooted in national planning policy – specifically the National Planning Policy Framework (NPPF). Additionally, the Planning Practice Guidance (PPG) released in March 2014 provides supporting guidance and promotes best practice to ensure a degree of consistency between assessments prepared by different parties. This study complies with key national policy and guidance.

### **National Planning Policy Framework (NPPF, 27 March 2012)**

2.2 The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied. The presumption in favour of sustainable development is said to sit at the heart of the NPPF, and this requires that local planning authorities should positively seek opportunities to meet the development needs of their area, and that local plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change.

2.3 In respect of housing requirements, the NPPF (paragraph 47) confirms the need for local authorities to **significantly boost the supply of housing**. In doing so, it confirms that

local authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing.

- 2.4 Furthermore, paragraph 50 states that to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

**“plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and**

**Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand.”**<sup>1</sup> (our emphasis)

- 2.5 The NPPF also states that LPAs are required to clearly understand housing needs in their area, and that to do this, they need to prepare a SHMA in conjunction with neighbouring authorities where housing market areas cross administrative boundaries.

- 2.6 In respect of the duty to cooperate, the NPPF states that:

**“Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the strategic priorities set out in paragraph 156<sup>2</sup>. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.”**<sup>3</sup>

- 2.7 The NPPF also provides more specific guidance on the content a SHMA should contain, including identification of the scale, mix and tenure of development needed to:

**“[Meet] household and population projections, taking account of migration and demographic change;**

**[Address] the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);**

<sup>1</sup> Paragraph 50, page 13, National Planning Policy Framework, 27 March 2012

<sup>2</sup> Paragraph 156 sets out a list of strategic priorities which must be covered by local plans, including the homes and jobs needed in the area.

<sup>3</sup> Paragraph 178, page 42, National Planning Policy Framework, 27 March 2012

**[Cater] for housing demand and the scale of housing supply necessary to meet this demand;”<sup>4</sup>**

- 2.8 The approach taken in the preparation of this study is consistent with the NPPF’s requirement that the supply of housing needs to be increased through objective assessment underpinned by a robust (but proportionate) evidence base.

**Planning Practice Guidance (PPG, 06 March 2014)**

- 2.9 The Planning Practice Guidance (PPG) was issued in its final form on 6th March 2014 and contains updated guidance to support the interpretation of the NPPF.
- 2.10 In terms of assessing housing requirements the PPG states the following:

**“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.”<sup>5</sup>**

- 2.11 The PPG is therefore clear that the objective assessment of need should not be constrained. The consideration of whether the need can be supplied in the area will be addressed once the full objective assessment of need has been determined.
- 2.12 The PPG also clarifies the extent to which local planning authorities should seek to work together when assessing housing needs, as follows:

**“Local planning authorities should assess their development needs working with the other local authorities in the relevant housing market area or functional economic market area in line with the duty to cooperate. This is because such needs are rarely constrained precisely by local authority administrative boundaries.”<sup>6</sup>** (Our emphasis)

- 2.13 The PPG therefore highlights the requirement to assess needs across local authority boundaries and not just within an individual authority.

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<sup>4</sup> Paragraph 159, page 38, National Planning Policy Framework, 27 March 2012

<sup>5</sup> Paragraph: 004 Reference ID: 2a-004-20140306, Planning Practice Guidance, 06 March 2014

<sup>6</sup> Paragraph: 007 Reference ID: 2a-007-20140306, Planning Practice Guidance, 06 March 2014

2.14 The PPG moves on to address the methodology for assessing housing need, stating the following:

**“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.”<sup>7</sup> (Our emphasis)**

2.15 Although the official CLG household projections should therefore be considered, they only represent the starting point for assessing need. This is due to a number of reasons as the PPG explains:

**“The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.”<sup>8</sup> (Our emphasis)**

2.16 In this context the PPG explains how the household projection-based estimate housing need may require adjustment for a number of reasons, as follows:

**“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing.”<sup>9</sup> (Our emphasis)**

2.17 Furthermore the methodology section of the PPG establishes the potential requirement to adjust household formation rates when assessing needs, as follows:

**“Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates.”<sup>10</sup>**

2.18 Alongside demographic assumptions, the PPG clearly identifies the responsibility placed on local authorities to consider economic growth and the link with housing requirements.

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<sup>7</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014

<sup>8</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014

<sup>9</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014

<sup>10</sup> Paragraph: 017 Reference ID: 2a-017-20140306, Planning Practice Guidance, 06 March 2014

**“Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.”<sup>11</sup>**

2.19 The PPG explains how housing numbers may need to be increased due to economic growth:

**“Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”<sup>12</sup>** (Our emphasis)

2.20 This guidance supports the policies of the National Planning Policy Framework, in respect of ensuring that Plans are ‘positively prepared’ (paragraph 182), the economic prospects of an area are considered (paragraph 158), and ensuring that a lack of housing does not create a barrier to economic investment (paragraph 21), as summarised above.

2.21 Market Signals, according to the PPG, should also be taken into account in objective assessments of housing need, and adjustments made where key market indicators (such as house price and rent increases) suggest that they are warranted:

**“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand.”<sup>13</sup>**

### Summary

2.22 The approach of national policy and guidance clearly states the importance of objectivity in the assessment of housing requirements, and emphasises the need for plans to be positively prepared in order to achieve aspirations for growth. This study has been prepared in accordance with this approach by using data and methodologies which can be traced and replicated.

<sup>11</sup> Paragraph: 018 Reference ID: 2a-018-20140306, Planning Practice Guidance, 06 March 2014

<sup>12</sup> Paragraph: 018 Reference ID: 2a-018-20140306, Planning Practice Guidance, 06 March 2014

<sup>13</sup> Paragraph: 019 Reference ID: 3-030-20140306, Planning Practice Guidance, 06 March 2014

### 3.0 THE SUB-REGION AS A HOUSING MARKET AREA

- **An Objective Assessment of Housing Need for a given local authority must take account of its wider Housing Market Area (HMA)**
- **Housing Market Areas are defined by migration and commuting patterns, and can also take into account spatial variations in house price where appropriate. There is no single source which definitive HMA definitions for the whole country**
- **According to research sponsored by CLG, Coventry, Warwick, Nuneaton and Bedworth and Rugby form the 'Coventry HMA'. Stratford-on-Avon and North Warwickshire are both considered to be part of the 'Birmingham HMA', but have significant areas within the Coventry HMA and also have ties to the 'Coventry HMA' authorities through the county of Warwickshire**
- **An assessment area incorporating all six authorities has therefore been applied. For the purpose of this study, the HMA is named the 'Coventry & Warwickshire HMA'**

3.1 This study is focused on assessing housing need in the Coventry and Warwickshire Sub-Region, which is broadly defined as the five Warwickshire districts (North Warwickshire, Nuneaton and Bedworth, Warwick, Rugby and Stratford-on-Avon), plus the city of Coventry, albeit recognising that some of these authorities (namely Stratford-on-Avon and North Warwickshire) also fall within the Birmingham Housing Market Area.

3.2 This chapter describes the steps taken to confirm the Coventry Sub-Region's coherence as a Housing Market Area. As established in the previous chapter, Objective Assessments of Housing Need should be made in the context of Housing Market Areas, rather than simply within the boundaries of a single district.

3.3 In defining 'What is a housing market area?', the Planning Practice Guidance states:

**"A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate."<sup>14</sup>**

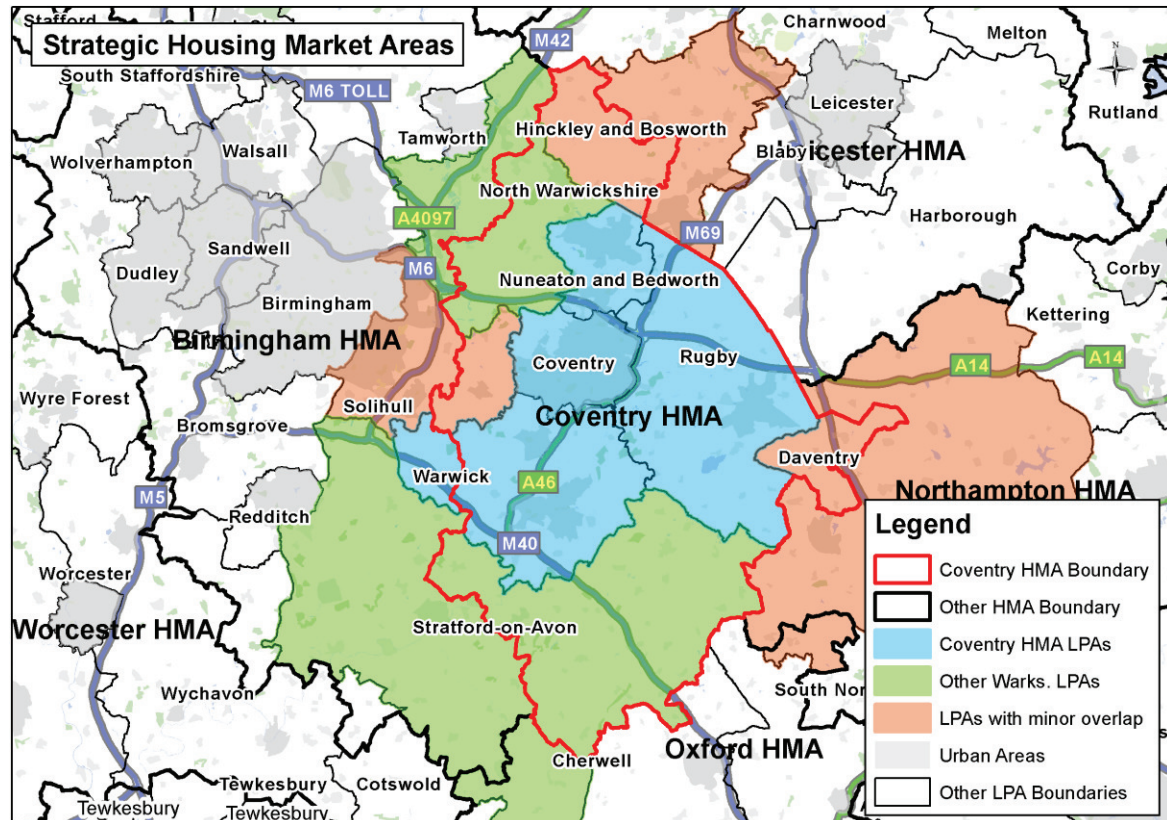
3.4 However, there is no single definition of where the boundaries for each HMA fall.

<sup>14</sup> Paragraph: 010 Reference ID: 2a-011-20140306, Planning Practice Guidance, 06 March 2014



**Published Research**

- 3.5 This study draws on research carried out by the Centre for Urban & Regional Development Studies (CURDS) at Newcastle University. The research was funded by the National Housing and Planning Advisory Unit at CLG, and focuses on creating a robust set of HMA definitions with a tiered structure:
- The upper tier (Strategic) covers the whole country, providing appropriate areas for modelling and analysis relating to strategic housing policy. Strategic HMAs are defined by long distance commuting flows and the long term spatial framework with which housing markets operate. The researchers also state that the Strategic tier is particularly useful for modelling affordability.
  - The lower tier (Local) applies primarily to heavily urbanised regions, splitting the Strategic HMA boundaries into smaller areas for detailed monitoring of the balance of housing supply and demand.
- 3.6 These sets of HMAs are termed 'gold standard' because their boundaries are defined to the maximum possible level of detail. They are built up from c.9000 wards using detailed migration and commuting statistics, which were made available to the CURDS researchers from the 2001 Census (similar data from the 2011 census have not yet been released). Given that this study is primarily concerned with informing strategic housing policy, the Strategic HMA definitions represent the most logical and appropriate option.
- 3.7 In addition to the 'gold standard' definitions, a set of 'silver standard' definitions were also produced, providing a best fit between the detailed HMA definitions described above and LPA boundaries.
- 3.8 Figure 3.1 shows the 'gold standard' Coventry Strategic HMA boundary, marked as a red outline. The four LPAs which form the 'silver standard' Coventry HMA have been highlighted in blue. The remaining two Warwickshire LPAs have been highlighted in green, and three further districts with minor overlaps have been highlighted in orange.

**Figure 3.1: Housing Market Areas and LPA Boundaries**

Source: CURDS, Experian, Contains OS/ONS data © Crown Copyright 2014

- 3.9 On a 'silver standard' best fit basis, Coventry, Nuneaton and Bedworth, Rugby and Warwick all fall within the Coventry HMA, whilst North Warwickshire and Stratford-on-Avon belong to the Birmingham HMA. Indeed, the latter two LPAs were assessed as part of Barton Willmore's Birmingham Sub-Regional Housing Study (March 2014), and as such were considered to be liable to accommodate a share of Birmingham City Council's unmet housing need. Nevertheless, it is clear from Figure 3.1 that not unsubstantial parts of these LPAs fall within the 'gold standard' Coventry HMA boundary.
- 3.10 Three further LPAs (Solihull, Hinckley and Bosworth and Daventry) also fall partially within the Coventry HMA. However, in each case the overlapping area is primarily rural, meaning that the majority of the population live in areas more heavily influenced by other major urban centres.
- 3.11 The relationship between the four 'core' HMA authorities and the remaining two Warwickshire LPAs can be explored further through analysis of Commuting, Migration and House Price data.

## Commuting Flows

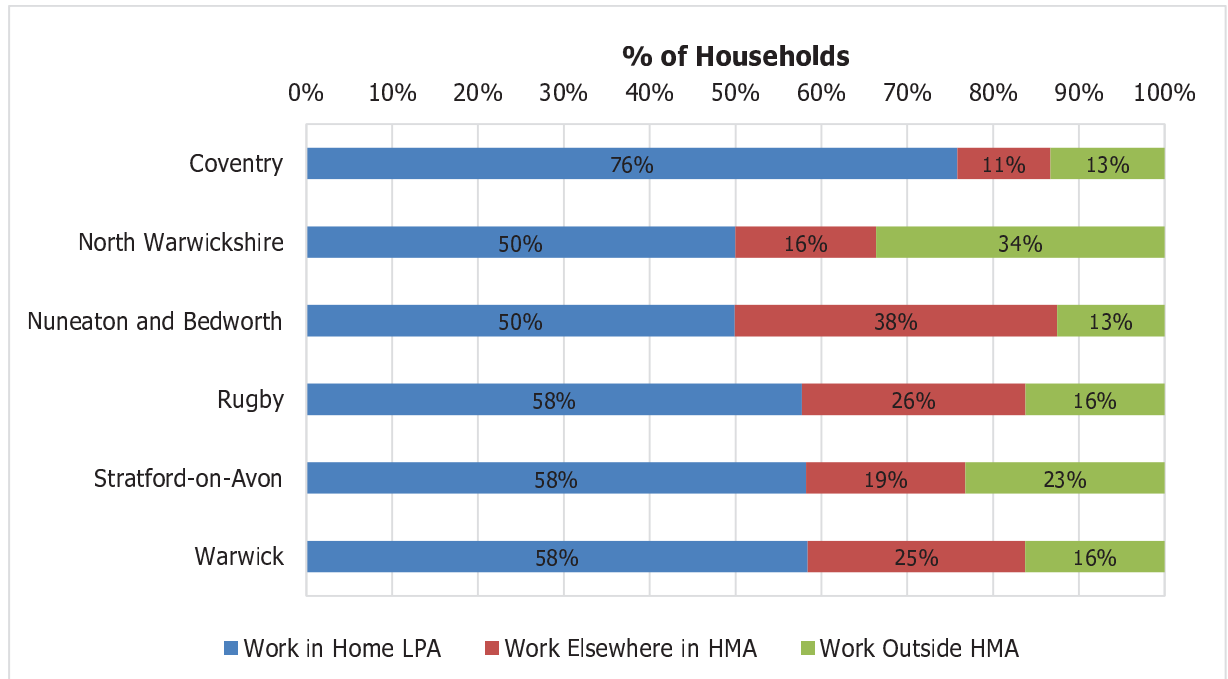
- 3.12 Table 3.1 below summarises the net commuting flows and commuting ratios (working residents per local job) for the six LPAs, according to the 2011 Annual Population Survey. A commuting ratio of greater than 1 suggests that the LPA is a net exporter of labour, whilst a ratio of less than 1 indicates that the LPA is a net importer of labour.

**Table 3.1: Net Commuting Flows and Commuting Ratios – 2011**

	<b>Working Residents (Retained or Out- Commuting)</b>	<b>Jobs (Workers Retained or In-Commuting)</b>	<b>Net Flow</b>	<b>Commuting Ratio</b>
<b>Coventry</b>	133,505	171,951	38,446	0.78
<b>North Warwickshire</b>	28,387	30,533	2,146	0.93
<b>Nuneaton and Bedworth</b>	53,587	34,439	-19,148	1.56
<b>Rugby</b>	39,636	38,643	-993	1.03
<b>Stratford-on-Avon</b>	54,158	63,840	9,682	0.85
<b>Warwick</b>	71,756	65,854	-5,902	1.09

Source: Annual Population Survey – Commuter Flows 2011

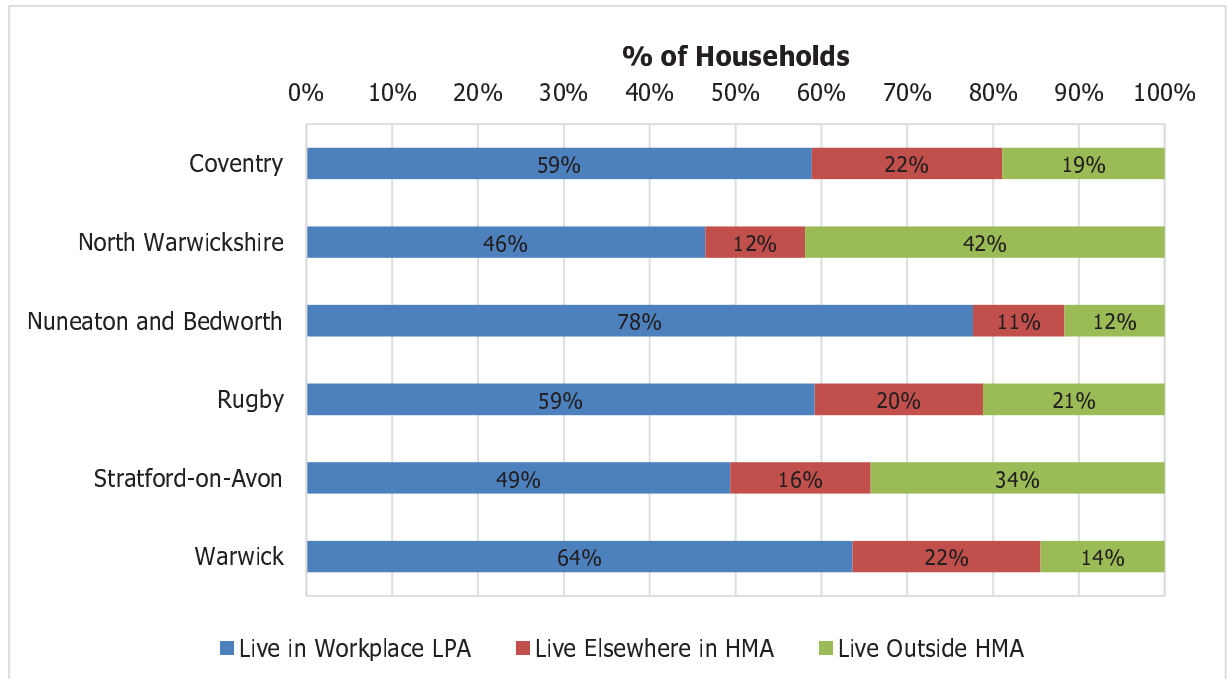
- 3.13 Coventry is clearly the key economic hub of the sub region, with around 170,000 jobs and a net inflow of 38,446 workers, many of which reside within the wider sub-region. Nuneaton and Bedworth, Rugby and Warwick are net exporters of labour.
- 3.14 Figure 3.2 below shows the proportion of working residents in each of the six LPAs who work within their home LPA, elsewhere in the HMA (i.e. in one of the other five LPAs) or outside the HMA. A high proportion of residents working elsewhere in the HMA suggests strong economic linkages with other parts of the HMA.

**Figure 3.2: Place of Work for LPA Working Residents**

Source: ONS, Annual Population Survey (2011 Data)

3.15 Nuneaton and Bedworth shows a high level of dependency on the rest of the HMA to supply jobs for its resident workers, with 38% working elsewhere in the HMA. Only 13% of working residents in Coventry and Nuneaton and Bedworth work outside the HMA. Unsurprisingly, the two districts (Stratford-on-Avon and North Warwickshire) identified by CURDS as falling within the Birmingham HMA have the highest proportions of working residents employed outside Coventry & Warwickshire.

