

AGENDA ITEM 12

FULL COUNCIL

16TH JULY 2014

REPORT OF HEAD OF REGULATORY SERVICES

MELTON LOCAL PLAN – STRATEGIC HOUSING MARKET ASSESSMENT

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to outline the findings of the Strategic Housing Market Assessment (SHMA) report and seek its approval as technical evidence to inform the Local Plan, as recommended by the Melton Local Plan Working Group.

2 RECOMMENDATION

- 2.1 **That Full Council notes the report and the suggested housing requirements for Melton Borough and approve it as technical evidence to inform the Melton Local Plan.**

3 BACKGROUND AND CONTEXT

- 3.1 The SHMA is required as an evidence base document and is not adopted policy; further discussions across the Housing Market Area (HMA) on the distribution of housing will be required before any figure can be considered for adoption as policy. The methodology used in the SHMA follows the advice contained in the National Planning Policy Framework (NPPF) and the recent National Planning Practice Guidance, along with the CLGs SHMA guidance. The Assessment was carried out on behalf of all Leicestershire Local Planning Authorities by a consultancy specialising in and with extensive experience in this area of work.

- 3.2 It should also be noted that the Government projections, upon which the work is based, are regularly updated so the findings may be subject to future amendments if a material change in the housing situation is identified. On 29th May 2014, the Office for National Statistics (ONS) published new (2012 based) subnational population projections; the consultants are currently examining the significance of this new information.

Housing Market Area Boundary

- 3.3 The first stage of the SHMA is to determine the most appropriate Housing Market Area (HMA). The SHMA identifies a strong basis to continue with the Leicester & Leicestershire HMA, supported by examination of factors such as travel to work areas, migration and house prices.

- 3.4 Relationships at the boundaries of the area are blurred but there is robust support to maintain the existing HMA, the core area of Melton Borough relating best to Leicester. Pragmatically the demographic data, such as population projections, is only available at a local authority level and as a best fit Melton sits within the Leicester & Leicestershire HMA. However, we should also be entering into Duty to Cooperate discussions with Rushcliffe, South Kesteven and Rutland as there are HMA overlaps with these authorities.

Determining Housing Requirements

- 3.5 The most realistic demographic projection is identified from ONS and CLG projections, notably the CLG's household projections. This projection is then adjusted, subject to the influence of three factors:-

- Market Signals
- Affordable Housing Evidence
- Economy/Employment Growth

- 3.6 The most robust demographic projection is identified by the SHMA as a revision to the ONS and CLG figures to take account of discrepancies in household formation (due to recent economic constraints such as mortgage availability) and differences in migration estimates. The three factors which then need to be overlaid on this demographic projection (economy, market and affordable housing factors) are assessed as follows:-

Market Signals

- 3.6.1 The SHMA has examined housing market dynamics such as mortgage availability, house prices, sales trends, rental values and market affordability to identify any potential market pressure on housing. In Melton a relatively modest pressure to increase housing supply is identified to improve the affordability of market housing for sale.

Affordable Housing Need

- 3.6.2 The SHMA examines affordable housing need to consider whether any further market housing is necessary to support the provision of the required level of affordable homes to meet these needs. It detects no extra housing requirement for Melton as being crucial to enhance the delivery of additional affordable housing in the Borough. The report does identify that the affordable housing figure for Melton should be treated with some caution as the level of re-lets for Extra Care, Sheltered and Supported accommodation is high. This type of accommodation experiences higher turnover and is not available for general needs accommodation so this supply of affordable housing is having a downward impact on the level of net affordable housing need.

Economy/Employment Growth

- 3.6.3 Housing supply should be aligned with the economic strategy for an area to achieve sustainable development, the SHMA identifies the housing required to meet econometric forecasts. This addresses the housing need of growth in employment and, also examines the population structure to ensure that there is sufficient population of working age to fill existing job opportunities. It is difficult to precisely forecast economic growth into the future and especially

difficult to do so accurately at a local authority level. The SHMA utilises an HMA wide growth figure as this is considered more reliable than utilising economic projections at a district level. Economic performance for a district can easily be influenced by the success and investment decisions of a small number of businesses or development of a large employment site. It also takes account of the cross local authority boundary travel to work areas which occur in the HMA. The SHMA has distributed economic growth across the HMA based upon the relative size of the current economic base.

3.6.4 This projection would suggest a higher level of employment growth than using the economic forecasts for Melton alone. However, the HMA wide growth figure would provide the best opportunity to achieve the level of growth that will sustain employment and, to provide opportunities for raising wage levels and up-skilling that is aspired to locally. This would also meet the Government’s “growth agenda” and provides flexibility if circumstances change, which a lower figure would not so easily allow.

