



GL Hearn

Part of Capita plc

Updated Assessment of Housing Need: Coventry-Warwickshire HMA

Executive Summary

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1 EXECUTIVE SUMMARY

- 1.1 This report provides an updated assessment of the need for housing in the Coventry and Warwickshire Housing Market Area (HMA). It includes a review of existing evidence, and updated assessment of housing need – taking account of the latest evidence including official 2012-based Population and Household Projections, 2013 and 2014 Mid-Year Population Estimates (MYEs), and up-to-date evidence regarding economic growth potential. The report draws this together, using the approach set out in Planning Practice Guidance, to identify the objectively assessed need for housing in the HMA and its consistent authorities.
- 1.2 The 2012-based Household Projections are the ‘starting point’ for considering housing need, following the approach in the PPG. These are based on projecting forward past demographic trends. They show a need for 4,200 homes per year across the HMA between 2011-31. This takes account of 2013 and 2014 MYEs.
- 1.3 A sensitivity analysis is provided setting out that population growth could be from -13% to +20% either side of the core SNPP population projections. Growth at either of these extremes is unlikely, however the analysis demonstrates the potential for a larger error margin associated with projections for Coventry.
- 1.4 The report then assesses economic growth potential, and considers whether this might result in a higher overall need for housing or point towards an alternative distribution of housing provision within the HMA. Three economic forecasts are considered, together with other evidence.
- 1.5 The report concludes that it would be reasonable to plan for 0.7% growth in employment per annum across the HMA over the period to 2031. This would require between 3,600 -3,800 homes per year (2011-31), depending on the distribution of employment growth.
- 1.6 Evidence of economic growth potential in each of the constituent local authorities is considered, and conclusions drawn on the potential scale of employment growth which might be expected, leaving aside supply-side factors. The analysis suggests 3,730 homes per year would be needed. It suggests a need to consider higher potential housing provision in Nuneaton and Bedworth, North Warwickshire and Stratford-on-Avon. For these authorities trend-based population projections see lower overall levels of population growth, supporting limited workforce growth. The report considers that higher levels of migration to these areas might be expected in the future, relative to past trends.
- 1.7 GL Hearn considers that where an authority is meeting unmet needs from another, this will support population and workforce growth within the receiving authority’s area. On this basis it is important not to double count unmet needs and provision to meet economic growth.

1.8 The report has considered market signals, and if there is a case for adjusting housing provision to improve affordability. The evidence points to market conditions in the HMA which are very much “average” relative to the national position. Affordability is similar to the national average. The average house price is below the national average, as is the average rental cost. The evidence does however show that affordability declined over the decade to 2007. It suggests a relationship between this and household formation amongst younger households.

1.9 The report includes an updated assessment of the need for affordable housing, following the approach set out in the Planning Practice Guidance. Overall a net need for affordable housing of 1,462 per annum is identified. This represents the level of housing provision which would be needed if all households who required some form of financial support were to be allocated an affordable home.

1.10 The table below sets out the demographic-based need, affordable housing need and housing need necessary to support economic growth for each local authority. It compares the affordable need with those derived from the demographic projections.

Table 1: Affordable Need relative to Demographic- and Economic-led Projections

Housing Need per Annum, 2011-31	Annual Affordable Need	2012-based SNPP	Affordable as % SNPP	Economic-led Need	Affordable as % Economic-led Need
Coventry	600	2,099	29%	1,350	44%
North Warwickshire	92	163	56%	210	44%
Nuneaton & Bedworth	85	423	20%	496	17%
Rugby	171	464	37%	425	40%
Stratford-on-Avon	233	449	52%	650	36%
Warwick	280	600	47%	600	47%
Coventry/Warwickshire	1,462	4,197	35%	3,731	39%

1.11 Taking account of the evidence of affordable housing need and the market signals analysis, there is some basis for considering the case for adjustments to the overall housing need in order to improve affordability. The report considers that the net impact of an improvement in affordability on overall housing need would be to enhance household formation amongst younger households in their 20s and 30s. The report identifies that an additional 75 homes per year would be sufficient to support this.

1.12 The evidence is drawn together to provide conclusions on housing need for the HMA, and consistent authorities. The need is built up using the following approach:

- The demographic-based need forms the starting point; plus
- Adjustments where appropriate to support economic growth (more people); and
- Adjustments where appropriate to improve affordability (higher household formation).

Table 2: Conclusions on Objectively-Assessed Housing Need, Homes per Annum 2011-31

	Demographic-based Need	Supporting Economic Growth	Improving Affordability	Total
Coventry	2,099	0	21	2,120
North Warwickshire	163	47	27	237
Nuneaton & Bedworth	423	73	6	502
Rugby	464	0	16	480
Stratford-on-Avon	449	201	9	659
Warwick	600	0	0	600
Coventry/Warwickshire	4,197	-	75	4,272

- 1.13 The OAN conclusions are for C3 dwellings. This does not include provision for C2 accommodation for older persons, not student bedspaces such as within halls of residence.
- 1.14 OAN figures do not represent plan targets. They represent a starting point for considering housing provision within local plans. It is for the plan-making process to overlay issues related to land availability, development constraints and infrastructure; and to consider other policy factors. The figures set out however provide an important starting point for plan-making, following national policy.
- 1.15 GL Hearn considers that unmet needs should be assessed against the demographic-based need plus affordability uplift. Adjustments to support economic growth can contribute to meeting unmet needs from other areas, as meeting unmet needs will support population and workforce growth.