3.16 Figure 3.3 shows the home locations of people employed in each LPA.

**Figure 3.3: Place of Residence for those employed within LPA**

Source: ONS, Annual Population Survey (2011 Data)

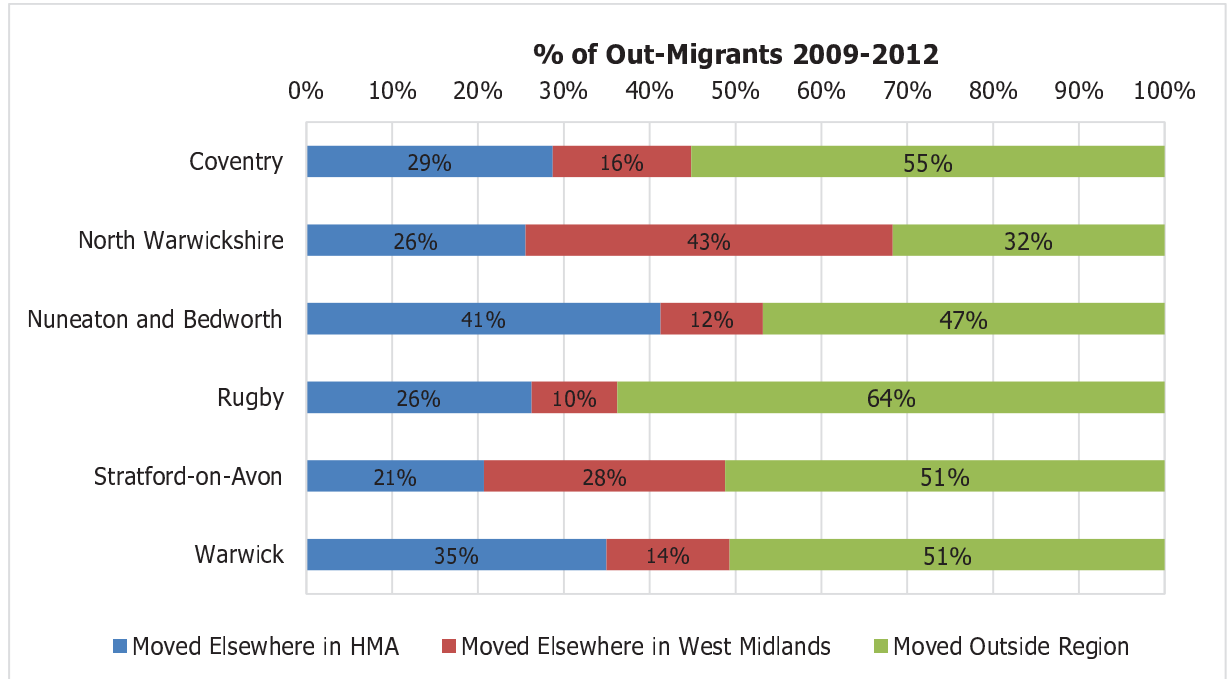
- 3.17 In total, 22% of jobs in Coventry are filled by workers from elsewhere in the HMA. Only 19% of labour is drawn from outside. Again, North Warwickshire and Stratford-on-Avon show the highest proportions of labour drawn from outside C&W.

### Migration Flows

- 3.18 Figure 3.4 below summarises total internal (domestic) out-migration flows, excluding 18-24s<sup>15</sup>. This is based on Local Authority-level data for the period 2009-2012 from the ONS. Figure 3.5 shows the origins of in-migrants, assessed on the same basis.

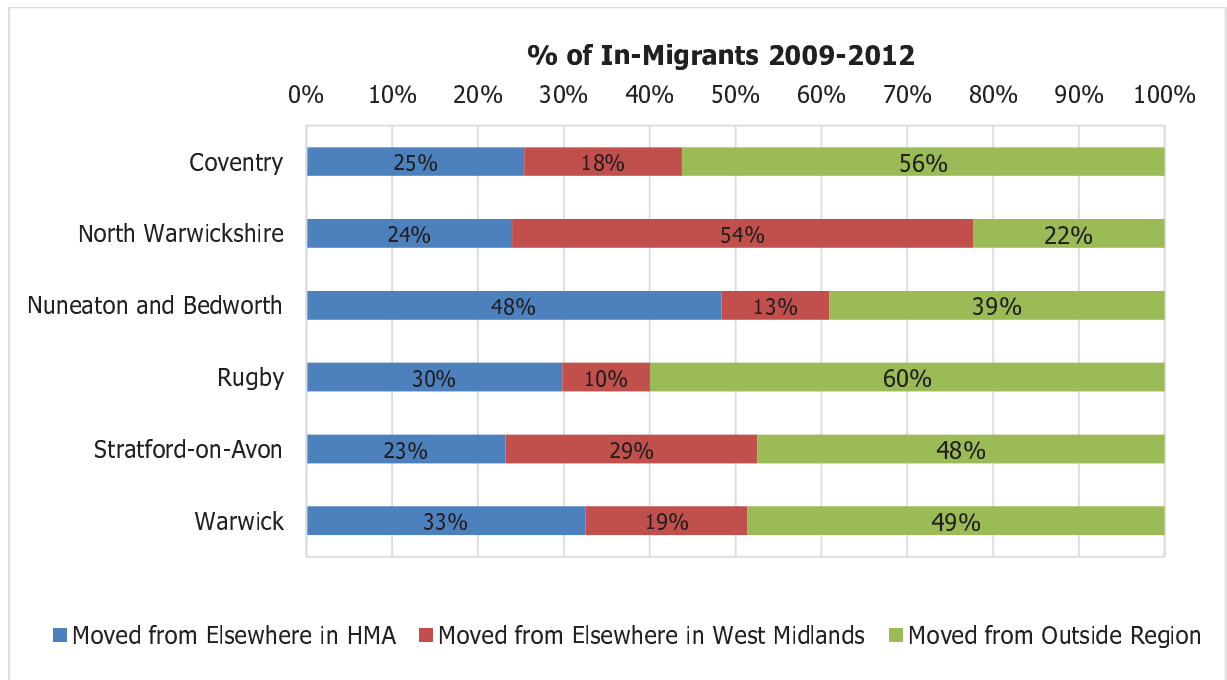
<sup>15</sup> Migration analysis has been restricted to reduce the influence of student migration, which is often short-term

**Figure 3.4: Destinations of Out-Migrants**



Source: ONS, Internal Migration by Local Authorities in England and Wales, Years Ending June 2009-2012 (Average)

**Figure 3.4: Origins of In-Migrants**



Source: ONS, Internal Migration by Local Authorities in England and Wales, Years Ending June 2009-2012 (Average)

3.19 Over the four years analysed, an estimated 29% of out-migrants from Coventry remained within the HMA.

## **Summary**

- 3.20 Although North Warwickshire and Stratford-on-Avon demonstrate strong linkages to the Birmingham HMA, they also share economic and political ties with Coventry and Warwickshire. It is therefore not unreasonable to assess housing need for the sub region as coherent housing market area.
- 3.21 For the purpose of this study, the six LPAs (Coventry, North Warwickshire, Nuneaton, Rugby, Stratford-on-Avon and Warwick) are collectively referred to as the Coventry & Warwickshire Housing Market Area (C&W HMA).

## 4.0 LOCAL PLANNING POLICY CONTEXT

- **The Strategic Housing Market Assessment (SHMA) is the key evidence base document relating to local housing requirements. The most recent SHMA for Coventry & Warwickshire was published in November 2013**
- **The SHMA recommends that provision is made for 3,750 dwellings per annum. However, this figure does not adequately take account of adverse market signals identified, and would yield insufficient affordable housing at current delivery quotas**
- **All six HMA authorities are in the process of producing and adopting new NPPF-compliant local plans. At present, the total annualised dwelling target based on emerging plans (including those withdrawn) is 3,075 dwellings per annum – significantly lower than set out in the SHMA**
- **The Coventry & Warwickshire Local Enterprise Partnership (C&W LEP) aims to support employment growth in the sub-region. Although the link between employment growth and housing development is acknowledged, the LEP’s assessment of the level of housing required to support their employment growth aspirations is flawed**

4.1 This chapter reviews key local planning policy and evidence base documents relating to housing. First, the key evidence base document – the local authority Strategic Housing Market Assessment – is reviewed, followed by an overview of adopted/emerging LPA local plans and core strategies. The chapter then concludes with a brief overview of the aims and aspirations of the Coventry and Warwickshire Local Enterprise Partnership.

### **Strategic Housing Market Assessment**

4.2 This section provides a critique of the evidence set out in the Coventry & Warwickshire Joint Strategic Housing Market Assessment Update (SHMA) published in November 2013 and addressing overall housing need in the following local authorities:

- Rugby Borough Council;
- Coventry City Council;
- Warwick District Council;
- North Warwickshire Borough Council;
- Nuneaton & Bedworth Borough Council.
- Stratford-upon-Avon Council.



- 4.3 The NPPF and supporting PPG state how Local Plan housing targets should be informed by a full objective assessment of overall housing need of the housing market area, set out in an up to date Strategic Housing Market Assessment (SHMA). Furthermore a recent High Court judgement<sup>16</sup> confirms how this full objective assessment of overall housing need should leave aside policy considerations, confirming the requirement of the PPG to ensure the full assessment of overall housing need should not be constrained by Development Plan policies.

### ***Objective Assessment of Overall Housing Need***

- 4.4 Section 7 of the SHMA considers future housing needs in the HMA, in the context of the NPPF and PPG requirements to consider demographic projections, economic growth, market signals, and affordable housing provision as part of a full objective assessment of overall housing need.
- 4.5 Table 4.1 below summarises the annualised housing numbers arising from the SHMA's projection scenarios.

**Table 4.1: Summary of annualised housing numbers – C&W SHMA (Nov 2013)**

Scenario Output	HMA Total (per annum)
<b>PROJ 1 (SNPP)</b>	3,981
<b>PROJ 1A (SNPP Updated)</b>	3,334
<b>PROJ 1A (2008 Headship)</b>	4,100
<b>PROJ 1A (Midpoint Headship)</b>	3,750
<b>PROJ 2 (10yr Migration Trends)</b>	3,271
<b>PROJ 3 (5yr Migration Trends)</b>	3,509
<b>PROJ A (Jobs baseline)</b>	3,768
<b>PROJ B (Residents in employment)</b>	3,724
<b>PROJ X (Zero Net Migration)</b>	1,806
<b>PROJ Y (Zero employment growth)</b>	1,625
<b>PROJ Z (Past Completions)</b>	2,763

Source: GL Hearn/JGC

### *Demographic Led Scenarios (PROJ 1, PROJ 1A, PROJ 2, PROJ 3)*

- 4.6 The PPG states how the latest CLG household projections should form the 'starting point' estimate<sup>17</sup> of overall housing need in an area, and the SHMA begins with a review of the latest 'interim' 2011-based CLG household projections, applying a 3% vacancy and second

<sup>16</sup> High Court Judgement: Gallagher Estates v Solihull Metropolitan Borough Council, Case No: CO/17668/2013

<sup>17</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014

homes rate to calculate the number of dwellings that will result from the household growth. This results in growth of 4,188 dwellings per annum, 2011-2021, across the HMA.<sup>18</sup>

- 4.7 However due to the limited 10-year span of the interim 2011-based CLG projections, the SHMA extends the projections to 2031 to provide a Plan period estimate of household growth. The SHMA explains how this is underpinned by the revised mid-year estimates published following the interim 2011-based ONS population projections, and the interim 2011-based CLG household projections.
- 4.8 The SHMA reports how updating the interim 2011-based SNPP (PROJ 1A) will result in a lower figure of 3,335 new households per annum, 2011-2031. However this is underpinned by the recessionary trends of the interim 2011-based CLG household formation rates across the full Plan period. The caution advised in respect of the interim 2011-based CLG household projections has been widely reported and it is not considered that this represents a realistic scenario for growth in the HMA. Indeed, as we have set out above the PPG recommends sensitivity testing in respect of household formation rates.<sup>19</sup>
- 4.9 In this context the SHMA provides two sensitivity scenarios by applying the pre recessionary 2008-based CLG household formation rates across the full period (2011-2031), resulting in growth of 4,100 dwellings per annum. A mid-point assessment of headship rates is also provided to show how a continuation of the interim 2011-based CLG household formation rates to 2021, and a return to 2008-based rates after 2021. This shows a mid-point figure of 3,750 dwellings per annum.<sup>20</sup>
- 4.10 It is considered that this range of household formation provides a robust 'starting point' range over 20 years, due to the household formation rate sensitivity scenarios provided. However in the context of the NPPF requirements to 'plan positively' it is considered that only the mid-range scenario (3,750 dwellings per annum) and the 2008-based scenario (4,100 dwellings per annum) would represent robust scenarios for growth, due to the PROJ 1A scenario being underpinned by the recessionary interim 2011-based household formation rates. This is based on our understanding that household formation rates return to the 2008-based rate by 2031.
- 4.11 It is unclear which household formation rates are applied to the remaining scenarios. However it appears that the trends of the 'interim' 2011-based CLG household projections are

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<sup>18</sup> Table 32, page 92, Coventry & Warwickshire Joint SHMA, November 2013

<sup>19</sup> Paragraph: 017 Reference ID: 2a-017-20140306, Planning Practice Guidance, 06 March 2014

<sup>20</sup> Table 38, page 100, Coventry & Warwickshire Joint SHMA, November 2013

continued from 2021 to the end of the Plan period. In the context of the recessionary trends they are underpinned by, this is considered a highly conservative approach.

- 4.12 The SHMA moves on to consider net migration trends over the short-term (2006/07-2010/11) and long-term (2001/02-2010/11), in the context of the NPPF requirement to consider overall housing need based on demographic change and migration. These scenarios are listed as PROJ 2 and PROJ 3, and are based on net in-migration of 3,340 (2001/02 – 2011/12) and 3,820 people per annum (2006/07 – 2010/11)<sup>21</sup>, and show lower household growth of 3,271 and 3,509 dwellings per annum, 2011-2031.<sup>22</sup>
- 4.13 However the latest mid-2001 to mid-2012 Population Estimates (January 2014) incorporate the more recent long and short term periods of 2002-2012 and 2007-2012 respectively. These periods show a significantly higher figure than the trends used for PROJ 2 and PROJ 3, of 4,723 people per annum (2002-2012) and 4,868 people per annum (2007-2012). Overall, housing need based on these trends has the potential to generate a significantly higher requirement across the HMA than the range set out in the SHMA.
- 4.14 Furthermore, other than the PROJ 1 scenario, the household formation rate sensitivity scenarios have not been applied for subsequent demographic and economic led scenarios. To provide a full assessment of overall housing need, it is considered that all scenarios should have the household formation rate sensitivities applied to them. Failure to do so is considered to represent a constrained approach to the subsequent scenarios incorporated in the SHMA.

#### *Economic Driven Projections (PROJ A and B)*

- 4.15 The SHMA incorporates two scenarios for housing growth based on economic growth, drawn from the January 2013 forecast by Experian. The first scenario incorporates a 1:1 ratio of new jobs to local residents in employment (PROJ A), with the second scenario (PROJ B) incorporating commuting patterns from the 2001 Census.<sup>23</sup>
- 4.16 In respect of the employment rates assumed, the SHMA confirms that account has been taken of increases in employment in the older age groups brought about by an increase to the pensionable age.<sup>24</sup>

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<sup>21</sup> Table 102, page 205, Coventry & Warwickshire Joint SHMA, November 2013

<sup>22</sup> Table 38, page 100, Coventry & Warwickshire Joint SHMA, November 2013

<sup>23</sup> Paragraph xxi, page 205, Coventry & Warwickshire Joint SHMA, November 2013

<sup>24</sup> Paragraph xliv, page 214, Coventry & Warwickshire Joint SHMA, November 2013

- 4.17 In respect of the commuting patterns incorporated, the SHMA uses data from the 2001 Census.<sup>25</sup> This is considered a robust source, however an alternative source is the 2011 Annual Population Survey (APS), which is used for assumptions on working patterns. Sensitivity testing with the 2011 APS would be prudent.
- 4.18 A further consideration is the Experian forecasts used in the economic led scenarios, dated January 2013. In the intervening period since January 2013, Experian has published five further quarterly job growth forecasts, providing a more up to date indication of potential job growth in the HMA. This should also be considered in the context in the upturn in the economy experienced in this intervening period. The result is that economic led growth may be underestimated in the SHMA.

### Summary

- 4.19 In summary, in respect of the objective assessment of demographic and economic led need set out in the SHMA, the following conclusions can be made:
- Headship rates – other than for PROJ 1 (SNPP), sensitivity scenarios based on alternative headship rates are not presented in the SHMA. It is considered that these sensitivity scenarios need to be provided for all scenarios to provide the potential range of growth across the range of scenarios;
  - Migration assumptions – The SHMA incorporates a short-term and long-term trend based on net in-migration of 3,340 and 3,820 people per annum. Reference to the most recent ONS mid-year estimates (January 2014) shows significantly higher trends equating to 4,723 people per annum (long-term) and 4,868 (short-term). Updated net migration trend scenarios would have the potential to show significantly higher growth in households;
  - Economic Growth – The SHMA uses the January 2013 Experian forecast. In the intervening period the UK economy has improved significantly, and Experian has produced five quarterly job growth forecasts. Use of more up-to-date forecasts has the potential to show higher economic led household growth.

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<sup>25</sup> Paragraph xxii, page 206, Coventry & Warwickshire Joint SHMA, November 2013

### ***Market Signals***

4.20 As set out in section 2 of this report, the PPG requires market signals to be taken into account as part of a full objective assessment of housing need. In responding to market signals, the PPG states the following:

**"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."**<sup>26</sup> (Our emphasis)

4.21 The SHMA identifies the requirement to consider market signals as part of the full objective assessment of overall housing need, incorporating section 5 of the SHMA. This section provides a review of affordability indicators such as land prices, house prices, and affordability ratios, predominantly over the recessionary period (2007-2012).

4.22 Despite covering an assessment of market signals, which demonstrates significant worsening in long term affordability and house price trends, the SHMA indicates there is no requirement to provide an upward adjustment to the mid-point sensitivity scenario of PROJ 1A – Midpoint Headship, i.e. 3,750 dwellings per annum, 2011-2031, as set out below:

**"Market circumstances in the initial part of the projection period also appear to be influencing household formation rates. Against this context we have modelled a scenario which models household formation between these levels (this is termed PROJ 1A – Midpoint Headship). On the balance of evidence from market signals (as presented in Section 5), and taking account of the market and economic outlook, this seems like a reasonable and realistic scenario. This results in need for around 3,750 homes per annum to 2031. This level of housing provision is also consistent with the mid-point of the economic driven projections (PROJ A and B)."**<sup>27</sup>

4.23 As far as can be ascertained from the SHMA, growth of 3,750 dwellings per annum is required solely for demographic led need as set out in PROJ1A – Midpoint Headship. This suggests no uplift based on market signals.

### ***Affordable Housing Need***

4.24 The Council's SHMA provides an assessment of overall housing need in section 8, based on the CLG Basic Needs Assessment Model. The assessment identifies a requirement for 1,356 affordable dwellings per annum across the HMA, 2013-2031.

<sup>26</sup> Reference ID: 2a-020-20140306, Planning Practice Guidance, 06 March 2014

<sup>27</sup> Paragraph 7.3, page 91, Coventry & Warwickshire Joint SHMA, November 2013

4.25 Compared against the overall recommended target of 3,750 dwellings per annum, 36% of all units delivered would need to be affordable. On the basis of current affordable housing quotas (as stipulated in local planning policy), a total of 4,062 dwellings of all tenures would be needed to accommodate affordable need – a relatively small uplift (less than 10%) from the SHMA’s recommended dwelling requirement.

### ***Summary***

4.26 In summary, despite setting out a detailed level of data, the Council’s SHMA is not considered to provide a full objective assessment of overall housing need to comply with the NPPF and PPG requirements, for the following reasons:

- Headship rates – other than for PROJ 1 (SNPP), sensitivity scenarios based on alternative headship rates are not presented in the SHMA. It is considered that these sensitivity scenarios need to be provided for all scenarios to provide the potential range of growth across the range of scenarios;
- Migration assumptions – The SHMA incorporates a short-term and long-term trend based on net in-migration of 3,340 and 3,820 people per annum. Reference to the most recent ONS mid-year estimates (January 2014) shows significantly higher trends equating to 4,723 people per annum (long-term) and 4,868 (short-term). Updated net migration trend scenarios would have the potential to show significantly higher growth in households;
- Economic Growth – The SHMA uses the January 2013 Experian forecast. In the intervening period the UK economy has improved significantly, and Experian has produced five quarterly job growth forecasts. Use of more up-to-date forecasts has the potential to show higher economic led household growth;
- Market Signals – The SHMA provides a significant level of detail in respect of market signals across the HMA. However it appears that an uplift has not been made for worsening trends, based on the SHMA’s conclusion to recommend overall housing need of 3,750 dwellings per annum to 2031 (PROJ 1A – Midpoint Headship scenario).
- Affordable Housing Need – The SHMA identifies a requirement for 1,356 dwellings per annum, which could not be delivered from the 3,750 dwelling per annum recommendation at current affordable housing quotas. A small upward adjustment (less than 10%) would accommodate assessed need at current affordable housing quotas as stipulated in local planning policy.