Conclusion

3.7 The SHMA identifies a range of objectively assessed housing need per annum (i.e. annual build requirement) from a lower end demographic-led projection to a higher end supporting economic growth with an adjustment for market affordability pressures as follows:-

To 2036	Demographic-Led Household Projections	Higher Market Affordability Pressures	Supporting Proportionate Economic Growth	Affordable Housing Need Per Annum	Affordable Housing as % Demographic Led Projection	Draft Objectively Assessed Need Range (Annual build requirement)	
Melton BC	194	Yes	239	71	37%	195	245
L&L HMA	3,626		3,687	1,913	53%	3,630	4,060

(nb: Requirements for all districts can be found in Appendix 1)

3.8 As a result the recommended housing requirement for Melton Borough is considered by the SHMA to fall within a range from 195 to 245 dwellings per annum to 2036.

3.9 It should be remembered that the SHMA does not provide housing targets for the Local Plan, a variety of other factors will need to be considered including sustainability issues, available land supply, the provision of infrastructure to support development, and, flooding.

3.10 For context and comparison, the most recent previously assessed level for the Borough was 170 but recent build rates have been lower, resulting in the following:

2013/14 = 54 completions
2012/13 = 64 completions
2011/12 = 157 completions
2010/11= 157 completions

- 3.11 The SHMA is a key element of work carried out to demonstrate the 'duty to co-operate'. This is a requirement of law and policy (NPPF) and because the SHMA has been undertaken on a Leicestershire – wide basis the joint approach will assist in demonstrating compliance with this requirement.

4. NEXT STEPS

- 4.1 The SHMA will be used to inform the Melton Local Plan Issues and Options consultation in September 2014. It will provide evidence to inform issues and policy options on how the need for new homes should be met in the Borough.
- 4.2 The SHMA is a statistical exercise to measure overall need only. Whilst it will inform site selection and allocation in terms of overall land requirement, it will not prejudice the Local Plan's discretion to determine the scale, location or distribution of individual sites, based upon assessment of a wide series of factors including land availability and environmental constraints. This exercise will be carried forward as part of the 'Issues and Options' exercise starting in September with full involvement of the Reference Groups and wider public consultation.
- 4.3 The SHMA will also be considered at the Leicestershire Members Advisory Group with particular focus on distribution. The duty to co-operate will require that any shortfalls in provision (often referred to as 'unmet need') are accommodated and any implications for the Borough in terms of the quantity of housing arising from this process will be the subject of a future report. In this scenario, all Authorities will be invited to consider the implications and to develop a common understanding and way forward.

5 POLICY AND CORPORATE IMPLICATIONS

- 5.1 The SHMA contains technical analysis of the local housing market which is useful for a number of other corporate activities
- 5.2 The SHMA also provides the most to up to date evidence on housing needs in the Borough which could also be used to inform decisions on planning applications.
- 5.3 The SHMA will provide a sound basis for consideration of the '5 year housing land supply' which is required under the NPPF and features as a material consideration in planning applications. Until now, the requirement has been a matter of contention leading to a level of uncertainty.

6 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

6.1 There are no significant financial or resource implications arising from this report. The project has been funded jointly by the Leicester and Leicestershire Housing Market Area authorities.

7 LEGAL IMPLICATIONS/POWERS

7.1 There are no legal implications from this report.

8 COMMUNITY SAFETY

8.1 There are no significant community safety implications arising from this report.

9 EQUALITIES

9.1 There are no direct equalities impacts arising from the report.

10 RISKS

The SHMA is technical evidence for use in informing the preparation of the Melton Local Plan, risks, in this context are set out below:

Probability



Very High A				
High B				
Significant C				
Low D			1	
Very Low E				
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

Impact →

Risk No.	Description
1	Evidence challenged at examination and found to be technically flawed

11 CLIMATE CHANGE

11.1 There are no climate change implications arising from this report.

12 CONSULTAION

12.1 The development of the SHMA has involved two stakeholder events. The SHMA will help set out the key issues and options for housing in the Borough which will be consulted on as part of the Local Plan Issues and Options consultation in September 2014.

12.2 The SHMA has been considered by the Melton Local Plan Working Group on 30th June 2014.

13 WARDS AFFECTED

13.1 This report refers to matters that affect the whole Borough.

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Date: 18th June 2014

Appendices:

Appendix 1 Leicestershire Strategic Housing Market Assessment – summary of housing requirements.

Appendix 2 Leicester and Leicestershire Strategic Housing Market Assessment (June 2014).