

WYRE FOREST LOCAL PLAN EXAMINATION
MATTER 2 – LOCAL HOUSING NEED

Inspector’s issues and questions in bold type.

This Hearing Statement is made for and on behalf of the HBF, which should be read in conjunction with our representations to the pre submission LPP2 consultation dated 17th December 2018. This representation answers specific questions as set out in the Inspector’s Matters, Issues & Questions document (ED16) published on 19th October 2020.

2.1 Is the local housing need (LHN) figure of 5,520 dwellings for the period 2016- 2036 (276 dwellings per year) a sound basis for the Plan?

Particularly, is the figure adequately informed by :

- a) the implications of the population and household projections in the past decade (including the 2018-based projections published in 2020) and alternative trend scenarios for population growth, household formation rates, net migration and economic factors ;**

The 2019 National Planning Policy Framework (NPPF) states that “strategic policies should be informed by a LHN assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals” (para 60).

The National Planning Practice Guidance (NPPG) sets out the standard methodology for calculating the LHN figure using demographic data (based on 2014 MHCLG Sub National Household Projections (SNHP)) and an affordability adjustment (based on the latest ONS affordability ratios) (ID 2a-004-20190220).

The NPPG clearly states that the standard methodology is the minimum starting point in determining the number of homes needed (ID 2a-010-20190220). If the Council feels that “circumstances” warrant an alternative approach, the use of the standard methodology is not mandatory but this will be scrutinised more closely at examination (ID : 2a-003-20190220). The NPPG also differentiates between “circumstances” where the alternative approach produces a higher or lower figure than the standard methodology.

The NPPG explains that “circumstances” must exist to justify a figure higher than the minimum LHN (ID 2a-010-20190220), whereas “exceptional local circumstances” must exist for a lower figure (ID 2a-015-20190220). The “circumstances” for increasing the minimum LHN are listed in the NPPG, but the NPPG emphasises that the listed “circumstances” are not exhaustive. The listed “circumstances” include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of growth

strategies, strategic infrastructure improvements, agreeing to meet unmet need from neighbouring authorities or previous levels of housing delivery / assessments of need are significantly greater than the outcome from the standard methodology (ID: 2a-010-20190220). In assessing its housing need, the Council should determine whether these listed or other “circumstances” exist.

Wyre Forest District Council consider that demographic data published post 2014-based SNHP is a “circumstance” to justify a higher housing need. Both the 2016-based and 2018-based SNHP show an increase in demographic trends. As identified by the Council, Wyre Forest has negative natural growth almost all population growth comes from internal migration from neighbouring districts such as the Black Country. Many migrants are retired comprising single or couple households. In 2016 at the start of the plan period, the 2014-based projections for population and households were all under-estimated compared with actual figures (see Table 2 in Housing Topic Paper (ED3)). By 2036, the two data sets are even more divergent. The Council consider that using the 2014-based SNHP will under-estimate the number of households whereas using the 2016-based SNHP is a more accurate assessment of housing need (see Table below).

	Dwellings per annum
2014-based SNHP / 2018 affordability ratio	248
2014-based SNHP / 2019 affordability ratio	232
2016-based SNHP / 2018 affordability ratio	276
2016-based SNHP / 2019 affordability ratio	267
2018-based SNHP / 2018 affordability ratio	393
2018-based SNHP / 2019 affordability ratio	370
Revised standard methodology	353

The Government’s main reason for disregarding the 2016-based SNHP was that nationally the Government’s objective of significantly boosting the supply of homes to 300,000 per annum was undermined however this is not the case in Wyre Forest where the requirement is 276 dwellings per annum using 2016-based SNHP as opposed to 248 dwellings per annum using the 2014-based SNHP.

A comparison of 2014-based and 2018-based SNHP identifies an even greater difference (see Table above). Although the 2018-based SNHP also still result in a lower overall national figure than the Government’s ambition, the Government considers that “they continue to remain the best way of projecting forward likely trends in household formation” and has integrating the 2018-based SNHP within proposed changes to the standard methodology, which has been subject to a consultation ended on 1st October 2020.