## Local Planning Policy

### *Coventry City Council*

#### **i) Core Strategy Proposed Submission Version – Withdrawn (February 2012)**

- 4.24 Coventry City Council's Cabinet formally resolved to withdraw the emerging Core Strategy from the examination process on 16<sup>th</sup> April 2013, due to further work on housing issues deemed necessary. Moreover, the Inspector raised further concerns on the failure of the emerging Core Strategy to meet legal requirements regarding the duty to cooperate.
- 4.25 Coventry Council's withdrawn Core Strategy proposed 11,373 new homes between 2011 and 2028<sup>28</sup>, which was a significant reduction from a previous Core Strategy (2010) which the Council also withdrew and made provision for 33,500 dwellings (26,500 to be built in Coventry, 3,500 in Nuneaton and Bedworth and 3,500 in Warwick).
- 4.26 Policy H4 of the withdrawn Core Strategy addressed the need to support the delivery of affordable housing across Coventry. The Council set out the affordable housing provision as follows:

**“• New residential schemes of 20 dwellings or more, or more than 0.5ha, situated within the higher value areas of the city will be expected to provide 35% of all dwellings as affordable homes.**

**• New residential schemes of 20 dwellings or more, or more than 0.5ha, situated within the mid-lower value areas of the city will be expected to provide 25% of all dwellings as affordable homes.”<sup>29</sup> (our emphasis)**

- 4.27 Furthermore, it was recommended by the Inspector for Coventry to work on a joint Strategic Housing Market Assessment with five other local authorities, which was eventually published in November 2013. The council intends to release a revised version of its Local Plan evidence base in August 2014 for consultation.

### *North Warwickshire Borough Council*

#### **ii) Core Strategy Submission Version (February 2013)**

- 4.28 In February 2013, North Warwickshire Borough Council (NWBC) submitted the Core Strategy, however the Council was told to consider withdrawing the document from the examination process due to concerns related to its housing provision policy. Examination hearings were subsequently held in January 2014, at which the Inspector requested additional information about affordable housing to ensure the emerging Core Strategy is robust.

<sup>28</sup> Policy H1: release of Housing Land, Page 7, Core Strategy – Proposed Submission, Coventry City Council, July 2012

<sup>29</sup> Policy H4: Affordable Housing, Page 11, Core Strategy – Proposed Submission, Coventry City Council, July 2012

4.29 The emerging Core Strategy will play a role in the Council's emerging vision and strategic outlook for the Borough for the plan period (2006-2028). The Council has emphasised the importance of economic growth and housing in the Borough's vision, by stating that:

**"New homes and new employment together with local services and community facilities will be integrated carefully respecting local distinctiveness into the Borough's existing areas and this will focus the majority of the development to the Market Towns and Local Service Centres. Employment generation will benefit local residents and ensure long lasting benefits to the Borough, including improved skills, reducing out commuting and regeneration of industrial estates where appropriate."**<sup>30</sup>

4.30 Policy NW3 of the emerging Local Plan sets out the proposed housing provision for the Borough. The Council has identified a housing requirement for at least 3,800 dwellings over the plan period (2006-2028), equating to at least 173 dwellings per annum.

4.31 In addition, Policy NW5 sets out the context for Affordable Housing stating that the Council seeks to provide:

**"A target of 40% of dwellings completed in the period from 31st March 2006 to 31st March 2028 will be in the form of locally affordable housing."**<sup>31</sup>

4.32 There is no mention of duty to cooperate requirements in the emerging Core Strategy.

### ***Nuneaton and Bedworth Borough Council***

#### **iii) The Borough Plan – Preferred Options (July 2013)**

4.33 In July 2013, Nuneaton and Bedworth Borough Council (NBBC) consulted on the Preferred Options version of the Borough Plan. The Borough Plan will play an integral role in shaping the future of the Borough over the plan period (2010-2028). Furthermore, the plan will outline the spatial vision and objectives for the area.

4.34 The emerging Borough Plan sets out the vision for the Borough over the plan period. In respect to economic development, the vision reads as follows:

**"To seek employment opportunities that will support the diversification of the Borough's economy and improve job opportunities for residents."**<sup>32</sup>

<sup>30</sup> Paragraph 3.2, Page 26, Core Strategy Submission Version, North Warwickshire Local Plan, North Warwickshire Borough Council, February 2013

<sup>31</sup> Policy NW5, Page 40, Core Core Strategy Submission Version, North Warwickshire Local Plan, North Warwickshire Borough Council, February 2013



4.35 When considering housing, the Council states in its vision that it will:

**“provide the size, type and mix of housing that meets the specific needs of the Borough. In particular, affordable housing of different tenures to meet identified housing need...Aspirational housing that will attract residents who can make a significant investment in the development of businesses in the area.”<sup>33</sup>**

4.36 Outlined in Policy DEV1 of the Borough Plan, the Council has stated that this policy will **‘pursue an economically driven plan that meets the needs of the Borough of Nuneaton and Bedworth between 2010 and 2028’<sup>34</sup>**. In the context of housing, the Council sets out a housing provision of 7,900 dwellings (2011-2028) to support economic growth, equating to around 439 dwellings per annum.

4.37 In Paragraph 1.12 of the emerging plan, the Council highlights the importance of the duty to cooperate as a legal requirement of the plan making process especially on key strategic matters such as the provision of housing. The Council mentions that it is positively engaging with the relevant bodies in the plan making process, but does not provide any further detailed explanation of the joint working that has taken place between the Council and neighbouring LPAs.

4.38 In terms of affordable housing provision, the emerging plan does not identify a specific number or percentage of affordable houses to be built over the plan period. However, Policy HOU1 of the emerging Plan states that affordable housing will ‘apply to sites over 15 dwellings or 0.5 hectare (the viability of a lower or higher threshold is to be tested)<sup>35</sup>. In addition, the paragraph 8.8 of the emerging plan states that:

**“The current figure for affordable housing is 25%. Further work is needed to find out what level of affordable housing it is viable to deliver and the site size threshold it will apply to. A viability assessment will be completed to inform the next version of the Plan.”<sup>36</sup>**

4.39 However, the affordable housing policy (Policy HOU1) states that the policy will seek to negotiate a percentage of affordable housing, therefore potentially leading to variable affordable housing percentages across the Borough.

<sup>32</sup> Paragraph 4.3, Page 11, Nuneaton & Bosworth Borough Plan – Preferred Options, Nuneaton & Bosworth Borough Council, July 2013

<sup>33</sup> Paragraph 4.5, Page 12 & 13, Nuneaton & Bosworth Borough Plan – Preferred Options, Nuneaton & Bosworth Borough Council, July 2013

<sup>34</sup> Policy DEV1, Page 18, Nuneaton & Bosworth Borough Plan – Preferred Options, Nuneaton & Bosworth Borough Council, July 2013

<sup>35</sup> Policy HOU1, Page 18, Nuneaton & Bosworth Borough Plan – Preferred Options, Nuneaton & Bosworth Borough Council, July 2013

<sup>36</sup> Policy HOU1, Page 18, Nuneaton & Bosworth Borough Plan – Preferred Options, Nuneaton & Bosworth Borough Council, July 2013

**Rugby Borough Council****iv) Adopted Core Strategy (June 2011)**

- 4.40 In June 2011, Rugby Borough Council (RBC) adopted its Core Strategy to create a strategic planning strategy for the future of the Borough. The Core Strategy predates the NPPF, resulting in certain aspects of the document not complying with the NPPF. The Council is currently working on an emerging Local Plan, and public consultation on the 'Local Plan Strategy Consultation Document' opened on 30<sup>th</sup> May 2014.
- 4.41 In the adopted Core Strategy, the Council has identified its vision for the Rugby up to 2026. The vision reads as follows:

**"Rugby in 2026 will be a place where the community has worked together to create a Borough where people are proud to live, work and visit.... The strong economy will provide a range of high quality employment opportunities suitable for the whole community which will in turn be supported through excellent links to local schools, Warwickshire College and local universities.... All Borough residents will have the opportunity to live in decent homes that they can afford through the provision of a variety of housing that meets the needs of all sectors of the community."<sup>37</sup> (our emphasis)**

- 4.42 The Core Strategy specifies two objectives relating to housing and employment, in order to achieve the Council's vision for the Borough. The Council's aims to:

**"To ensure all residents of the Borough have a decent and affordable home with particular focus on affordable rented provision in the rural areas and specialised housing types for the older population.**

**To ensure the Borough has an expanding and diverse economy where manufacturing and engineering remains strong, the service sector grows and there is not too much reliance on logistics, transport and distribution."<sup>38</sup>**

- 4.43 The Council states it will deliver **10,800 new dwellings** within the Borough between 2006 and 2026 (equating to 540 dwellings per annum)<sup>39</sup>, however due to the adopted housing requirement set before the NPPF, it is likely that the housing target is not be objectively assessed as to meet the criteria of the NPPF. In respect to affordable housing, Policy CS19 states:

**"Affordable housing should be provided on all sites of at least 0.5 Hectares in size or capable of accommodating 15 or more dwellings. On sites between 0.5 Hectares and 1 Hectare in size a target affordable**

<sup>37</sup> Page 7, Final Version Core Strategy, Rugby Borough Council, June 2011

<sup>38</sup> Page 8, Final Version Core Strategy, Rugby Borough Council, June 2011

<sup>39</sup> Page 9, Final Version Core Strategy, Rugby Borough Council, June 2011

**housing provision of 33.3% will be sought. On sites exceeding 1 Hectare in size or capable of accommodating 30 or more dwellings a target affordable housing provision of 40% will be sought.**<sup>40</sup> (our emphasis)

***Stratford upon Avon District Council***

**v) Proposed Submission Core Strategy (May 2014)**

4.44 In May 2014, the Stratford-on-Avon District Council's Cabinet agreed to publish the Proposed Submission Core Strategy (PSCS), which set out the Council's ambitions for the District up to 2031.

4.45 As part of the vision outlined in the PSCS for the District, the Council has emphasised the importance of housing in the future of the District, by stating that:

**"To meet future development needs, 10,800 additional homes will have been provided across the District. New homes will have been sensitively developed in ways that protect and enhance the setting, character and identity of each settlement, and effectively meet the needs of the District's existing and future population..."**<sup>41</sup> (our emphasis)

4.46 To deliver the housing vision, Policy CS.16 provides assurance of the Council's housing requirement for the District of 10,800 dwellings (equating to 540 dwellings per annum) over the plan period (2011-2031).

4.47 Policy CS.17 of the PSCS focuses on future affordable housing provision in the District, by stating:

**"All new residential development, including that proposed to meet specialised needs, on sites of 0.2 hectares or more and/or comprising 5 or more self-contained homes, will be required to contribute to the provision of affordable housing. The affordable housing will comprise a minimum of 35% of the homes, unless credible site specific evidence of viability indicates otherwise. Schemes proposing more than 35% affordable housing provision, including rural exceptions, will also be supported where it meets an identified need."**<sup>42</sup> (our emphasis)

4.48 To further justify the Council's economic aims, Objective 12 reads as follows:

**"There will have been a reduction in the level of net commuting through an improved balance between the number of homes and jobs in the District. To contribute to this, an additional 35 hectares of land for business uses will have been delivered in the District."**<sup>43</sup>

<sup>40</sup> Policy CS19, Page 49, Final Version Core Strategy, Rugby Borough Council, June 2011

<sup>41</sup> Section 1.4, Page 16, Proposed Submission Core Strategy, Stratford-on-Avon District Council, May 2014

<sup>42</sup> Policy CS17, Page 86, Proposed Submission Core Strategy, Stratford-on-Avon District Council, May 2014

<sup>43</sup> Policy CS17, Page 86, Proposed Submission Core Strategy, Stratford-on-Avon District Council, May 2014

- 4.49 In achieving economic development, the Council has highlighted the importance of the connection between jobs and housing with ambitions to reduce net commuting levels.

***Warwick District Council***

**vi) Local Plan 2011-2029 Publication Draft (April 2014)**

- 4.50 In April 2014, Warwick District Council (WDC) published the draft version of its Local Plan for public consultation ahead of being submitted for examination.

- 4.51 WDC's vision is **'to make Warwick District a Great Place to Live, Work and Visit'**. In order to deliver the vision, paragraph 1.46 states that the Local Plan will:

**"provide a sustainable level of housing growth (and balance this with economic growth) to reduce the number of people who are currently homeless or living in unsatisfactory accommodation , to meet future housing needs, and to help deal with the issues of need for affordable housing."**<sup>44</sup>

- 4.52 Policy DS5 of the emerging Local Plan sets out the preferred level of housing provision, with Council aiming to provide 12,860 new homes (714 new dwellings per annum) between 2011 and 2029<sup>45</sup>.

- 4.53 In the context of affordable housing, 'Policy H2 – Affordable Housing' states that:

**"Residential development on the following sites will not be permitted unless provision is made for a minimum of 40% affordable housing to meet local needs :**

- a) within the urban areas, sites of 10 or more dwellings, or 0.3 hectares or more in area irrespective of the number of dwellings; and**
- b) within the rural areas, sites of 5 or more dwellings, or 0.17 hectares in area irrespective of the number of dwellings"**<sup>46</sup> (our emphasis)

- 4.54 To support the economic ambitions of the District, Strategic Policy DS1 – Supporting Prosperity places emphasis to:

**"provide for the growth of the local and sub-regional economy by ensuring sufficient and appropriate employment land is available**

<sup>44</sup> Paragraph 1.46, Page 11, Local Plan – Publication Draft, Warwick District Council, April 2014

<sup>45</sup> Policy DS7, Page 18, Local Plan Publication Draft, Warwick District Council, April 2014

<sup>46</sup> Policy H2 – Affordable Housing, Page 82, Warwick District – Local Plan 2011-2029 (Publication Draft), Warwick District Council, April 2014

**within the District to meet the existing and future needs of businesses.”<sup>47</sup>**

4.55 This coincides with the Council’s vision to bolster economic growth, which is identified in Paragraph 2.4 of the emerging Local Plan:

**“It is part of the Council’s vision for the District to facilitate the growth of the local economy and to provide for the growth of, and changes within, the local population. This approach is consistent with national policy which requires the Local Plan to include strategic policies to deliver the homes and jobs needed in the area and to support economic growth by planning proactively to meet the development needs of businesses and to support an economy fit for the 21st century.”<sup>48</sup>**

4.56 As a requirement of the NPPF, local councils are expected to cooperate and work together to ensure where housing need can be met in full. Policy DS20 – Accommodating Housing Need Arising from Outside the District, explicitly states that the Council will work with other local authorities in the Coventry and Warwickshire Housing Market Area (HMA) to:

- a) **prepare and maintain a joint evidence base including housing need and housing land availability**
- b) **take part in a process to agree the strategic approach to address any shortfall of land availability to deliver in full the Housing Market Area’s Objectively Assessed Housing Need or other evidenced housing need arising outside the District.**
- c) **where the evidence, and the duty to cooperate process clearly indicates that there is a housing need that cannot be met within the administrative boundaries of the authority in which the need arises and part or all of the need could most appropriately be met within the District, the Council will seek to identify the most appropriate sites to meet this need and will review the Local Plan to do this, should it be required.”<sup>49</sup>**

4.57 Paragraph 2.85 goes on further to demonstrate the Council’s acknowledgement for the need to cooperate with other local authorities within its HMA, by stating that:

**“In the event that there is a shortfall arising from one or more District within the HMA and in the context of a shared evidence base, the six local planning authorities have agreed to work together to develop and maintain a strategy to meet the HMA’s housing requirement. This process will seek to identify the most suitable available sites to meet**

<sup>47</sup> Policy DS1 – Supporting Prosperity, Page 14, Warwick District – Local Plan 2011-2029 (Publication Draft), Warwick District Council, April 2014

<sup>48</sup> Paragraph 2.3, Page 14, Warwick District Local Plan 2011-2029 (Publication Draft), Warwick District Council, April 2014

<sup>49</sup> Policy DS20, Page 36, Warwick District Local Plan 2011-2029 (Publication Draft), Warwick District Council, April 2014

**any shortfall. Warwick District Council will participate actively in the process on an on-going basis.”<sup>50</sup>**

4.58 Work is still ongoing to decide whether WDC will accept any unmet housing need from other local authorities within the C&W HMA or from the Greater Birmingham area.

### **Local Enterprise Partnership**

#### ***Coventry and Warwickshire Local Enterprise Partnership, Strategic Economic Plan March 2014***

4.59 The Strategic Economic Plan (SEP), published in its final form in March 2014, sets out the economic growth ambitions for the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). This includes details of the Government Growth Deal and the initial calculations of the Local Growth Fund investment. The ultimate aim of the LEP is to improve the economic competitiveness of the Coventry and Warwickshire economy.

4.60 The CWLEP area corresponds with the study area of this OAN, incorporating the following LPAs:

- Coventry
- North Warwickshire
- Nuneaton and Bedworth
- Rugby
- Stratford-on-Avon
- Warwick

4.61 According to the SEP, the CWLEP area has 398,400 people employed in both the public (17.5%) and private sector (82.5%), 364,350 homes and a stock of 35,960 VAT and/or PAYE-registered businesses. By 2031, the LEP anticipates that the following will have been delivered:

- 75,000 to 76,000 new homes (based on the Joint SHMA 2013);
- 94,500 new jobs (based on a Cambridge Econometrics Forecast);
- 250ha of additional employment land, or 292ha to in order to achieve a higher growth scenario (Employment Land Review 2014).

4.62 Investment through the CWLEP aims to produce clear, tangible economic benefits to businesses, residents and the workforce within the LEP area. The investment programmes at

<sup>50</sup> Paragraph 2.85, Page 37, Warwick District Local Plan 2011-2029 (Publication Draft), Warwick District Council, April 2014

the heart of the SEP vision include unlocking the growth potential for employment, housing and transport, with further ambitions to grow the local talent pool of labour. The SEP also places a specific emphasis on growing the Advanced Manufacturing and Engineering (AME) sector in the Sub-Region.

### ***Employment Growth and Economic Development***

- 4.63 The SEP highlights a number of existing and proposed major employment sites, outlined in the table below, which have potential to deliver a significant number of net additional jobs.

**Table 4.2: Existing and Proposed Major Employment Sites**

<b>Site</b>	<b>Net jobs after local displacement and multiplier effect (FTE) by 2030</b>
C&W Gateway Zone (A & B)	7,300
Friargate	8,300
Lyons Park	2,000
Whitley Business Park	3,800
Bermuda Park Extension 1 & 2	170
Ansty Park Phase 2	5,700
Stoneleigh Park	500
Tournament Fields, Warwick	900
Fen End	1,612
Thickthorn, Kenilworth	360
Prologis Park, Ryton	200
<b>Total</b>	<b>30,842</b>

Source: C&W LEP SEP

- 4.64 In addition to naming specific sites which are likely to yield net additional jobs, the SEP draws on a forecast from Cambridge Econometrics which estimates future employment growth based on its Local Economic Forecasting Model (LEFM). The model forecasts total employment growth of 94,500 by 2031.
- 4.65 Although the SEP does not provide detail on how this forecast was derived, further analysis of the documentation supporting the SEP (namely the Economic Review – Strand 1: Employment and GVA projections by SQW, dated August 2013) indicates that this employment growth figure is based on a 'growth' scenario, under which the AME sector grows by an additional 20% over the plan period. This is in line with the LEP's aspirations to develop the sub-region's strength in this area.
- 4.66 Although the 'growth' scenario is dependent (to an extent) on accelerated growth in the AME sector, it is considered to be a reasonable and robust forecast given that the sub-region

already demonstrates significant strengths in this sector, and that it does not rely on specific schemes being delivered.

