



Rugby Borough Council

Matter 2

Issue 2a: Housing Needs

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Question 1- Has the RBLP been positively prepared and is it justified, effective and consistent with national policy in relation to its proposal to provide for 12,400 additional dwellings between 2011 and 2031? In particular:

Question 1a- Do the 2015 SHMA and the report on the Coventry-Warwickshire HMA 2014-based Subnational Population and Household Projections (August 2016 update) provide a robust evidence base for OAN in individual authorities within the HMA and is the methodology appropriate?

- 1.1 Yes. The 2015 SHMA (LP 08) and the Review of 2014-based Projections (LP 09) provide a joint evidence base on housing need across the Coventry & Warwickshire HMA which has been prepared for the HMA authorities following the approach and methodology set out in the NPPF and Planning Practice Guidance (PPG).
- 1.2 These reports have been tested and the findings of the 2015 SHMA found sound by inspectors at Local Plan examinations in Warwick and Coventry.
- 1.3 The 2016 Update (LP 09) showed an OAN for 4,237 dpa across the HMA which was 35 dpa (1%) fewer than that indicated in the 2015 SHMA (LP 08) which the HMA authorities collectively agreed did not suggest any fundamental difference or change to the JSHMA 2015 and that the 2015 SHMA remained a sound basis for considering housing provision.

Question 1b- The 2016-based National Population Projections were published by ONS in October 2017. What bearing, if any, do these have on the demographic basis for Rugby's OAN?

- 1.4 The 2016-based National Population Projections provide data at a national level but do not disaggregate this to a local authority or HMA level. It is therefore not possible to assess the impact that they may have on the OAN for an individual area.
- 1.5 However, comparing the 2016-based and 2014-based population projections at a national level shows that for the period from 2016-2031, the 2016-based national projection shows population growth which is 20% lower than the 2014-based national projection. This particularly reflects a combination of lower increases in life expectancy than previous projections together with assumed lower international migration. International migration is a notable component of population growth in Rugby (see LP 08 Figure 13).

Question 1c- Is the SHMA and the August 2016 update justified in relying upon a 5/6 year migration trend as applied in the SNPPs, or should Rugby's household forecast for 2011-2031 be adjusted to take account of a longer term 10 year migration trend?

1.6 It is important to consider these issues at a housing market area level given that housing needs are those of the HMA, and the migration interactions between authorities within the HMA.

1.7 10 year migration scenarios have been considered through sensitivity analysis in both LP 08 and LP 09, and assessed in drawing conclusions on housing need. LP 08 projected 10 year migration trends on a constant and variable basis, and considered UPC which indicated that historical migration may have been over-estimated. It concluded in Para 3.66 that the constant projection does not take account of the changing population structure (as the SNPP does) and is therefore unreliable; and that whilst the variable projection is better, there are factors in the past which have influenced the distribution of housing growth within the HMA over different time periods (including a housing moratorium in some areas). The 2012-based SNPP should therefore be used.

1.8 Rugby's 10 year migration projections are influenced by a particular spike in housing delivery in 2006-8, as shown in LP42 Figure 13.

1.9 Figures 9.1 and 9.2 in LP 09 show the demographic need as modelled in the 2015 SHMA (4,197 dpa across the HMA – the figures on which the OAN is based) sitting in the middle of the range shown by the 10 year migration scenarios (4,007 – 4,337 dpa) reinforcing the conclusions drawn in LP 08.

1.10 The SHMA approach has been endorsed by both the Warwick and Coventry Local Plan Inspector's Reports, who have supported the use of 2012-based Projections in preference to those based on 10 year migration trends. The Warwick Inspector noted at Para 44 that a consistent approach in terms of methodology and assumptions for authorities across the HMA was important.

Question 1d- What assumptions have been made regarding household formation rates and are these justified?

1.11 The 2015 SHMA studied the extent to which household formation appeared to have been suppressed (both in the past and projected moving forward). This is considered in Sections 3 and 7.

1.12 It identifies some concern in relation to household formation rates in the 25-34 age group which fell between 2001 and 2011. For Rugby, some recovery in

household formation rates is projected after 2012 (see LP 08, Appendix 1, Figure 4).