As set out in the NPPG, the Government is committed to ensuring that more homes are built and supports ambitious Councils wanting to plan for growth (ID : 2a-010-20190220). The NPPG states that a higher figure “can be considered sound” providing it “adequately reflects current and future demographic trends and market signals”. Whilst a figure lower than the

minimum LHN must be supported by “robust evidence” and “realistic assumptions of demographic growth”. This evidence must show “exceptional local circumstances” exist to justify a lower figure, which will be “tested at examination”. The test for a figure higher than the minimum LHN is therefore less rigorous than for a lower figure. “Exceptional local circumstances” are not required for a figure higher than the minimum LHN (ID : 2a-015-20190220).

The Council has demonstrated that “circumstances” exist to justify a housing need higher than indicated by the standard methodology. The HBF support the Council in identifying a housing need, which is greater than the minimum standard methodology LHN figure. However, the NPPG does not set any limitations on a higher figure, which is a matter of judgement. The increase of 28 dwellings per annum above the minimum standard methodology LHN is modest. The 2018-based SNHP suggest that the Council could have been more ambitious.

Since the submission of the Wyre Forest Local Plan, the Government has consulted on Changes to the Current Planning System including a revised methodology for calculating LHN. This revised methodology aligns with the Government’s housebuilding ambitions and provides more certainty for all stakeholders whilst addressing shortcomings with the current methodology. The revised methodology increases the LHN for Wyre Forest to 353 dwellings per annum (see Table above). When the revised standard methodology is introduced by the Government, the minimum LHN for Wyre Forest will increase. A higher housing need derived from the 2018-based SNHP would ease the transition to the revised methodology figure, which will be applied at the Local Plan review in 5 years time.

b) affordability and the need for affordable housing ; and

Over the past two decades, in Wyre Forest affordability has worsened, almost doubling from 3.78 in 1997 to 7.12 in 2019. The 2019 median affordability ratio for Wyre Forest is below the 2019 median affordability ratio for England (7.83) and Worcestershire (8.59), but higher than the median affordability ratio for West Midlands (6.83). Whilst house prices are comparatively low, wage levels are also low meaning that housing is unaffordable for some households.

Affordable housing need has been identified as 158 dwellings per annum representing 57% of 276 dwellings per annum. Policy 8B sets a delivery target of 90 affordable homes per annum over the plan period. The Council’s viability assessment has identified that the viability of brownfield sites is very challenging and greenfield sites are only viable if affordable housing provision is set at 25%. The Local Plan proposes to allocate more greenfield sites where a policy compliant provision of 25% affordable housing is more likely to be viable in order to maximise the potential for higher levels of social rented housing provision via Section 106 Agreements with private developers.

The NPPG states that total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. An increase in the total housing figures may be

considered where it could help deliver affordable housing (ID : 2a-024-20190220).

The Council estimates that a housing need figure of 276 dwellings per annum as opposed to 248 dwellings per annum has the potential to provide circa 85 additional affordable dwellings over the plan period. The HBF support the Council in increasing its housing need figure above the minimum standard methodology LHN figure to deliver more affordable housing. However, given viability challenges, it is unclear if the Council's objective will be achieved. The two strategic sites (comprising 55% of residential allocations) will only deliver 15% affordable housing provision and brownfield sites (comprising 53% of remaining residential allocations) will be subject to viability negotiations at planning application stage. A higher housing need figure and the allocation of more greenfield sites would secure the provision of more affordable housing.

c) the Government's objective of significantly boosting the supply of homes?

The HBF support the Council in identifying a housing need, which is higher than the minimum standard methodology LHN figure. However, as evidenced by the 2018-based SNHP a figure higher than 276 dwellings per annum is equally justifiable, which would provide even more potential to fulfil the Government's objective of significantly boosting the supply of homes and the Council's own objective of delivering more affordable housing.