### ***Housing***

- 4.67 CWLEP recognises that Coventry and Warwickshire needs a significant number of new homes by 2031 to support population growth, demographic change and maintain the jobs to housing balance. Further to this, the SEP endorses the findings of the Coventry & Warwickshire Joint SHMA (November 2013) that a housing figure of 75-76,000 should be targeted (see discussion of SHMA above).
- 4.68 The CWLEP aims to work with local authorities, with the intention that all will have agreed their individual housing targets by the end of March 2015 and review the potential housing numbers undertaken. The SEP states that the:

**'the shortage of new homes is a significant barrier to achieving sustainable economic growth. Data from the National Housing Federation highlights that the average home in the Coventry and Warwickshire LEP area costs around £187,760 - nearly nine times the average local wage - making the standard 25% deposit almost £47,000. Costs of renting privately are also high and set to spiral further. The high cost of accommodation has left over 39,000 households on social housing waiting lists in the LEP area alone. Only 42% of the homes Coventry and Warwickshire needs each year are being built'.**

- 4.69 The SEP concludes that the current job to housing balance is 1.06 (e.g.  $\approx 1$  job per house) based on 398,400 people employed and a housing stock of 374,350 dwellings in comparison to an English average balance of 1.004. Future baseline employment growth to 2031 equates to an additional 94,500 jobs and with an additional 76,000 new homes this would result in a job to housing balance of 1.09. However, such a simplistic ratio does not take account of the changing demographic profile of the area, and reductions in the relative growth of the economically active population which result when lower levels of housing are planned. It is also clear that the SHMA (from which this housing figure has been derived) does not test housing levels based upon this level of job growth.

### ***Infrastructure Investment***

- 4.70 Investment in an effective transport system is a key priority within the SEP. Coventry and Warwickshire benefits from good connectivity to national road and rail linkages, and the SEP aims to connect hubs within the LEP area. A number of the main priorities within the SEP are transport based; this includes extending investment for Coventry Station to increase



passenger capacity, rail growth and connectivity with HS2. This on-going rail growth is projected to add a further 2 million passengers per annum demand to the station by 2023. Investment in the completion of the Coventry to Nuneaton rail upgrade (NUCKLE 1) will also increase service frequency.

***Summary***

- 4.71 CWLEP is clearly taking a positive stance on employment growth and economic development, and seeks to create a substantial number of jobs over the coming years through a combination of public funds and levered private investment.
- 4.72 It is vital that this optimistic outlook is not undermined by a lack of housing provision. By endorsing the findings of the Coventry & Warwickshire Joint SHMA, the LEP are accepting a relationship of 1.09 new jobs created per additional dwelling; in the context of an aging population, this is likely to be insufficient.

## 5.0 DEMOGRAPHIC TRENDS AND PROJECTIONS

- **Population and Household growth across the HMA has been broadly in line with national average. On average, the population grew by 5,670 people per annum between census years, resulting in the formation of 2,680 new households per annum**
- **The Long Term Net Migration trend for the HMA shows an average of 4,722 more people entering the HMA than leaving each year. Coventry has experienced the highest level of net in-migration over the period analysed, driven largely by international migration**
- **The most recent 2011-based CLG household projections estimate that 4,067 households will form over the period 2011-21. However, these projections are considered to be unreliable due to their use of household formation rates strongly influenced by the recent recession**
- **The most recent ONS 2012 Sub National Population Projections estimate population growth of 7,165 people per annum, a significant decrease compared with the Interim 2011 projections. However, these projections should be treated with caution, as they are believed to under estimate net international migration by a significant amount – something that is likely to have a significant effect on Coventry city in particular**

5.1 This chapter reviews key demographic data relating to the assessment area, including past trend analysis (looking at change between 2001 and 2011 censuses) and official forecasts. Official estimates and projections of demographic change provide an important starting point from which a full objective assessment of need can be carried out.

### **Past Trends and Current Estimates**

#### ***Population***

5.2 Table 5.1 shows the populations of the six LPAs and the HMA as a whole at the time of the 2001 and 2011 Censuses and establishes the percentage change between census years.

**Table 5.1: Population Growth between Census Years**

	2001 Census	2011 Census	% Change
<b>Coventry</b>	300,855	316,900	5%
<b>North Warwickshire</b>	61,863	62,100	0%
<b>Nuneaton and Bedworth</b>	119,136	125,400	5%
<b>Rugby</b>	87,453	100,500	15%
<b>Stratford Upon Avon</b>	111,483	120,800	8%
<b>Warwick</b>	125,932	137,700	9%
<b>C&amp;W HMA</b>	<b>806,722</b>	<b>863,400</b>	<b>7%</b>

Source: ONS, 2001 & 2011 Census

- 5.3 Over the 10 years, Rugby demonstrated the largest growth in population (15%) in the HMA, followed by Warwick (9%). Comparing growth against national average (8%), however, the HMA has grown slightly slower, due to low population growth in North Warwickshire, Coventry and Nuneaton and Bedworth.

### ***Households***

- 5.4 Similar past trend analysis for household growth is demonstrated in Table 5.2.

**Table 5.2: Household Growth between Census Years**

	2001 Census	2011 Census	% Change
<b>Coventry</b>	122,353	128,658	5%
<b>North Warwickshire</b>	25,174	25,837	3%
<b>Nuneaton and Bedworth</b>	48,682	52,767	8%
<b>Rugby</b>	36,483	42,040	15%
<b>Stratford-on-Avon</b>	47,201	52,065	10%
<b>Warwick</b>	53,353	58,725	10%
<b>C&amp;W HMA</b>	<b>333,246</b>	<b>360,092</b>	<b>8%</b>

Source: ONS, 2001 & 2011 Census

- 5.5 Household growth has followed a broadly similar pattern to population growth. At HMA level, the rate of household growth was marginally higher than population growth, but in line with the national average (7.9%).

### ***Migration***

- 5.6 The most recent ONS mid-year estimates (revised in the light of the 2011 Census) demonstrate a trend for significant net in-migration to the HMA over the past decade, equating to 4,722 people per annum over the period 2002/03 to 2011/12. Over a five year term (2007/08 to 2011/12), net migration is higher still at 4,868 per annum. Table 5.3 below summarises these trends.

**Table 5.3: Net Migration into HMA, 2002/3 to 2011/12**

	Coventry	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-On-Avon	Warwick	HMA Total
<b>2002/03</b>	210	16	621	164	909	2,362	4,282
<b>2003/04</b>	-1,856	49	-227	663	657	1,833	1,119
<b>2004/05</b>	813	148	-38	1,001	1,589	1,662	5,175
<b>2005/06</b>	2,093	76	419	1,359	2,112	798	6,857
<b>2006/07</b>	1,431	-67	267	1,137	1,958	725	5,451
<b>2007/08</b>	3,507	138	626	1,110	1,324	488	7,193
<b>2008/09</b>	2,021	120	-74	607	382	370	3,426
<b>2009/10</b>	3,722	-84	-209	841	627	-538	4,359
<b>2010/11</b>	4,432	-20	27	832	914	-881	5,304
<b>2011/12</b>	4,124	106	-88	-208	-244	370	4,060
<b>Long Term Trend (pa)</b>	<b>2,050</b>	<b>48</b>	<b>132</b>	<b>751</b>	<b>1,023</b>	<b>719</b>	<b>4,722</b>
<b>Short Term Trend (pa)</b>	<b>3,561</b>	<b>52</b>	<b>56</b>	<b>636</b>	<b>601</b>	<b>-38</b>	<b>4,868</b>

Source: ONS, Mid-Year Population Estimates

- 5.7 Given that the Short Term Trend period is dominated by the recession years, it is considered that the Long Term Trend period is more reflective of actual migration patterns into and out of these local authorities.
- 5.8 It should be noted that Coventry's high level of net in-migration is a product of very high net international in-migration (an average of 3,760 people per annum over the ten years) and very high internal out-migration (an average of -1,710 over the ten years). Similar effects can be observed in many of the UK's major cities; in effect, these major urban areas are being used as gateways for international migrants.

## Future Projections

### *Office for National Statistics (ONS) Sub-national Population Projections*

- 5.9 Table 5.4 sets out the official ONS sub-national population projections (SNPP) in chronological order from the 2004-based series to the most recent 2012-based series (published in May 2014).

**Table 5.4: Sub National Population Projections – Growth per Annum**

	<b>2012-based series, 2011-2031</b>	<b>2011-based series (Interim), 2011-2021</b>	<b>2008-based series, 2011-2031</b>	<b>2006-based series, 2011-2031</b>
<b>Coventry</b>	4,090	4,740	2,350	1,935
<b>North Warwickshire</b>	210	250	215	310
<b>Nuneaton &amp; Bedworth</b>	680	850	645	685
<b>Rugby</b>	785	1,120	840	805
<b>Stratford-on-Avon</b>	550	1,150	1,095	1,175
<b>Warwick</b>	850	1,100	1,360	1,640
<b>HMA Total</b>	<b>7,165</b>	<b>9,210</b>	<b>6,505</b>	<b>6,550</b>

Source: ONS, Sub-national Population Projections

- 5.10 The 2006- and 2008-based series, which both provided data to the year 2031, anticipated lower levels of population growth compared to the most recent population projections (2012-based and interim 2011-based SNPP figures) – both projecting the similar average figures (albeit distributed differently within the HMA).
- 5.11 The most recent 2012-based SNPP demonstrates a higher level of projected population growth per annum than either the 2006- or 2008-based series for the HMA. However, in comparison to the interim 2011-based figures, the 2012-based projection is lower by 22%.
- 5.12 These latest projections represent an important piece of information in determining future population growth, and associated demands on housing. There are, however, two fundamental issues which cast doubt on their reliability:
- They are based upon recent trends in population change which have been heavily influenced by the recent recession. The extent to which the projections are representative of longer term population change over a series of economic cycles is questionable.
  - They reflect the 2012-based national projections in assuming net international migration of 150,000 people per annum across England. However, as a consequence of the recently revised international migration estimates, both the 2012-based national and sub national population projections are considered to significantly underestimate net international migration trends. Net international migration totalled 212,000 in 2013, some 62,000 higher than the latest sub national population projections assume in 2013.
- 5.13 As such, the 2012-based SNPP should be treated with caution.

***Communities and Local Government (CLG) Household Projections***

- 5.14 As demonstrated by Table 5.5, the CLG-produced, 2011-based household projections indicate that a similar level of household growth is anticipated by the Interim 2011-based projections than were indicated by either the 2006- or 2008-based series. However, caution does need to be considered when analysing the interim 2011-based household projections.

**Table 5.5: CLG Household Projections**

	<b>2011-based series (Interim), 2011-2021</b>	<b>2008-based series, 2011-2031</b>	<b>2006-based series, 2011-2031</b>
<b>Coventry</b>	1,766	1,209	1,200
<b>North Warwickshire</b>	149	195	250
<b>Nuneaton &amp; Bedworth</b>	416	424	450
<b>Rugby</b>	495	530	450
<b>Stratford-On-Avon</b>	617	694	700
<b>Warwick</b>	625	853	900
<b>HMA Total</b>	<b>4,067</b>	<b>3,904</b>	<b>3,950</b>

Source: CLG, Household Projections

- 5.15 The household formation rates underpinning the latest 'interim' CLG 2011-based household projections are considered to be unrealistically low in the younger age groups when compared to the previous 2008-based CLG projections. This comparison is set out by the ONS in Table 5.5. It shows how 26,300 fewer households per annum are projected to be formed in England in the 25-34 age group alone. Incorporating the 35-44 age group (7,500 less households per annum) this would sum to a total of 33,800 fewer new households being formed in the 25-44 age group per annum.
- 5.16 This reduction in household formation in the younger age groups is due to the 'Interim' 2011-based CLG projections being underpinned by recessionary trends over the past five years. It is not expected that these recessionary trends will continue in the long-term, and in this context it is not considered prudent to plan on this basis over a 15 to 20-year period, particularly in the context of the NPPF's aspirations to 'boost significantly the supply of homes', 'promote economic growth' and positively prepared Local Plans.

**Table 5.6: Household growth in England per annum, 2011-2021: Interim 2011-based CLG household projections vs. 2008-based CLG household projection**

Age of Household Representative Person	2011-based projection Average annual change 2011-2021	2008-based projection Average annual change 2011-2021	Difference*
Under 25	-2,000	-6,000	3,200
25-34	23,000	49,000	-26,300
35-44	15,000	22,000	-7,500
45-54	17,000	11,000	6,600
55-64	50,000	47,000	3,100
65-74	46,000	48,000	-2,500
75-84	40,000	41,000	-1,400
85+	32,000	33,000	-200
<b>All households</b>	<b>221,000</b>	<b>245,000</b>	<b>-24,900</b>

\*Indicative values; Source: Table 8, Page 17, CLG Housing Statistical Release, 9 April 2013

- 5.17 Indeed the Planning Advisory Service (PAS) (10 July 2013) published 'Ten principles for owning your housing number: finding your objectively assessed needs', and state the following (paragraph 6, page 6) in respect of the use of projections when formulating housing targets as part of an NPPF-compliant objective assessment:

**"caution should be applied if the trends experienced in the past five years reflect a period of particular economic decline or likewise economic buoyancy. Projecting forward a recessionary trend may lead to concealed households not being catered for and an underestimate of the true level of household change. It is also important to understand how this may impact on any economic recovery and growth ambitions that the council have."**<sup>51</sup> (Our emphasis)

- 5.18 The guidance of the PAS has been reinforced by the PPG, which states the following in respect of the CLG household projections:

**"Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need."**<sup>52</sup> (Our emphasis)

- 5.19 This clarifies that CLG household projections should be the starting point for an objective assessment of need. As we have set out above the latest 'Interim' 2011-based CLG household projections are underpinned by low household formation rates due to recessionary conditions. In this respect the PPG goes on to state the following:

<sup>51</sup> Page 6, Ten key principles for owning your housing number – finding your objectively assessed needs, Local Government Association, July 2013

<sup>52</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014

**“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing.”<sup>53</sup> (Our emphasis)**

5.20 It is therefore considered that the household formation rates of the 2008-based CLG household projections remain of value in assessing future household growth, assisting in providing the sensitivity testing referred to in the PPG. In this context we provide modelling based on the ‘interim’ 2011-based projections up to 2021 (the extent of the projection series), with a return to the 2008-based CLG household formation rates post-2021, in Chapter 8 of this report. This is considered a prudent approach, as pre-recessionary trends in household formation could return before 2021.

### **Summary**

5.21 The Coventry Sub-region has experienced a slightly lower rate of population growth than the national average. Household growth has also remained level with the national average. The most recent population projections from the ONS (2012-based and Interim 2011-based SNPP) predict a slightly higher rate of population growth (7,165 and 9,210 people per annum respectively) than the previous set of pre-recessionary projections (2008 – 6,505 people per annum).

5.22 Furthermore, the resulting household projections from CLG produce a decrease over the 2008-based series (4,067 households in 2011, 3,904 households in 2008 – 4% higher in 2011). It is important that the recessionary trends which underpin the 2012-based and interim 2011-based SNPP series and the CLG interim 2011-based household projections are properly accounted for in any objective assessment of housing need.

5.23 Net migration is a significant driver of population growth across the sub-region, with long term trends indicating an average of 4,722 more people entering the HMA than leaving each year. This is driven largely by very large flows of international migrants into Coventry city, and large flows of internal migrants from Coventry city to other parts of the UK (including the HMA). Given that the 2012 SNPP has been found to under-estimate net international migration by 62,000 at the national level, it is likely that the population projections for the sub-region based on this series are artificially low.

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<sup>53</sup> Paragraph: 015 Reference ID: 2a-015-20140306, Planning Practice Guidance, 06 March 2014



## 6.0 ECONOMIC TRENDS AND FORECASTS

- **Employment growth across the HMA averaged 3,021 per year between the 2001 and 2011 censuses**
- **According to growth forecasts from Experian Economics, it is anticipated that 62,920 jobs will be created 2011-2031 – an average of 3,146 per annum**
- **The Coventry & Warwickshire LEP Strategic Economic Plan (SEP) provided a further forecast of employment growth from Cambridge Econometrics, totalling 94,500 jobs by 2031**
- **Unemployment across the HMA is below the regional average, but Coventry's unemployment rate remains high, meaning that some employment growth may be met by latent (unemployed) labour supply**

6.1 The relationship between job growth and housing supply is important especially in light of an ageing population, with potential existing to frustrate job growth or increase commuting if too few houses are built to support growth. The PPG clearly identifies the responsibility placed on local authorities to consider economic growth and the link with housing requirements:

**"Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area."**<sup>54</sup>

### Past Trends

6.2 Table 6.1 below shows the growth in number of jobs within the Sub-Region between the two most recent census years.

**Table 6.1: Total Workforce Jobs (thousands) 2001 – 2011**

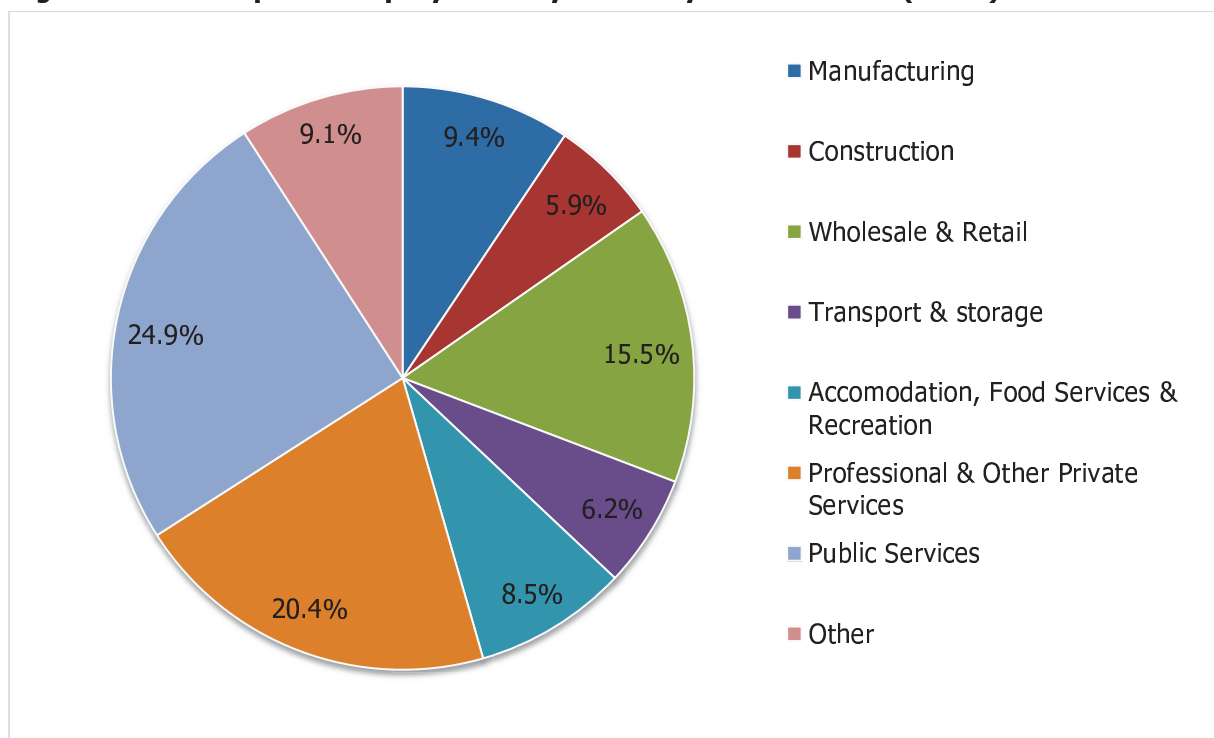
	2001	2011	Total Change	Per Annum	% Change 2001 to 2011
<b>Coventry</b>	157,290	153,580	-3,710	-371	-2.4%
<b>North Warwickshire</b>	32,590	44,300	11,710	1,171	35.9%
<b>Nuneaton &amp; Bedworth</b>	41,530	45,890	4,360	436	10.5%
<b>Rugby</b>	49,130	48,880	-250	-25	-0.5%
<b>Stratford-on-Avon</b>	56,390	64,570	8,180	818	14.5%
<b>Warwick</b>	80,550	90,470	9,920	992	12.3%
<b>C&amp;W HMA</b>	<b>417,480</b>	<b>447,690</b>	<b>30,210</b>	<b>3,021</b>	<b>7.2%</b>

Source: Experian Economics, March 2014 RPS (Local Market Quarterly)

<sup>54</sup> Paragraph: 018 Reference ID: 2a-018-20140306, Planning Practice Guidance, 06 March 2014

- 6.3 Between 2001 and 2011, the number of workforce jobs increased by an estimated **30,210 (3,021 per annum)**. The largest proportion of this growth was concentrated within North Warwickshire, increasing by 11,710 workforce jobs over the ten year period. Both Warwick and Stratford-on-Avon also demonstrate high levels of job growth, increasing by 9,920 and 8,180 respectively between 2001 and 2011.
- 6.4 Both Rugby and Coventry appear to have suffered during the recession, with Rugby experiencing a decrease in total workforce jobs of 250, and Coventry a further 3,710.
- 6.5 Figure 6.1 below shows the profile of employment by industry across the HMA in 2011.