1.13 The SHMA identifies that an improvement in affordability and the supply of affordable housing across the HMA is likely to result in some recovery of household formation rates, and models a scenario as a response to the affordability evidence which sees household formation rates for those 25-34 returning to 2001 levels by 2025 and tracking 2012-based projections thereafter.

1.14 Given the improvement already built into the projections for Rugby, this increases the housing need from 464 to 480 dpa.

Question 1e- Is the figure which the SHMA and the August 2016 update arrives at for the demographic-based housing need appropriate? What would alternative assumptions for demographic change suggest and is there a justification to use these?

1.15 The 2015 SHMA concludes that the 2012-based SNPP looks to be a sound demographic-led projection which can be considered as a robust starting point for considering overall housing need. The SHMA considered a range of sensitivity scenarios. The sensitivity analysis with projections using more recent migration trends and a UPC adjustment show population growth which is below the SNPP; whilst linking figures to 10-year migration trends are above the SNPP figures. While the SNPP shows future levels of migration are below past trends (based on both long- and short-term trends), this looks to be reasonable when account is taken of an apparent / potential over-estimation of population growth and migration within the ONS components of change in the 2001-11 period. Overall (when taken together) the sensitivity projections suggest the SNPP as a sound demographic projection.

1.16 The 2016 Update considers the 2014-based SNPP alongside the 2012-based and longer term migration trend scenarios. Of the various projections developed and presented it is clear that the 2014-based SNPP (+MYE), which shows a population growth of 17.9% over the 2011–2031 period, sits in the middle of the range of the scenarios. It also shows a very similar growth as the 2012-based SNPP (+MYE) at 18.0% (see LP 09 Figure 6.4). Overall, the more recent published demographic data supports the conclusions drawn in the 2015 SHMA.

Question 1f- Are the assumptions about economic and employment growth in the SHMA and the August 2016 update justified and robust in relation to the range of job growth forecasts available? Do they provide a reliable basis for not increasing the demographic-based housing need for Rugby?

1.17 Yes. The 2015 SHMA considered a range of economic forecasts. It took account of Experian 2013, and Cambridge Econometrics 2013 and 2015 forecasts as well as local intelligence.

1.18 LP 08 concluded that Rugby Borough has seen strong economic performance over the previous decade, and could be expected to see future performance in line with the HMA average and Cambridge Econometrics forecasts moving forwards (0.7% pa growth in employment). This forecast is supported by the analysis undertaken in the Employment Land Study (LP 12) which was under-preparation alongside LP 08. Taking account of employment growth 2011-13, this equated to 8,500 jobs over the plan period (2011-31). LP 08 identified that to support this would require 425 dpa, which was below the demographic need.

1.19 The Local Plan is also supporting workforce growth within the Borough through making provision for the unmet housing needs of Coventry.

Question 1g- Is an uplift of 3% in the demographic-based housing need for Rugby an appropriate and justified response to the evidence on market signals and affordable housing need?

1.20 Yes. Influenced by stronger relative past housing delivery as shown through the analysis in the Housing Market Delivery Study (LP42), the trend-based demographic projections for Rugby Borough are already the highest of the Warwickshire authorities – see LP08 Figure 26 and Table 31 (pages 50-51).

1.21 The market signals analysis in LP 08 showed house price and rental costs which sit between the West Midlands and national averages, house prices which had fallen in real terms and a lower quartile affordability ratio of which was below the West Midlands and national averages. It showed an affordability position which had been stable over the previous decade.

1.22 Whilst there is some evidence that the affordability ratio has deteriorated over the last couple of years, since the upturn in the housing market, this needs to be set against consideration of housing delivery over this period.¹ The solution to this is to increase supply through delivering the Local Plan. The PPG emphasises consideration of long-term trends in market signals.