**Figure 6.1: Workplace Employment by Industry in C&W HMA (2011)**



Source: Experian Economics, March 2014 RPS (Local Market Quarterly)

- 6.6 Public Services, Professional & Other Private Services and Wholesale & Retail are the three largest employment sectors within the Sub-Region, accounting for a total of 61% of employment. Other significant industry sectors include Manufacturing (9.4%); Accommodation, Food Services & Recreation (8.5%); and Transport and Storage (6.2%).

### Forecasts

- 6.7 This study draws on job growth forecasts from Experian Economics (based on the March 2014 Local Market Quarterly RPS forecast) and Cambridge Econometrics (as shown in the

CWLEP SEP), as a starting point for estimating likely future employment levels within the Sub-Region.

- 6.8 The Experian employment growth forecast for 2011 to 2031 stands at 62,920 new jobs, equating to 3,146 jobs per annum. This represents a 14% uplift (over 20 years) on 2011 workforce job levels. As explored in Chapter 4, Cambridge Econometrics forecasts higher job growth of 94,500 between 2013 and 2031, based on its Local Economic Forecasting Model (LEFM) 'growth' scenario.
- 6.9 Table 6.2 below summarises the distribution of this employment growth between the HMA LPAs. Note that in the absence of a local authority-level breakdown of the Cambridge Econometrics forecast, the overall growth figure has been distributed in proportion with the Experian forecast.

**Table 6.2: Distribution of Employment Growth**

	<b>Experian Economics Forecast 2011-31</b>	<b>CWLEP Cambridge Econometrics Forecast*</b>
<b>North Warwickshire</b>	6,650	9,988
<b>Nuneaton &amp; Bedworth</b>	6,260	9,402
<b>Rugby</b>	8,530	12,811
<b>Stratford-on-Avon</b>	7,980	11,985
<b>Warwick</b>	8,960	13,457
<b>Coventry</b>	24,540	36,857
<b>C&amp;W HMA</b>	<b>62,920</b>	<b>94,500</b>

Source: Experian Economics, Cambridge Econometrics/CWLEP.

\*No district-level breakdown of the Cambridge forecast was provided. Jobs have therefore been distributed in proportion with the Experian Forecast.

- 6.10 The Experian Economics forecast slightly exceeds the past trend job growth shown in Table 6.1, whilst the Cambridge Econometrics forecast significantly exceeds the trend. Given that the end point of the census-based growth trend fell in the aftermath of a deep recession, it is reasonable to assume that the annualised level of job provision will be somewhat greater than was indicated by the 2001-2011 trend.
- 6.11 Targeted investment through the CWLEP is likely to be in support of (i.e. not in addition to) these econometric forecasts. As set out in Chapter 4, the SEP has listed a number of existing and proposed major schemes which could potentially contribute to delivering additional job growth. These sites could potentially deliver 30,842 FTE jobs if all of the schemes proceed and deliver the anticipated number of jobs, as part of plans to deliver

50,099 'new employment opportunities'<sup>55</sup>. Given that the Cambridge Econometrics 'growth' scenario assumes higher levels of economic growth in the Advanced Manufacturing and Engineering sector, which is already thriving in the sub-region and is set to receive additional support from the LEP, the forecast is considered to be reasonable and robust.

### **Economic Activity**

- 6.12 A proportion of the forecasted jobs could be met by latent labour supply (i.e. those who are economically active but unemployed). According to the 2011 census there were 529,667 economically active residents living within C&W HMA at the time of the survey – 79% of all working age people. Of those economically active, i.e. residents actively participating in the labour market, 31,805 people were unemployed – 7.6% unemployment. Although at HMA level this unemployment rate is below the regional average, unemployment in Coventry remains high at 10.9%.
- 6.13 In order to test the sensitivity of the demographic modelling carried out as part of this study, a separate scenario has been tested under which unemployment declines to 6.5% at HMA level by 2021. This is realistic target, and would bring unemployment in Coventry close to the current regional average of 9.1%.

### **Summary**

- 6.14 It is important that the economic aspirations of the LPAs and LEP identified in this chapter are not undermined by insufficient housing being built to accommodate a growing workforce. The total number of workforce jobs in the sub-region grew by 7.2% between 2001 and 2011, and Experian forecasts suggest average annual job growth of 3,146 jobs between 2011 and 2031. Further to this, the Cambridge Econometrics forecast set out in the CWLEP SEP estimates job creation as 94,500 by 2031, bolstered by growth in the Advanced Manufacturing and Engineering sector. A number of these jobs are likely to be taken up by latent workforce supply (i.e. the unemployed) as the economy recovers from the recession.
- 6.15 These employment forecasts have been incorporated into the objective assessment of housing need, and are compared against growth in workforce capacity arising from the demographic modelling exercise in Chapter 8.

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<sup>55</sup> Coventry & Warwickshire LEP, Strategic Economic Plan (March 2014), p.3

## 7.0 HOUSING MARKET SIGNALS

- **Between 2006/07 and 2012/13, housing delivery across the HMA averaged 2,293 net additional dwellings per annum. However, this is skewed by stronger performance in the earlier years of the period analysed. Between 2008/09 and 2012/13, delivery was 23% lower at 1,797 dwellings per annum**
- **Since 1997, house prices across the HMA have risen significantly, although Median house prices remain below national average in all LPAs apart from Warwick and Stratford-on-Avon**
- **Affordability, measured in terms of the ratio between lower quartile earnings and lower quartile house prices, has worsened significantly since 1997 and remains worse than national average in the authorities outside of Coventry. Private rents are also less affordable than national average in four of the six authorities**
- **Overcrowding in Coventry is above national average, but lower in the rest of the HMA**
- **Overall, market signals have clearly worsened in recent years, meaning that housing numbers should be boosted to address market dysfunction**

7.1 The problems arising from historic under-delivery of housing across the country can be observed locally through analysis of market signals. The Planning Practice Guidance (PPG) provides an overview of the ways in which assessments of housing need should take market signals into account.

7.2 The PPG states that market signals should be assessed in context, with appropriate comparisons made both over time and between locations. Furthermore, the guidance declares that:

**"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections."<sup>56</sup>**

7.3 More specifically, it is suggested that the local housing supply targets should be proportionally increased based on the extent to which prices are rising and affordability ratios are widening. It is not, however, necessary to calculate the exact number of dwellings that would need to be built to alleviate a given problem, as advised by the PPG:

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<sup>56</sup> Paragraph: 020 Reference ID: 2a-020-20140306, Planning Practice Guidance, 06 March 2014

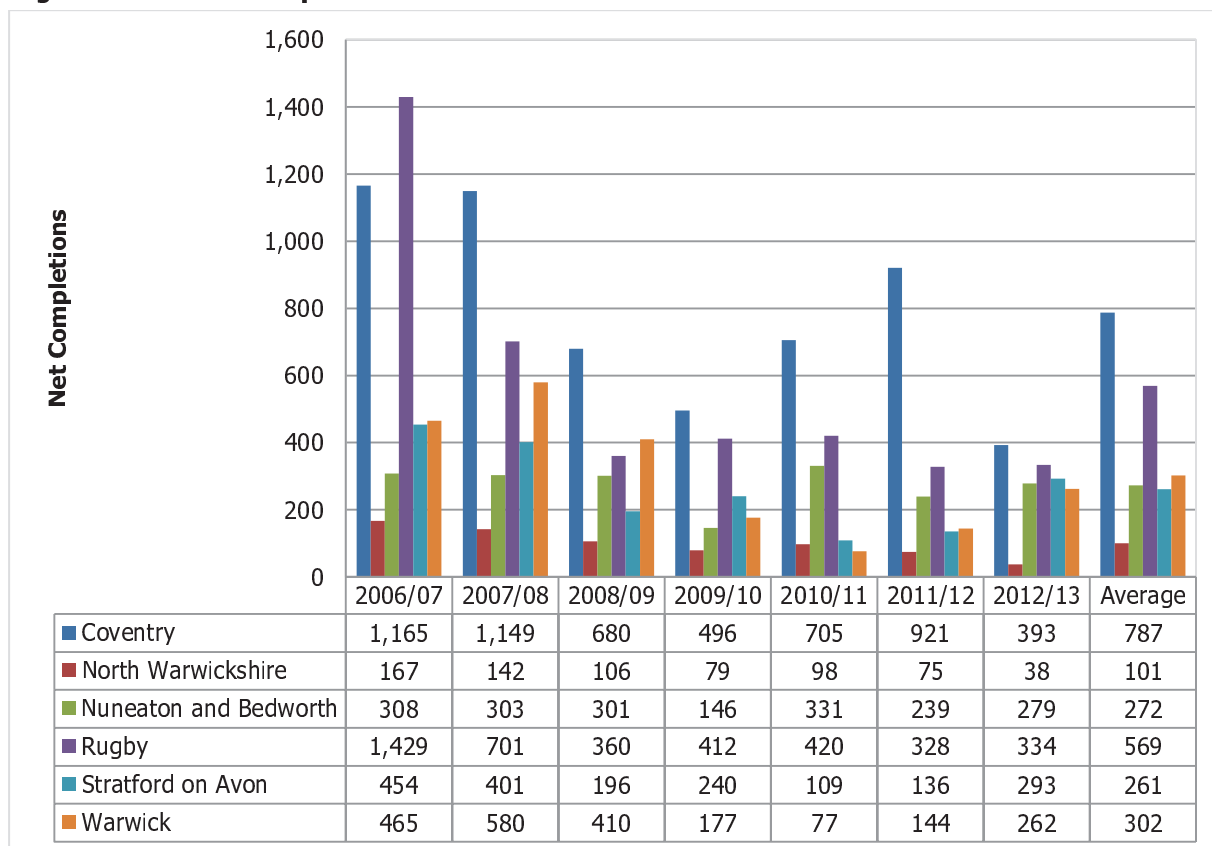
**“Plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principals of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.”<sup>57</sup>**

7.4 To help inform our assessment, five key market signals have been taken into consideration – Rate of Development, House Prices, Affordability, Residential Rents and Overcrowding.

***Rate of Development***

7.5 The first indicator taken into account is Rate of Development. Local Authorities which have permitted their dwelling stock to grow significantly over an extended period of time should, in theory, see house prices rise more slowly than those authorities which have seen smaller increases in dwelling stock. Figure 7.1 below summarises net housing completions within the HMA for the period 2006/07 to 2012/13, as reported the LPAs in their Annual Monitoring Reports.

**Figure 7.1: Net Completions 2006-13**



Source: LPA AMRs.

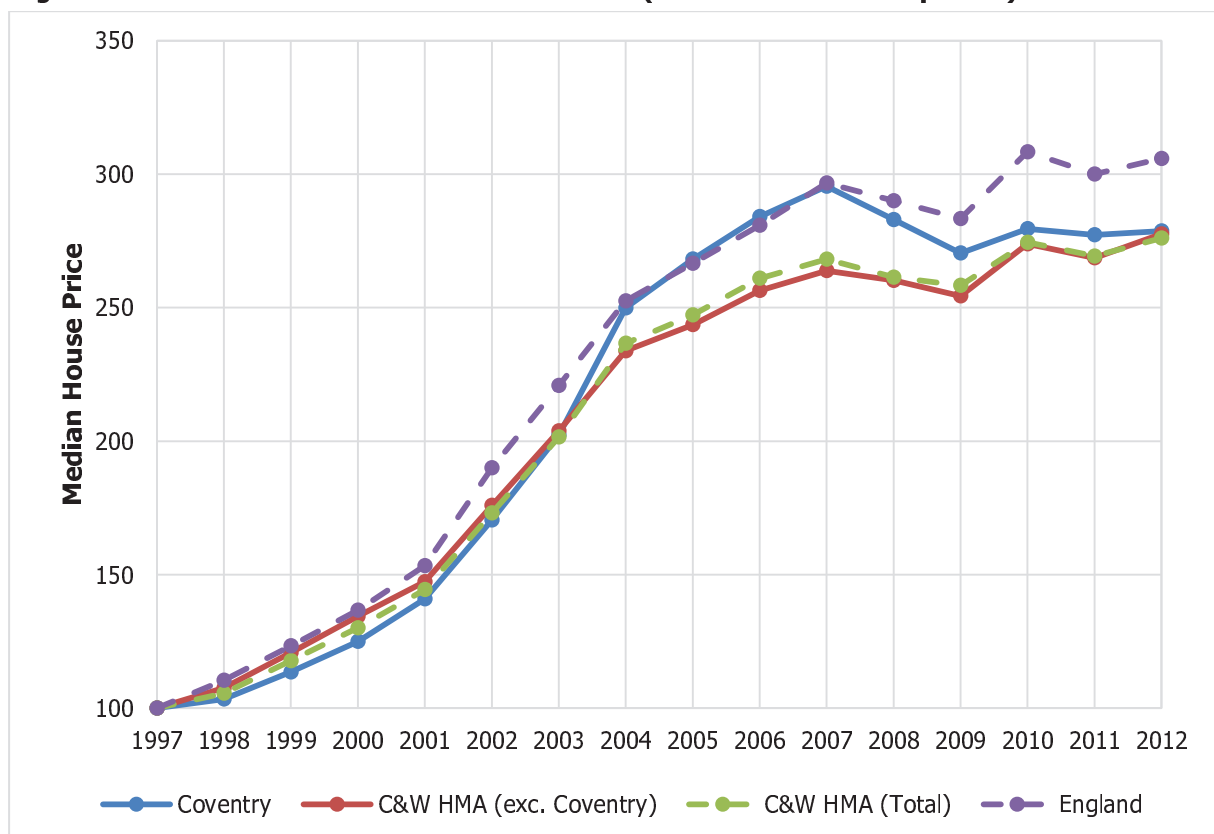
<sup>57</sup> Paragraph: 020 Reference ID: 2a-020-20140306, Planning Practice Guidance, 06 March 2014

7.6 The average net completion rate for the HMA as a whole over the period analysed was 2,293 dwellings per annum, with Coventry and Rugby delivering nearly 60% of this figure. The average completion rate is slightly above the previous RSS-based target of 2,180 dwellings per annum. This average rate is, however, positively influenced by strong delivery performance in the earlier years; the 5-year trend (2008/9 to 2012/12) is significantly lower at just 1,757 dwellings per annum – 21% lower than the RSS-based target.

**House Prices**

7.7 The second indicator taken into account is median house price. House prices are influenced by a wide variety of factors and can vary significantly within a district; the median house price has been used to limit the influence of extreme high and low values. Figure 7.2 tracks the median house price across the HMA (with and without Coventry) over the period 1997-2012, indexed against their 1997 levels, whilst Table 7.1 summarises sales values at 5 year intervals.

**Figure 7.2: Median House Price 1997-2012 (Index 100 = 1997 prices)**



Source: Office for National Statistics/Land Registry, via CLG Live Table 586

**Table 7.1: Increases in Median House Price 1997-2012**

	1997	2002	2007	2012	Total Increase 1997-2012		Total Increase 2002-2012	
					£	%	£	%
<b>Coventry</b>	£44,000	£75,000	£130,000	£122,627	£78,627	179%	£47,627	64%
<b>North Warwickshire</b>	£58,000	£92,000	£149,500	£147,000	£89,000	153%	£55,000	60%
<b>Nuneaton and Bedworth</b>	£49,998	£76,500	£132,500	£127,000	£77,003	154%	£50,500	66%
<b>Rugby</b>	£56,000	£108,000	£159,000	£159,950	£103,950	186%	£51,950	48%
<b>Stratford-on-Avon</b>	£89,325	£158,500	£229,604	£245,000	£155,675	174%	£86,500	55%
<b>Warwick</b>	£72,000	£140,000	£199,000	£209,950	£137,950	192%	£69,950	50%
<b>C&amp;W HMA</b>	£60,340	£104,446	£161,790	£166,565	£106,225	176%	£62,119	59%
<b>England</b>	£60,000	£114,000	£178,000	£183,500	£123,500	206%	£69,500	61%

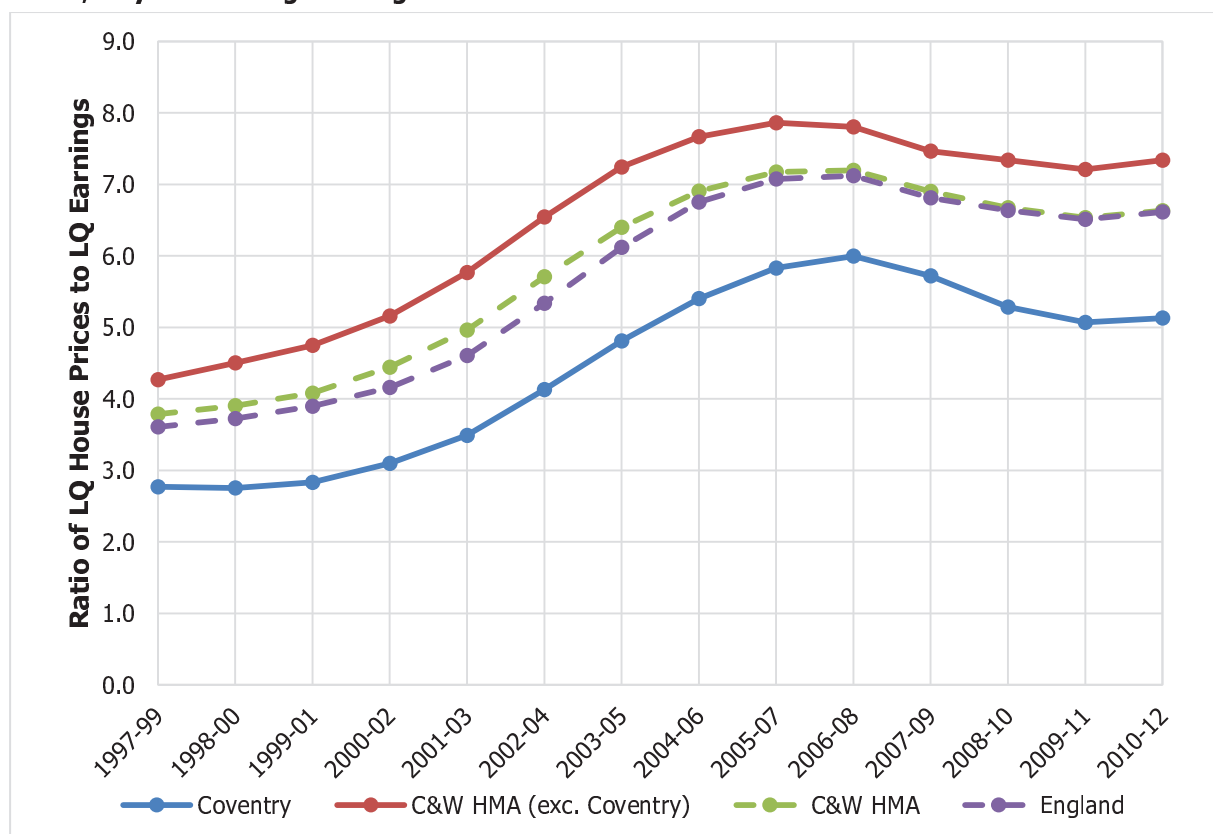
Source: Office for National Statistics/Land Registry, via CLG Live Table 586

- 7.8 The median house price across the HMA in 2012 was around 10% lower than national average, but with significant variation between districts. Over the total fifteen year period, £106,000 was added to the median price – an increase of 176%. Over the last decade, Nuneaton and Bedworth has shown the highest growth in percentage terms within the HMA, with median prices 66% higher in 2012 than in 2002.

#### ***Affordability – Lower Quartile***

- 7.9 The third indicator taken into account is affordability, assessed using the ratio between lower quartile house prices and lower quartile earnings. This indicator is particularly salient given the well-publicised barriers to ownership faced by many first time buyers and low-earners. Figure 7.3 below tracks the affordability ratio for each LPA 1997-2012. Given that the ratio is a product of two independent data sources, a three year rolling average has been used to limit the effects of volatility in either data source. Table 7.2 shows the differential between the ratio in 1997/2002 and 2012.



**Figure 7.3: Ratio of Lower Quartile House Prices to Lower Quartile Earnings 1997-2012, 3-year rolling average**

Source: Office for National Statistics/Land Registry, via CLG Live Table 57

**Table 7.2: Affordability ratio change 2002-2011**

	1997	2002	2007	2012	Total Change 1997-2012		Total Change 2002-2012	
<b>Coventry</b>	2.9	3.4	6.3	5.2	2.3	77%	1.8	54%
<b>North Warwickshire</b>	4.0	4.3	6.8	6.4	2.4	61%	2.1	49%
<b>Nuneaton and Bedworth</b>	3.0	4.1	6.7	5.5	2.5	81%	1.4	34%
<b>Rugby</b>	2.9	4.6	7.1	6.2	3.4	118%	1.7	36%
<b>Stratford-on-Avon</b>	5.5	7.8	9.0	8.9	3.4	61%	1.1	14%
<b>Warwick</b>	4.4	6.5	8.6	7.7	3.3	74%	1.2	19%
<b>C&amp;W HMA</b>	3.8	4.9	7.3	6.6	2.9	77%	1.7	36%
<b>England</b>	3.6	4.5	7.2	6.6	3.0	85%	2.1	48%

Source: Office for National Statistics/Land Registry, via CLG Live Table 576

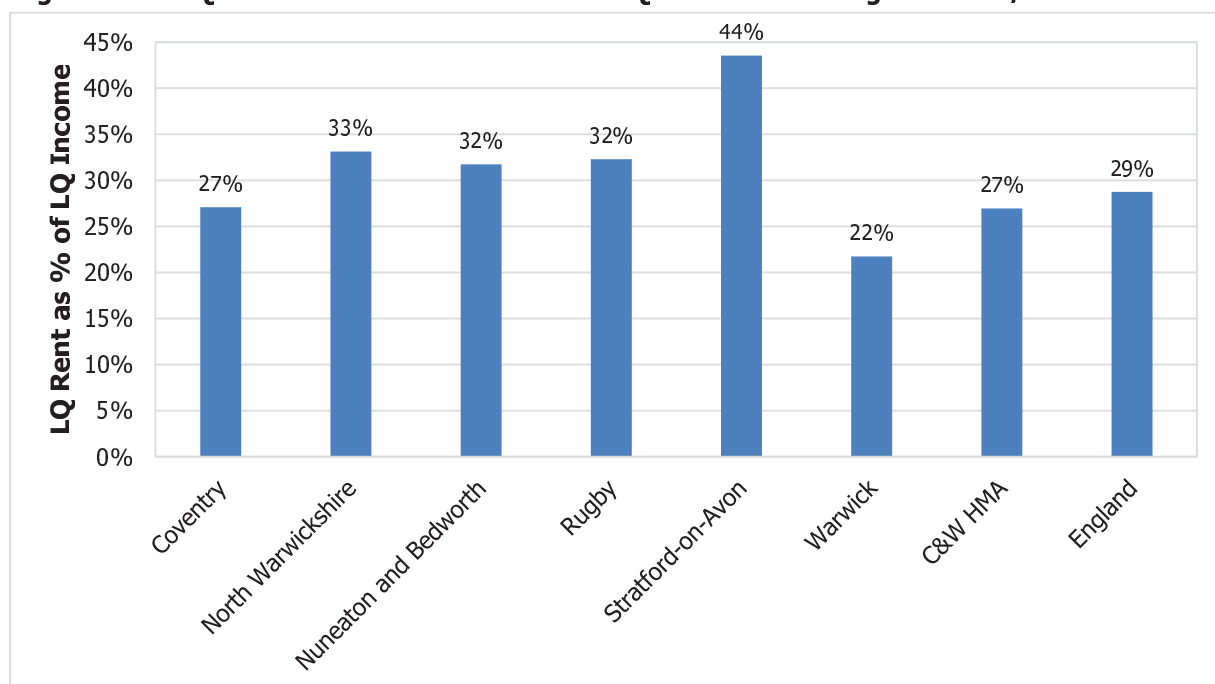
7.10 The affordability ratio has worsened for all areas assessed, including England as a whole, as a result of lower quartile house prices rising more quickly than lower quartile earnings. In 1997, the affordability ratio for the HMA was close to the typical mortgage borrowing multiplier of 3.5, meaning that for many buying a house was a realistic prospect. By 2007 (the pre-recession peak in many areas) the affordability ratio had reached 6.6, an impassable barrier for many newly forming households.

7.11 The most pronounced affordability problems can be found in Stratford-on-Avon (8.9) and Warwick (7.7).

### Residential Rents

7.12 The fourth indicator taken into account is residential rent. Figure 7.4 below shows the ratio between Lower Quartile personal income and Lower Quartile private rent, both annualised.

**Figure 7.4: LQ Residential Rents as % of LQ Annual Earnings – 2012/13**



Source: Valuation Office Agency

7.13 Across CWHMA as a whole, a Lower Quartile private rented property costs (on average) 27% of Lower Quartile Earnings (on the same basis as the purchase affordability calculation shown in Figure 7.3) – slightly lower than national average. Private rents are highest (relative to earnings) in Stratford-On-Avon and lowest in Warwick. Table 7.3 analyses growth in residential rents between 2010/11 and 2012/13.

**Table 7.3: Residential Rents (per Month) 2010/11 – 2012/13**

	Lower Quartile			Median		
	2010/11	2012/13	% Change	2010/11	2012/13	% Change
<b>Coventry</b>	£400	£425	6.3%	£495	£525	6.1%
<b>North Warwickshire</b>	£475	£495	4.2%	£525	£550	4.8%
<b>Nuneaton and Bedworth</b>	£400	£405	1.3%	£475	£495	4.2%
<b>Rugby</b>	£450	£460	2.2%	£500	£550	10.0%
<b>Stratford-on-Avon</b>	£575	£625	8.7%	£650	£725	11.5%
<b>Warwick</b>	£400	£342	-14.5%	£595	£625	5.0%
<b>C&amp;W HMA</b>	£419	£427	1.8%	£536	£573	6.8%
<b>England</b>	£450	£455	1.1%	£575	£595	3.5%

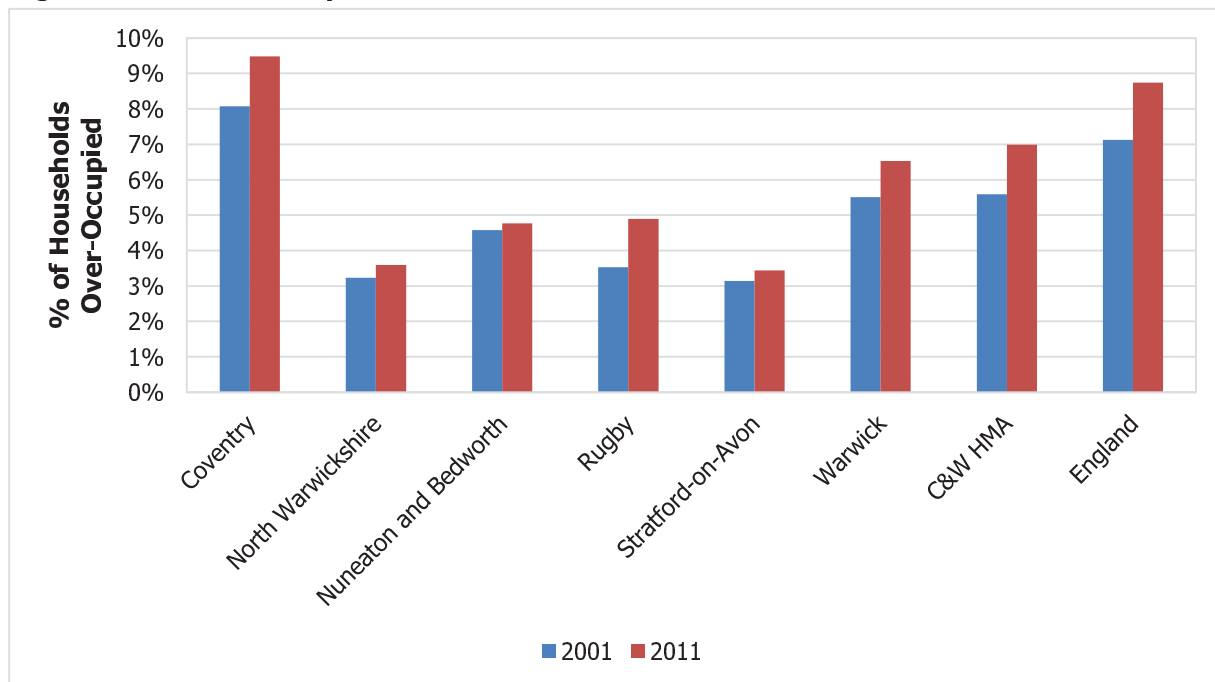
Source: Valuation Office Agency, Private Rental Market Statistics – All property types, data for year ending 30<sup>th</sup> September.

- 7.14 Compared with the average for England, Lower Quartile rents were 6% lower in the HMA in 2012/13, whilst Median rents were 4% lower. Between 2010/11 and 2012/13, lower quartile rents increased by 1.8% (compared to a 1.1% increase across England), whilst Median rents grew by 6.8% (3.5% across England as a whole).

### ***Overcrowding***

- 7.15 The final indicator is Overcrowding, taking into account the proportion of households which are over-occupied (i.e. having fewer rooms than required for the number of usual residents) and Concealed households (multiple households living in a single dwelling).
- 7.16 Figure 7.5 below compares the proportion of households classified as over occupied in the 2011 census compared against the 2001 census.

**Figure 7.5: Over-occupation, 2001 vs. 2011**

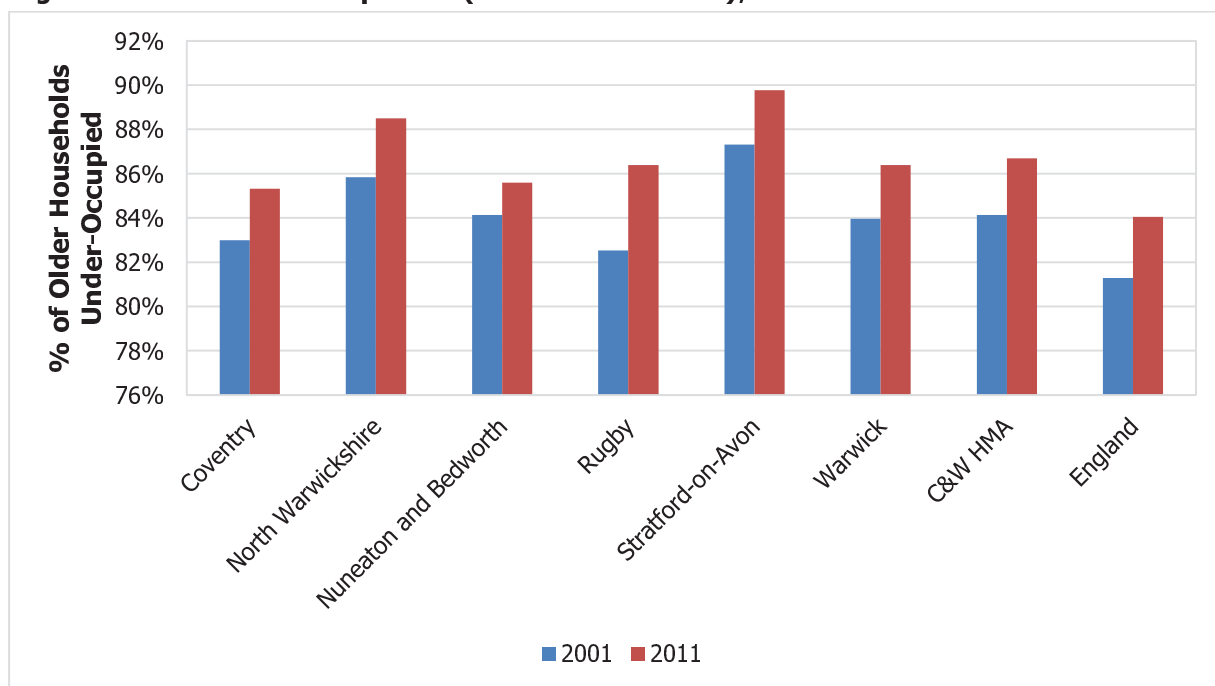


Source: Office for National Statistics, Census 2001/2011

7.17 Although over-occupation across the HMA as a whole is below national average, the proportion has grown by 25%.

7.18 Figure 7.6 shows the proportion of Older Households which were over-occupying in 2011 compared against the proportion in 2001.

**Figure 7.6 – Under-occupation (older households), 2001 vs. 2011**



Source: Office for National Statistics, Census 2001/2011

7.19 Under-occupation among Older Households (where all occupants are retired) has also increased between censuses, and remains higher than national average. This trend suggests that as the population ages, the shortage of larger properties available for families will decline.

7.20 The second aspect of overcrowding taken into account is Concealed Households. One dwelling typically houses a single household. Concealed households occur when multiple households occupy the same dwelling, often due to affordability issues, although in some cases there are strong cultural traditions of extended families living together in the same dwelling. Table 7.4 summarises the number of concealed families within CWHMA.

**Table 7.4: Concealed Households by age of Family Reference Person (FRP) – Census 2001/11**

	Concealed - FRP Under 25 (2011)	Concealed - FRP 25-34 (2011)	Concealed - All Ages (2011)	Concealed - All Ages (2001)
<b>Coventry</b>	10.3%	4.4%	2.4%	1.5%
<b>North Warwickshire</b>	18.9%	3.4%	1.5%	1.1%
<b>Nuneaton and Bedworth</b>	11.0%	3.7%	1.6%	1.0%
<b>Rugby</b>	9.5%	2.8%	1.2%	0.9%
<b>Stratford-on-Avon</b>	14.5%	4.4%	1.2%	0.8%
<b>Warwick</b>	12.3%	3.6%	1.7%	1.1%
<b>C&amp;W HMA</b>	<b>11.3%</b>	<b>3.9%</b>	<b>1.8%</b>	<b>1.2%</b>
<b>England</b>	<b>12.8%</b>	<b>4.0%</b>	<b>1.9%</b>	<b>1.2%</b>

Source: ONS, Census 2001/11

7.21 The proportion of Concealed households in CWHMA is slightly below the national average, but has worsened in all parts of the HMA since 2001. The age group with the highest proportion of concealed households is 24 and under, a reflection of the difficulties faced by young people in being able to afford their own homes.

7.22 In addition to concealed families, there are many concealed individuals who would like to form their own household but have not been able to due to the recession. Whilst it is not possible to derive the number of these individuals from the Census, research by Bramley et al. (2010) suggests that single adults account for around half of concealed households<sup>58</sup>.

## Summary

7.23 The rate of housing delivery since 2006/07 has averaged at a similar level to the RSS figure for the HMA. However, this is skewed significantly by higher delivery in the earlier years; delivery over the last 5 years is 21% lower than the previous RSS-based target. House

<sup>58</sup> Bramley et al. (2010), Estimating housing need, Department for Communities and Local Government

Prices at HMA level remain below national average, although some parts of the HMA (Stratford-on-Avon and Warwick) are significantly above average. At HMA level, affordability (measured in terms of the ratio between lower quartile house prices and earnings) is in line with national average, with a lower quartile-priced property costing 6.6 times the lower quartile income in 2012.

- 7.24 Overcrowding is also broadly in line with national average, but still remains an issue (and has worsened between censuses). North Warwickshire and Stratford-on-Avon both show high proportions of concealed households where the family reference person is aged under 25 – a clear indicator that household formation among younger people in particular is being suppressed by poor affordability.
- 7.25 This analysis of market signals suggests that the C&WHMA requires a significant increase in housing supply to improve affordability and widen access to the private housing market. Failure to improve the affordability of house purchasing will inevitably cause increases in rents as demand for the relatively low supply of this tenure grows.
- 7.26 It is likely that the future supply of housing will need to significantly exceed delivery rates experienced in the recent past in order to alleviate the pressures on the housing market observed through market signals – this is explored in greater detail in Chapter 8.

## 8.0 OBJECTIVE ASSESSMENT OF HOUSING NEED

- **On the basis of the 2012 Sub National Population Projections alone, around 4,500 net additional dwellings would needed per annum 2011-31. Based on a continuation of long term net migration trends, the requirement increases to c.5,000 dwellings per annum. These scenarios, however, represent only the starting point in an objective assessment of housing need**
- **On an economic-led basis, job creation forecasts from Cambridge Econometrics (as shown in the CWLEP Strategic Economic Plan) would create a requirement for c.5,100 dwellings per annum. This requirement is broadly in line with the long term net migration-based scenario, but would spread the labour force capacity (and therefore housing requirement) more effectively across the HMA. This means that economic development would be better supported and reduce the reliance on unsustainable long distance commuting (in line with the PPG)**
- **Based on this reconciliation of demographic needs (at HMA level) and local economic needs, it is recommended that around 5,100 are planned for across the HMA over the period 2011-31**
- **This would also be expected to yield sufficient affordable housing at HMA level, based on the assessment of need provided in the 2013 C&W SHMA. It would also represent a significant uplift compared against past delivery rates and targets, suggesting that a housing target set on this basis would begin to help address the adverse market signals identified in Chapter 7**

8.1 As stated in the introduction to this report, an Objective Assessment of Housing Need (OAN) for the Sub-Region is one of the principal outputs of the study. This chapter summarises the steps taken in producing this OAN, following a methodology in keeping with the NPPF and PPG.

8.2 The OAN is carried out in seven stages:

- Stage One: Demographic-led 'Starting Point' Forecast
- Stage Two: Testing Capacity for Economic Growth
- Stage Three: Stage Three – Economic-led Forecast
- Stage Four: Testing for Affordable Housing Provision
- Stage Five: Adjusting for Market Signals
- Stage Six: Addressing Unmet Need from Birmingham
- Stage Seven: Recommendation

### Stage One – Demographic-led 'Starting Point' Forecast

- 8.3 The first stage in producing an Objective Assessment of Housing Need is to model future housing requirements based on key demographic inputs. This represents the 'Starting Point' of the assessment, upon which the Full OAN is built.
- 8.4 This study uses POPGROUP, an industry standard demographic model used to forecast population, households and the labour force. POPGROUP has over 90 users, including academic and public service organisations in housing, planning, health, policy, research, economic development, and social services. The model uses standard demographic methods of cohort component projections, household headship rates and economic activity rates. Its flexibility allows integration of official statistics produced by the ONS.
- 8.5 Figure 8.1 below summarises the initial POPGROUP forecasting process.

**Figure 8.1: POPGROUP Forecasting Process**

	<b>Starting population (ONS)</b>
<i>minus</i>	<b>Population not in households (interim 2011 CLG household projections)</b>
<i>times</i>	<b>Headship rates (interim 2011 based CLG household projections to 2021; pre recession 2008-based rates post 2021)</b>
<i>equals</i>	<b>Number of households</b>
<i>times</i>	<b>vacancy/ shared/ second homes factor (Census 2011 based)</b>
<i>equals</i>	<b>Dwelling requirement</b>

#### ***Starting Population***

- 8.6 The 2010 mid-year population estimate (ONS 2013), revised in light of the 2011 Census is used as the starting population. It is entered into the model as unrounded data by single year of age and gender. The fertility and mortality rates used are the latest available from ONS.

#### ***Headship Rates***

- 8.7 In converting the population to households, the population that is not in households (e.g. communal establishments, armed forces etc.) is deducted to give a household population, to which headship rates are applied.



- 8.8 The headship rates that have been applied to the household population are those published in the 'interim' 2011-based CLG household projections between 2011 and 2021, reverting back to the 2008-based rates by the end of the assessment period (2022-2031). This is considered a prudent scenario for growth, as the 'interim' 2011-based CLG formation rates are underpinned by recessionary trends in household formation, which may recover before 2021.

### ***Labour Force***

- 8.9 The PPG advises that plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.

**"Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."**<sup>59</sup>

- 8.10 For the purpose of assessing whether the demographic-based (long term net migration) scenario gives rise to labour force supply that meets job demand, labour force supply is taken as the population aged between 16 and the state pension age. Economic Activity Rates from the 2011 census are then applied to the cohort of working age population to reveal the number who are likely to be able to take up employment. It has been assumed that the activity rates for those of working age will remain constant throughout the plan period, with the unemployed portion gradually decreasing to 6.5% (see Chapter 5).

### ***Migration***

- 8.11 All migration assumptions have been sourced from 'Components of population change; Detailed time series 2002 to 2012 England and Wales, local authorities, sex and age' ONS October 2013.
- 8.12 The time series supplies annual mid-year population estimates and estimated components of population change for England and Wales, local authorities, by sex and single year of age, 30 June 2001 to 30 June 2012.

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<sup>59</sup> Paragraph: 018 Reference ID: 2a-018-20140306, Planning Practice Guidance, 06 March 2014

- 8.13 The release contains the most detailed population estimates and components of change for the mid-year population series. It builds on the detailed components of change already published by ONS (20 August 2013) covering the period 2002 to 2011, by adding the most recent data from the mid-2012 population estimates release. This offers a complete time series of population estimates at detailed level from mid-2001 to mid-2012.
- 8.14 Examination of past trends in migration (as set out in Chapter 5) reveals that in the last ten years net migration into the housing market area has averaged 4,722 persons per annum. It is on this basis that the 'Long Term Net Migration' demographic-led scenario presented here is run. The model constrains growth to net in-migration of 4,722 people per annum, which in turn generates household growth and dwellings requirements. An additional demographic-led forecast, based purely on the 2012 SNPP, has also been considered.

#### ***Adjustment for Vacancy, Shared and Second Homes***

- 8.15 In order to convert the projected number of households into a dwelling requirement, adjustments must first be made to account for vacancy (caused primarily by dwellings being temporarily vacant due to occupiers moving), plus shared homes (multiple households living within the same dwelling) and second homes.

#### ***Modelling Results***

- 8.16 Table 8.1 below summarises the results of the initial POPGROUP modelling exercise, based on the key input assumptions described above. This has been summarised to HMA level. Full model output tables can be found in Appendix 1.

**Table 8.1: Coventry and Warwickshire HMA POPGROUP Model Summary Output; Demographic-led 'Starting Point' (Long Term Net Migration)**

	2011	2016	2021	2026	2031	2011-2031 (per annum)
Population	863,469	907,035	951,030	994,564	1,035,823	172,354 (8,618)
Households	360,096	378,884	398,682	427,377	456,555	96,459 (4,823)
<b>Dwellings</b>	<b>372,010</b>	<b>391,421</b>	<b>411,876</b>	<b>441,519</b>	<b>471,661</b>	<b>99,652</b> <b>(4,983)</b>

- 8.17 On the basis of the Long Term Net Migration Demographic-led forecast, a total of 99,652 dwellings would need to be supplied 2011-31, an average of 4,983 dwellings per annum.
- 8.18 The growth in population that this is based upon (8,618 per annum) falls between the growth forecast by the 2012-based SNPP (7,165 per annum) and the 2011-Based (Interim) SNPP

(9,210 per annum) at HMA level. As a sensitivity test, a further demographic-led scenario has been modelled, constrained to the latest 2012-based SNPP.

**Table 8.2: Coventry and Warwickshire HMA POPGROUP Model Summary Output; Demographic-led 'Starting Point' (2012 SNPP)**

	2011	2016	2021	2026	2031	2011-2031 (per annum)
Population	863,469	900,472	937,650	973,611	1,006,639	143,170 (7,158)*
Households	360,096	377,785	395,639	421,588	446,470	86,373 (4,319)
<b>Dwellings</b>	<b>372,010</b>	<b>390,285</b>	<b>408,730</b>	<b>435,536</b>	<b>461,239</b>	<b>89,229</b> <b>(4,461)</b>

\*Does not match figure in Table 5.4 (population projection comparison) exactly due to unrounded data being used in the model

- 8.19 On this basis, a total of 89,229 dwellings would need to be supplied 2011-31 - an average of 4,461 dwellings per annum. However, for the reasons established in Chapter 5 regarding the underestimation of international migration at the national level, this dwelling requirement should be treated with caution.

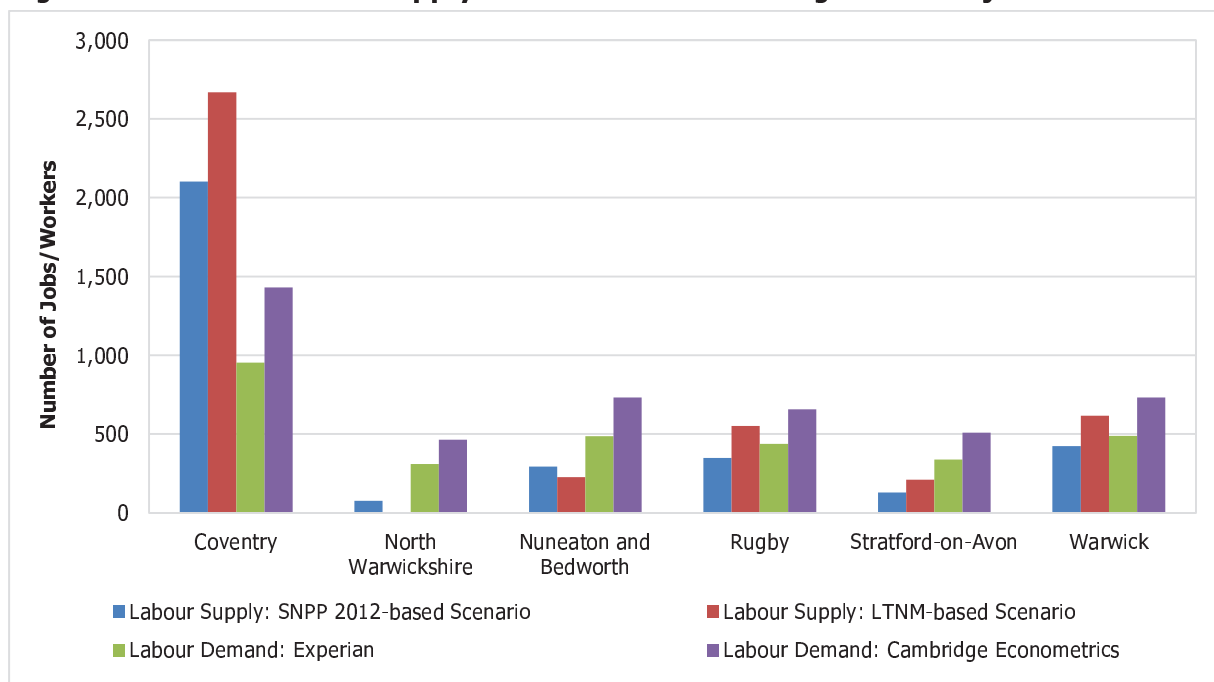
### **Stage Two – Testing Capacity for Economic Growth**

- 8.20 The second stage is to test the capacity of the 'starting point' projections described above to deliver a labour force large enough to meet the job growth forecasts outlined in Chapter 6.
- 8.21 Table 8.3 compares the labour force capacity arising from the two 'starting point' projections described above against job growth forecasts from Experian and Cambridge Econometrics. An allowance has also been made for reductions in unemployment, with the HMA-wide rate gradually falling to 6.5% in 2021.

**Table 8.3: Testing Labour Supply Growth**

<b>Arising Labour Demand 2011-31</b>		
	<b>Experian Economics</b>	<b>CWLEP/Cambridge Econometrics</b>
<b>Total Employment Forecast</b>	62,920	94,500
<b>Commuting Ratio</b>	0.96	0.96
<b>Working Population Required</b>	60,258	90,502
<b>Arising Labour Supply 2011-31 – Long Term Net Migration Scenario</b>		
<b>Growth in Labour force Capacity</b>	79,352	79,352
<b>Reductions in Unemployment</b>	5,712	5,712
<b>Surplus/Deficit</b>	<b>+24,806</b>	<b>-5,437</b>
<b>Arising Labour Supply 2011-31 – SNPP 2012-constrained Scenario</b>		
<b>Growth in Labour force Capacity</b>	61,998	61,998
<b>Reductions in Unemployment</b>	5,474	5,474
<b>Surplus/Deficit</b>	<b>+7,214</b>	<b>-23,030</b>

- 8.22 On the basis of this analysis, the population growth arising from the Demographic-led 'starting point' projections alone will not supply sufficient labour force capacity to meet the higher level of demand forecasted by Cambridge Econometrics, although the Long Term Net Migration scenario falls only slightly short.
- 8.23 Although both scenarios would supply sufficient labour force capacity to accommodate the Experian Economics forecast at HMA level, the district-level forecasts indicate a significant imbalance between authorities, as shown in Figure 8.1 below.

**Figure 8.1: Labour Force Supply and Demand – ‘Starting Point’ Projections**

Source: Barton Willmore Modelling, Experian Economics, Cambridge Econometrics/CWLEP

8.24 Under both demographic-led scenarios, Coventry would supply a significant excess of labour, and the remaining authorities would supply labour deficits relative to forecasted demand. In order to establish a more effective distribution of housing need, further economic-led modelling has been carried out.

### Stage Three – Economic-led Modelling

8.25 Economic-led modelling is used to forecast the growth in population (and therefore households and dwellings) that would be required to supply a given labour force. Tables 8.4 and 8.5 below summarise the HMA level outputs from this process for two scenarios based on the two job growth forecasts from Experian Economics and CWLEP/Cambridge Econometrics (CE).

**Table 8.5: POPGROUP Model Summary Output; Economic-led (Experian Economics)**

	2011	2016	2021	2026	2031	2011-2031 (per annum)
Population	863,469	892,602	909,570	947,844	975,713	122,244 (5,612)
Households	360,096	375,390	386,015	412,138	435,606	75,509 (3,775)
<b>Dwellings</b>	372,010	387,808	398,782	425,768	450,011	<b>78,001</b> <b>(3,900)</b>

8.26 Under the Experian Economics scenario, a total of 78,001 dwellings would need to be built 2011-31 at an average rate of 3,900 dwellings per annum. This is somewhat lower than both

of the demographic-led scenarios set out at Stage One. As such, the dwelling requirement arising from this forecast is unlikely to be sufficient to meet the needs arising from forecasted population growth.

**Table 8.6: POPGROUP Model Summary Output; Economic-led (CWLEP/CE)**

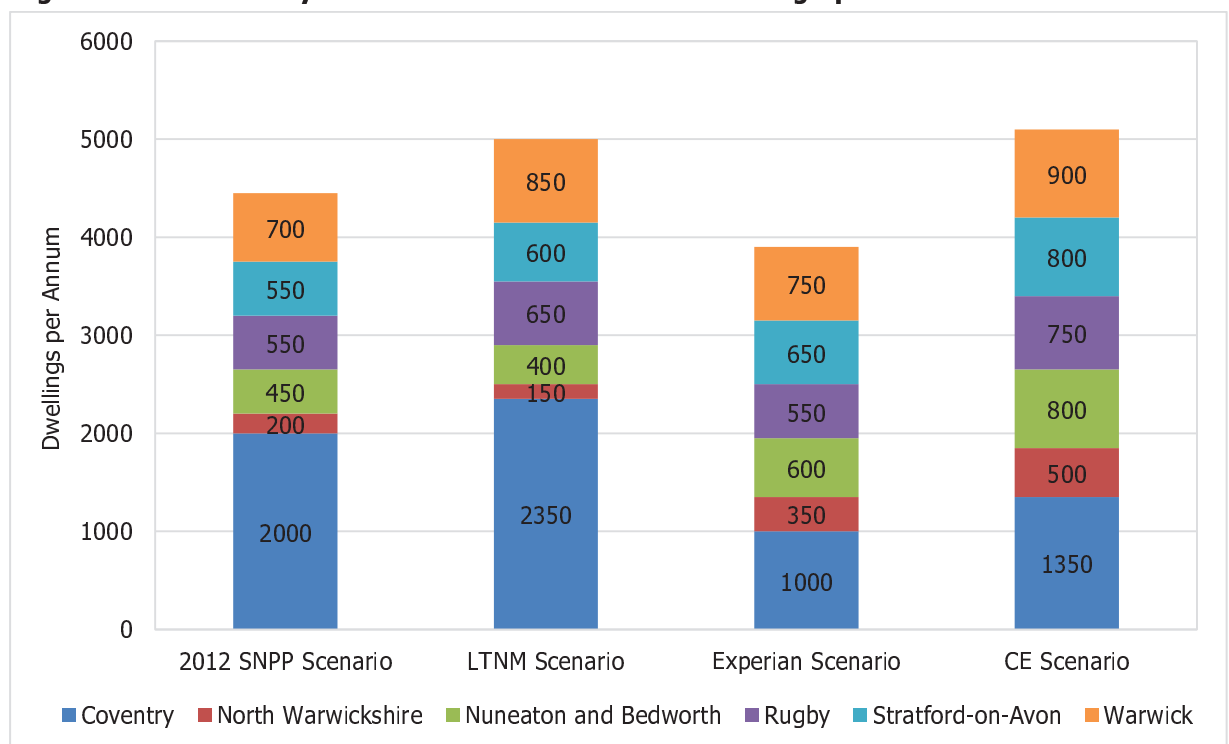
	2011	2016	2021	2026	2031	2011-2031 (per annum)
Population	863,469	906,033	937,656	991,849	1,035,267	171,978 (8,590)
Households	360,096	379,819	395,696	428,166	458,354	98,258 (4,913)
<b>Dwellings</b>	372,010	392,382	408,780	442,320	473,504	<b>101,494 (5,075)</b>

8.27 Under the CWLEP/CE scenario, a total of 101,494 dwellings would need to be built 2011-31 at an average rate of 5,075 dwellings per annum. This dwelling requirement slightly exceeds the Long Term Net Migration demographic-led forecast set out at stage one, and significantly exceeds the SNPP 2012-based forecast.

#### ***Modelled Housing Need Summary – by LPA***

8.28 Figure 8.2 below summarises the four modelled scenarios by LPA, showing the annualised dwelling requirement under each scenario. Note that the district-level figures have been rounded to the nearest 50.

**Figure 8.2: Summary of Modelled Scenarios – Dwellings per Annum 2011-31**



Source: Barton Willmore Modelling, ONS

Note: Figures rounded to the nearest 50

8.29 Under the demographic-led scenarios - 2012 SNPP and Long Term Net Migration (LTNM) - the housing requirement is heavily concentrated in Coventry, whereas the economic-led scenarios (Experian and LEP/CE) represent a more even distribution that reflects economic growth. Given that the overall HMA totals for the LTNM and LEP/CE scenarios are very similar, and both would broadly accommodate the full demographic and economic need identified in this study, it is reasonable to assume that a housing requirement in the region of 5,100 (before any adjustments made on market signals, affordable housing or unmet need from Birmingham are made) is sensible and robust.

#### Stage Four – Testing for Affordable Housing Provision

8.30 On the issue of securing affordable housing provision, the PPG states the following:

**“An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.”<sup>60</sup>**

8.31 The Coventry and Warwickshire Joint SHMA discussed in Chapter 4 includes an assessment of affordable housing need for the period 2013-31. The results of this assessment have been compared against affordable housing quotas also identified in Chapter 4 to reveal the number of dwellings that would need to be built to meet affordable need. Table 8.8 below summarises this analysis. Note that where affordable housing quotas are provided as a range, the mid-point has been taken.

**Table 8.8: Summary of Affordable Need Assessment (Based on GL Hearn SHMA)**

	Net Affordable Need Per Annum (From GL Hearn SHMA)	Affordable Housing Quota (for major sites)	Equivalent Total Dwelling Requirement
<b>Coventry</b>	477	30%	1,590
<b>North Warwickshire</b>	112	40%	280
<b>Nuneaton and Bedworth</b>	151	25%	604
<b>Rugby</b>	215	40%	538
<b>Stratford-on-Avon</b>	133	35%	380
<b>Warwick</b>	268	40%	670
<b>C&amp;W HMA</b>	<b>1,356</b>	<b>34%</b>	<b>4,062</b>

Source: GL Hearn/Justin Gardner Consulting SHMA for C&W, LPA Local Plans/Core Strategies

8.32 Based on this assessment, affordable need at could be met at HMA level by the output of the modelling exercise, which indicates needs for c.5,100 dwellings per annum. However, the

<sup>60</sup> Paragraph: 029 Reference ID: 2a-029-20140306, Planning Practice Guidance, 06 March 2014

assessment of affordable need is sensitive to the assumptions made in the SHMA and the deliverability of affordable housing at the quotas shown. As a sensitivity test, a further more pessimistic scenario has been tested under which the net affordable need is increased by 10% and the affordable housing quota decreased by 10%.

**Table 8.9: Summary of Affordable Need Assessment – Sensitivity Test**

	<b>Net Affordable Need Per Annum (From GL Hearn SHMA, plus 10%)</b>	<b>Affordable Housing Quota (for major sites, minus 10%)</b>	<b>Equivalent Total Dwelling Requirement</b>
<b>Coventry</b>	525	27.0%	1,943
<b>North Warwickshire</b>	123	36.0%	342
<b>Nuneaton and Bedworth</b>	166	22.5%	738
<b>Rugby</b>	237	36.0%	657
<b>Stratford-on-Avon</b>	146	31.5%	464
<b>Warwick</b>	295	36.0%	819
<b>C&amp;W HMA</b>	<b>1,492</b>	<b>30.6%</b>	<b>4,875</b>

Source: GL Hearn/Justin Gardner Consulting SHMA for C&W, LPA Local Plans/Core Strategies

- 8.33 On this basis, affordable need could also be met by the c.5,100 dwellings per annum figure. This suggests that it is unlikely there will be grounds to further boost the supply of housing due to insufficient affordable housing delivery.

### **Stage Five – Adjusting for Market Signals**

- 8.34 As a final test, the extent to which boosting supply could be expected to address adverse market signals is assessed. The PPG states the following in relation to situations where adverse market signals are evident:

**“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings.”<sup>61</sup>**

- 8.35 Tables 8.10 – 8.13 below summarise the results of this testing.

<sup>61</sup> Paragraph: 019 Reference ID: 3-030-20140306, Planning Practice Guidance, 06 March 2014



**Table 8.10: Long Term Net Migration Scenario vs. Past Delivery and Targets**

	Modelled Need Per Annum 2011-31	Average Delivery 2006-13	Difference	Previous RSS-based Target	Difference
<b>Coventry</b>	<b>2,350</b>	<b>787</b>	<b>1,563 (199%)</b>	<b>830</b>	<b>1,520 (183%)</b>
<b>Warwickshire Total</b>	<b>2,633</b>	<b>1,505</b>	<b>1,128 (75%)</b>	<b>1,350</b>	<b>1,283 (95%)</b>
<b>C&amp;W HMA</b>	<b>4,983</b>	<b>2,293</b>	<b>2,690 (117%)</b>	<b>2,180</b>	<b>2,803 (129%)</b>

Source: Barton Willmore Modelling, LPA AMRs, West Midlands RSS (2008)

- 8.36 Under the Long Term Net Migration scenario, the increase in supply above past delivery rates at HMA level is 117%, whilst the increase above the RSS target for Coventry and Warwickshire is 129%. Under this scenario, it is likely that affordability in Coventry would improve, but the effect across Warwickshire would be lower.

**Table 8.11: SNPP2012 Scenario vs. Past Delivery and Targets**

	Modelled Need Per Annum 2011-31	Average Delivery 2006-13	Difference	Previous RSS-based Target	Difference
<b>Coventry</b>	<b>1,997</b>	<b>787</b>	<b>1,210 (154%)</b>	<b>830</b>	<b>1,167 (141%)</b>
<b>Warwickshire Total</b>	<b>2,465</b>	<b>1,505</b>	<b>960 (64%)</b>	<b>1,350</b>	<b>1,115 (83%)</b>
<b>C&amp;W HMA</b>	<b>4,462</b>	<b>2,293</b>	<b>2,169 (95%)</b>	<b>2,180</b>	<b>2,282 (105%)</b>

Source: Barton Willmore Modelling, LPA AMRs, West Midlands RSS (2008)

- 8.37 Under the 2012 SNPP scenario, the increase in supply above past delivery rates at HMA level is 95%, whilst the increase above the RSS target for Coventry and Warwickshire is 105%. Again, there would be a more significant effect in Coventry than in the Warwickshire authorities.

**Table 8.12: Economic-led Scenario (Experian) vs. Past Delivery and Targets**

	Modelled Need Per Annum 2011-31	Average Delivery 2006-13	Difference	Previous RSS-based Target	Difference
<b>Coventry</b>	<b>987</b>	<b>787</b>	<b>200 (25%)</b>	<b>830</b>	<b>157 (19%)</b>
<b>Warwickshire Total</b>	<b>2,913</b>	<b>1,505</b>	<b>1,408 (94%)</b>	<b>1,350</b>	<b>1,563 (116%)</b>
<b>C&amp;W HMA</b>	<b>3,900</b>	<b>2,293</b>	<b>1,607 (70%)</b>	<b>2,180</b>	<b>1,720 (79%)</b>

Source: Barton Willmore Modelling, LPA AMRs, West Midlands RSS (2008)

- 8.38 Under the Experian-based Economic-led scenario, the increase in supply above past delivery rates at HMA level is 70%, whilst the increase above the RSS target for Coventry and Warwickshire is 79%. Coventry's increase is somewhat lower than under the demographic-led scenarios, due to relatively low forecast labour demand in the city, and would mean that the effect on affordability would be greatest in the wider HMA.

**Table 8.13: Economic-led Scenario (CWLEP/CE) vs. Past Delivery and Targets**

	Modelled Need Per Annum 2011-31	Average Delivery 2006-13	Difference	Previous RSS-based Target	Difference
Coventry	1,358	787	571 (73%)	830	528 (64%)
Warwickshire Total	3,717	1,505	2,212 (147%)	1,350	2,367 (175%)
C&W HMA	5,075	2,293	2,782 (121%)	2,180	2,895 (133%)

Source: Barton Willmore Modelling, LPA AMRs, West Midlands RSS (2008)

- 8.39 Under the CWLEP/CE-based Economic-led scenario, the increase in supply above past delivery rates at HMA level is 121%, whilst the increase above the RSS target for Coventry and Warwickshire is 133%. This scenario would also deliver its most significant effects in the wider HMA, although the effects on Coventry would not be insignificant.
- 8.40 The CWLEP/CE-based scenario represents a significant uplift compared against the CLG 2011-based Household Projections, which project net household formation of 4,067 per annum. As such, this scenario is considered to satisfy PPG requirement to adjust numbers upward compared with numbers based solely on demographic evidence:

**"A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections"**<sup>62</sup>

### Stage Six – Addressing Unmet Need from Birmingham

- 8.41 The final stage of the assessment is to account for any potential unmet housing need from neighbouring areas that the HMA LPAs may be required to accommodate. In February 2014, Barton Willmore (on behalf of a separate consortium of house builders and developers) carried out a study relating to Birmingham City's unmet need, which included Stratford-on-Avon and North Warwickshire.
- 8.42 Based on an objective distribution exercise, it was determined that North Warwickshire could be required to accommodate between 61 (based on Birmingham City Council's own estimation of housing shortfall) and 195 (based on the highest Barton Willmore modelling scenario) dwellings per annum of unmet need from Birmingham. On the same basis, Stratford-on-Avon is could be required to accommodate between 110 and 387 dwellings per annum.

<sup>62</sup> Paragraph: 020 Reference ID: 2a-020-20140306, Planning Practice Guidance, 06 March 2014

- 8.43 The extent to which Birmingham City Council plans to accommodate its housing shortfall within its own HMA is currently unclear. Should the council fail to secure sufficient development within the Birmingham HMA, it may be necessary for other HMAs (including the Coventry HMA) to accommodate unmet need too.
- 8.44 Nevertheless, in this instance it has been assumed that only North Warwickshire and Stratford-on-Avon will be required to help ease Birmingham's housing crisis.

### Stage Seven – Recommendation

- 8.45 On the basis of the analysis carried out and described in this chapter, the full objectively assessed housing need for the C&W HMA stands at approximately **5,100 dwellings per annum**. This is based on an economic-led modelling scenario underpinned by the Cambridge Econometrics/CWLEP employment forecast, and closely matches the Long Term Net Migration-based demographic-led forecast at HMA level. It has been determined through additional testing that the recommended figures would make a significant contribution to alleviating the adverse market signals identified in Chapter 7 and to delivering the required quantum of affordable housing. Unmet need from Birmingham, which is an issue currently affecting North Warwickshire and Stratford-on-Avon, is considered to be in addition to this OAN.
- 8.46 Table 8.14 summarises the breakdown of this OAN by local authority.

**Table 8.14: Summary of Modelled Scenarios – Dwellings per Annum 2011-31**

	Recommended Minimum Housing Target (per annum)	Recommended Minimum Housing Target (total)	Potential Unmet Need from Birmingham (per annum)
<b>Coventry</b>	1,350	27,000	-
<b>North Warwickshire</b>	500	10,000	61-195
<b>Nuneaton &amp; Bedworth</b>	800	16,000	-
<b>Rugby</b>	750	15,000	-
<b>Stratford-on-Avon</b>	800	16,000	110-387
<b>Warwick</b>	900	18,000	-
<b>C&amp;W HMA</b>	<b>5,100</b>	<b>102,000</b>	<b>171-582</b>

Source: Barton Willmore Modelling

- 8.47 Adopting these recommended minimum housing figures would enable:
- Demographic need to be met;
  - Forecasted economic growth to be accommodated;
  - Sufficient affordable housing supplied; and
  - A significant contribution made towards addressing the adverse market signals.
- 8.48 Should a lower target be adopted, LPAs run the risk of exacerbating market dysfunction and stymying economic growth and job creation.
- 8.49 This minimum recommended target would lead to housing development taking place in proportion with forecasted local job growth, and would still meet basic demographic needs at the HMA level. By taking this approach, the recommended minimum target for Coventry falls below its demographic-led need but in excess of its most recently proposed dwelling target (669 dwellings per annum, as stated in the local plan withdrawn in April 2013).
- 8.50 In effect, a proportion of Coventry's basic demographic needs would be redistributed to other HMA authorities, meaning that the employment growth ambitions of all six HMA authorities are supported at the same time as demographic need (based on projected population growth and net migration flows) being accommodated.
- 8.51 Dependent on the extent to which Coventry's housing supply is constrained, any further unmet need will need to be met within the other authorities of the HMA.

## 9.0 CONCLUSIONS

- 9.1 This study has combined key statistical inputs relating to demography, housing and economic development with sophisticated modelling techniques to reveal the Objectively Assessed Housing Need for the Coventry and Warwickshire Sub-Region. The study has been carried out in accordance with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG).
- 9.2 Although North Warwickshire and Stratford-on-Avon demonstrate linkages with the Birmingham Housing Market Area, their economic and political ties to Coventry and Warwickshire warrant their inclusion in this study. This definition of the Sub-Region/Housing Market Area is also consistent with the Coventry & Warwickshire Local Enterprise Partnership (LEP)'s mandate.
- 9.3 The ultimate recommendation is that at least 5,100 dwellings per annum should be planned for – a total of **102,000 dwellings over the period 2011-31**. The distribution of this requirement is summarised below:

### Summary of Modelled Scenarios – Dwellings per Annum 2011-31

	Recommended Minimum Housing Target (per annum)	Recommended Minimum Housing Target (total)
<b>Coventry</b>	1,350	27,000
<b>North Warwickshire</b>	500	10,000
<b>Nuneaton &amp; Bedworth</b>	800	16,000
<b>Rugby</b>	750	15,000
<b>Stratford-on-Avon</b>	800	16,000
<b>Warwick</b>	900	18,000
<b>C&amp;W HMA</b>	<b>5,100</b>	<b>102,000</b>

### Implications

- 9.4 Analysis of market signals has indicated that a significant boost in housing supply will be needed to improve affordability and bring house buying back in reach of the majority. As the recommended dwelling target significantly exceeds recent delivery rates and basic demographic projections, it is likely that the boost to supply will begin to reduce house prices in real terms. Based on the affordable housing needs analysis contained in the Coventry & Warwickshire Joint SHMA, the range recommended above would supply sufficient affordable housing to meet need.

- 9.5 The minimum recommended target would lead to housing development taking place in proportion with forecasted local job growth. In effect, a proportion of Coventry's basic demographic needs would be redistributed to other HMA authorities, meaning that the employment growth ambitions of all six HMA authorities are supported at the same time as demographic need (based on projected population growth and net migration flows) being accommodated.
- 9.6 Dependent on the extent to which Coventry's housing supply is constrained, any further unmet need will need to be met within the other authorities of the HMA.
- 9.7 In addition to the Objective Assessment of Housing Need set out in this report, it is important to consider the potential impact of Birmingham being unable to supply sufficient housing to meet its needs. In the first instance, Birmingham will need to look to its own HMA to accommodate its unmet need, which includes North Warwickshire and Stratford-on-Avon. A previous study by Barton Willmore indicated that North Warwickshire could (based purely on objective data analysis of migration, commuting and market signals) be required to accommodate between 61 and 195 dwellings per annum, whilst Stratford-on-Avon could be required to accommodate between 110 and 387 dwellings per annum. This is in addition to the minimum dwelling requirements set out in this study.
- 9.8 Should the Birmingham HMA authorities fail to accommodate Birmingham's entire unmet need, it is likely that the Coventry HMA authorities will be among the first to be consulted given their geographical proximity and economic connections.
- 9.9 It is vital that the LPAs of the Sub-Region plan positively for growth. CWLEP has set out ambitious plans to foster economic growth through direct and levered investment, and it is important that sufficient housing is supplied to enable these ambitions to come to fruition.

## **Appendix 1: Detailed POPGROUP Model Output**

<b>Births</b>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Male	5,847	5,930	5,974	5,980	5,989	5,986	5,970	5,967	5,909	5,858	5,877	5,908	5,932	5,953	5,976	5,975	5,930	5,911	5,959	6,018	6,094
Female	5,568	5,648	5,690	5,695	5,704	5,701	5,686	5,683	5,628	5,579	5,597	5,626	5,650	5,670	5,692	5,691	5,647	5,630	5,675	5,731	5,804
<i>All Births</i>	11,415	11,578	11,664	11,674	11,693	11,688	11,656	11,650	11,537	11,436	11,474	11,534	11,582	11,623	11,668	11,666	11,577	11,541	11,634	11,749	11,898
TFR	2.01	2.02	2.01	1.99	1.97	1.95	1.92	1.91	1.90	1.90	1.89	1.88	1.86	1.85	1.84	1.84	1.83	1.83	1.83	1.82	1.82
<b>Deaths</b>																					
Male	3,716	3,734	3,754	3,753	3,778	3,797	3,827	3,862	3,879	3,917	3,963	4,015	4,073	4,133	4,198	4,265	4,324	4,384	4,461	4,532	4,611
Female	3,916	3,881	3,854	3,859	3,868	3,852	3,849	3,851	3,849	3,856	3,871	3,893	3,928	3,970	4,014	4,062	4,103	4,150	4,213	4,283	4,354
<i>All deaths</i>	7,632	7,615	7,608	7,612	7,646	7,649	7,676	7,713	7,728	7,773	7,834	7,908	8,001	8,103	8,212	8,327	8,426	8,534	8,674	8,814	8,965
SMR: males	101.6	99.2	97.1	94.4	92.4	90.2	88.3	86.6	84.6	83.1	81.5	80.0	78.7	77.4	76.2	75.1	74.0	73.0	72.2	71.3	70.7
SMR: females	100.2	97.3	94.7	93.0	91.4	89.2	87.3	85.5	83.8	82.1	80.3	78.6	77.2	75.9	74.4	73.2	71.9	70.8	69.8	69.0	68.1
<i>SMR: male &amp; female</i>	100.9	98.2	95.9	93.7	91.9	89.7	87.8	86.0	84.2	82.6	80.9	79.3	77.9	76.6	75.3	74.1	73.0	71.9	71.0	70.2	69.4
Expectation of life	80.8	81.0	81.2	81.4	81.5	81.7	81.8	82.0	82.1	82.2	82.4	82.5	82.6	82.7	82.8	82.9	83.0	83.1	83.2	83.3	83.4
<b>In-migration from the UK</b>																					
Male	19,142	19,143	19,349	19,584	19,791	19,608	19,506	17,203	17,623	20,432	21,393	21,473	21,689	22,196	21,553	19,477	20,357	22,868	23,332	23,850	22,411
Female	20,530	20,627	20,898	21,135	21,352	21,084	20,924	18,377	18,819	21,756	22,748	22,947	23,184	23,721	22,972	20,745	21,586	24,256	24,774	25,446	23,910
<i>All</i>	39,672	39,771	40,247	40,719	41,142	40,692	40,430	35,580	36,442	42,187	44,142	44,421	44,873	45,917	44,525	40,223	41,942	47,124	48,106	49,297	46,321
SMigR: males	40.5	40.0	40.1	40.3	40.4	39.8	39.4	34.6	35.6	41.5	43.1	42.9	42.9	43.4	41.7	37.3	38.9	43.4	43.7	44.0	40.8
SMigR: females	43.5	43.3	43.5	43.6	43.7	42.9	42.5	37.2	38.4	44.7	46.4	46.2	46.1	46.6	44.6	39.9	41.5	46.4	46.7	47.2	43.7
<b>Out-migration to the UK</b>																					
Male	20,197	20,434	20,519	20,664	20,752	20,773	20,827	20,893	20,741	20,600	20,731	20,932	21,145	21,382	21,706	21,962	21,987	22,099	22,448	22,861	23,197
Female	21,673	21,792	21,901	22,101	22,279	22,314	22,387	22,389	22,139	21,901	22,046	22,292	22,669	22,981	23,348	23,525	23,520	23,530	23,943	24,350	24,807
<i>All</i>	41,870	42,226	42,420	42,765	43,031	43,088	43,214	43,282	42,880	42,501	42,776	43,224	43,814	44,363	45,054	45,487	45,507	45,629	46,391	47,211	48,004
SMigR: males	42.7	42.7	42.6	42.5	42.4	42.1	42.0	42.0	41.9	41.8	41.8	41.8	41.8	41.8	42.0	42.0	42.0	42.0	42.0	42.2	42.2
SMigR: females	45.9	45.8	45.6	45.6	45.6	45.4	45.4	45.3	45.2	45.0	45.0	44.9	45.1	45.2	45.3	45.2	45.2	45.0	45.1	45.2	45.3
<b>In-migration from Overseas</b>																					
Male	5,915	5,883	5,874	5,866	5,837	5,810	5,799	5,790	5,726	5,662	5,668	5,690	5,715	5,750	5,787	5,793	5,748	5,727	5,747	5,764	5,785
Female	5,120	5,102	5,093	5,088	5,074	5,072	5,059	5,042	4,961	4,893	4,906	4,956	5,002	5,047	5,079	5,066	4,991	4,938	4,939	4,956	4,979
<i>All</i>	11,036	10,985	10,967	10,954	10,911	10,882	10,859	10,831	10,687	10,555	10,574	10,646	10,717	10,797	10,866	10,859	10,739	10,665	10,686	10,719	10,764
SMigR: males	179.1	175.8	173.7	171.8	169.8	168.1	167.3	166.7	166.2	165.6	165.2	164.7	164.3	164.0	163.3	162.2	160.8	159.4	157.8	155.9	154.1
SMigR: females	159.6	157.2	155.1	153.3	151.6	150.5	149.6	148.8	147.9	147.1	147.0	147.4	147.4	147.3	146.6	145.0	143.1	141.2	139.4	138.0	136.5
Migrants input																					
<b>Out-migration to Overseas</b>																					
Male	2,324	2,343	2,367	2,390	2,420	2,450	2,441	2,433	2,409	2,388	2,391	2,400	2,410	2,420	2,433	2,438	2,424	2,418	2,430	2,443	2,458
Female	1,874	1,893	1,918	1,941	1,968	1,992	1,986	1,986	1,963	1,938	1,936	1,946	1,960	1,980	2,000	2,007	1,992	1,979	1,984	1,991	2,002
<i>All</i>	4,197	4,236	4,285	4,331	4,388	4,442	4,427	4,419	4,372	4,326	4,328	4,347	4,370	4,400	4,432	4,445	4,417	4,397	4,415	4,434	4,460



SMigR: males	70.4	70.0	70.0	70.0	70.4	70.9	70.4	70.1	69.9	69.8	69.7	69.5	69.3	69.0	68.7	68.2	67.8	67.3	66.7	66.1	65.5
SMigR: females	58.4	58.3	58.4	58.5	58.8	59.1	58.7	58.6	58.5	58.3	58.0	57.9	57.7	57.8	57.7	57.5	57.1	56.6	56.0	55.4	54.9
Migrants input																					

#### Migration - Net Flows

UK	-2,197	-2,455	-2,173	-2,047	-1,889	-2,396	-2,784	-7,702	-6,438	-313	+1,365	+1,197	+1,059	+1,554	-529	-5,264	-3,565	+1,495	+1,715	+2,085	-1,683
Overseas	+6,838	+6,749	+6,682	+6,623	+6,523	+6,440	+6,432	+6,412	+6,314	+6,229	+6,247	+6,299	+6,348	+6,398	+6,433	+6,414	+6,322	+6,268	+6,271	+6,285	+6,303

#### Summary of population change

Natural change	+3,784	+3,963	+4,056	+4,062	+4,047	+4,039	+3,980	+3,938	+3,809	+3,664	+3,640	+3,626	+3,581	+3,520	+3,456	+3,339	+3,151	+3,007	+2,960	+2,935	+2,932
Net migration	+4,641	+4,294	+4,508	+4,576	+4,634	+4,044	+3,648	-1,290	-124	+5,915	+7,612	+7,496	+7,407	+7,952	+5,905	+1,150	+2,757	+7,764	+7,986	+8,371	+4,620
Net change	+8,425	+8,257	+8,564	+8,638	+8,681	+8,083	+7,628	+2,648	+3,686	+9,579	+11,252	+11,122	+10,987	+11,472	+9,360	+4,489	+5,908	+10,771	+10,946	+11,306	+7,553

#### Summary of Population estimates/forecasts

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
0-4	53,949	55,037	55,929	57,003	57,959	58,562	58,795	58,820	58,401	58,013	57,989	58,117	58,288	58,470	58,709	58,842	58,612	58,411	58,524	58,719	59,045
5-10	57,257	58,540	60,351	61,897	63,230	64,862	66,398	67,650	68,388	69,242	70,272	70,970	71,287	71,474	71,582	71,572	71,336	71,211	71,370	71,523	71,734
11-15	50,148	49,071	48,015	47,550	47,587	47,840	48,676	50,144	51,584	52,617	53,873	55,205	56,445	57,520	58,775	59,856	60,343	60,458	60,577	60,635	60,707
16-17	21,027	21,220	21,337	20,708	20,169	19,939	19,609	19,169	19,090	19,621	20,129	20,651	21,510	22,329	22,639	22,698	23,170	23,958	24,546	24,816	24,941
18-59Female, 64Me	508,441	511,387	514,281	518,042	521,699	525,002	527,709	529,781	527,786	526,480	529,365	533,841	537,961	541,941	546,693	549,948	549,516	550,311	555,163	560,934	566,739
60/65 -74	104,463	106,927	108,871	110,481	112,195	113,926	115,151	115,567	115,300	115,197	116,172	115,717	116,380	117,939	119,933	122,363	124,837	127,202	129,925	132,401	135,075
75-84	48,095	48,994	50,124	51,147	51,921	52,507	53,677	55,895	58,544	60,750	62,620	65,959	68,424	70,349	72,044	73,469	74,218	74,510	74,377	74,273	74,491
85+	20,089	20,717	21,242	21,887	22,593	23,396	24,101	24,718	25,299	26,157	27,234	28,447	29,735	30,997	32,113	33,100	34,306	36,184	38,534	40,660	42,533
<b>Total</b>	<b>863,469</b>	<b>871,894</b>	<b>880,150</b>	<b>888,715</b>	<b>897,353</b>	<b>906,033</b>	<b>914,116</b>	<b>921,744</b>	<b>924,391</b>	<b>928,077</b>	<b>937,656</b>	<b>948,908</b>	<b>960,029</b>	<b>971,017</b>	<b>982,488</b>	<b>991,849</b>	<b>996,338</b>	<b>1,002,245</b>	<b>1,013,016</b>	<b>1,023,962</b>	<b>1,035,267</b>

#### Working age number

Number of Working	530,196	535,713	541,217	546,708	552,186	557,651	563,104	568,543	573,970	579,384	584,785	590,880	596,976	603,071	609,167	615,262	621,358	627,453	633,549	639,644	645,740
Change over previo	-1,659	+5,517	+5,504	+5,491	+5,478	+5,465	+5,452	+5,439	+5,427	+5,414	+5,401	+6,095	+6,095	+6,095	+6,095	+6,095	+6,095	+6,095	+6,095	+6,095	+6,095
Number of Jobs	387,526	392,050	396,574	401,098	405,622	410,146	414,670	419,194	423,718	428,242	432,766	437,290	441,814	446,338	450,862	455,386	459,910	464,434	468,958	473,482	478,006
Change over previo	-340	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524	+4,524

#### Households

Number of Househc	360,096	363,981	367,622	371,521	375,586	379,819	383,701	387,148	389,071	391,351	395,696	402,278	408,761	415,261	422,002	428,166	432,663	437,572	444,308	451,094	458,354
Change over previous year		+3,885	+3,641	+3,899	+4,065	+4,233	+3,882	+3,448	+1,923	+2,280	+4,345	+6,582	+6,483	+6,501	+6,741	+6,164	+4,497	+4,909	+6,736	+6,786	+7,260
Number of Dwelling	372,010	376,023	379,784	383,811	388,010	392,382	396,392	399,953	401,938	404,292	408,780	415,579	422,275	428,990	435,953	442,320	446,965	452,036	458,994	466,004	473,504
Change over previous year		+4,013	+3,761	+4,027	+4,199	+4,372	+4,010	+3,561	+1,986	+2,354	+4,488	+6,799	+6,697	+6,715	+6,963	+6,367	+4,645	+5,071	+6,958	+7,010	+7,500