1.23 The SHMA (LP 08) identified an affordable need for 171 dpa, equating to 36% of the OAN. However the Plan includes provision for meeting unmet needs of Coventry, where the affordable housing need represented 28% of its OAN. Whilst invariably there are a range of factors which will influence affordable housing delivery, the Plan seeks provision of 20% affordable housing on previously-

¹ Average net completions 2011-16 have been 440 dpa

developed sites and at least 30% on greenfield sites. Affordable housing provision will also be supported on rural exception sites.

- 1.24 As LP 08 sets out, it is estimated that the scale of overall adjustments to housing need would address fully the issue of homeless and concealed households with other aspects of affordable housing needs being considered through the demographic analysis (newly forming households) or through the release of existing property to another household (e.g. overcrowded households).

Question 1h- Are the figures in the 2015 SHMA and the August 2016 update for OAN in the HMA and in Rugby appropriate? Is there a basis to arrive at alternative figures?

- 1.25 The 2015 SHMA and 2016 Update provide a comprehensive analysis of OAN, following the approach set out in the NPPF and PPG and taking account of the most recent information.

- 1.26 The government issued a consultation in September 2017 seeking views on a proposed standard methodology for assessing local housing needs, although this approach remains in draft and national policy has not been updated to reflect this. For plans submitted in advance of 31st March 2018, any outputs from the standardised methodology should not replace the approach in emerging plans in any event.

- 1.27 The joint evidence base considers the housing needs of the housing market area and is agreed by the HMA authorities. In drawing conclusions, the SHMA and Update consider a range of data and sensitivity scenarios to provide appropriate OAN figures. This has been tested and found sound at both the Warwick and Coventry Local Plan examinations, and can be relied upon.

- 1.28 The strong interactions in respect of the economy, housing market and migration between the Coventry and Warwickshire authorities mean it is important to consider the needs of the area as a whole.

Question 1i- Is the basis for the distribution of Coventry's unmet needs set out in the Memorandum of Understanding (MoU) positively prepared and justified as the most appropriate strategy? Does this deal effectively with the issue?

- 1.29 Rugby Borough Council has participated fully in joint working in respect of the evidence base for assessing housing needs, in particular through the Coventry and Warwickshire SHMA, and supported the development of a redistribution methodology to accommodate Coventry's unmet housing needs. The Council has signed the MoU to accommodate the full objectively assessed housing need for

the HMA, including Coventry's unmet housing needs, through the preparation of its Local Plan.

- 1.30 The first Joint Strategic Housing Market Assessment (JSHMA) for Coventry and Warwickshire was published in 2013. This was followed by an Annex that took account of updated household projections in 2014. A further update of evidence was undertaken in 2015 and is the Council's most up to date evidence, which informed the Preferred Option.
- 1.31 In September 2014 Coventry City Council published a consultation document on its Emerging Local Plan entitled Delivering Sustainable Growth. In that document Coventry City Council acknowledged the conclusions of the JSHMA Annex (2014) and the higher levels of housing provision it indicated was required in the city. However, the document also reported that, on the basis of evidence available at that time, there would be a shortfall of up to 13,720 dwellings against these requirements because of capacity constraints within the City Council's administrative area.
- 1.32 Since this initial indication of a capacity issue, the Coventry and Warwickshire Councils have worked together to identify a distribution of housing that will meet the full objectively assessed needs identified within the JSHMA 2015 update and address the capacity issue demonstrated by Coventry City Council. This work culminated in a Memorandum of Understanding between the Coventry and Warwickshire authorities that was formally endorsed by Rugby Borough Council on 27 October 2015.
- 1.33 Against the need identified within the JSHMA 2015 update the City has a shortfall of 17,800 dwellings between 2011 and 2031 and this will be distributed between the Warwickshire authorities. The agreed redistribution methodology results in 2,800 of those dwellings being provided within Rugby Borough during the 2011-2031 plan period.
- 1.34 The preparation of the MoU was based on an intensive period of research and co-operation between Coventry City Council, the five Borough/ District Councils in Warwickshire, including Rugby Borough Council, and Warwickshire County Council.
- 1.35 Five key tasks were undertaken to enable a robust, evidence based MoU to be developed:
- Task 1: Develop proposals for the distribution of any unmet need arising in the HMA
 - Task 2: Confirmation of Housing Need across the HMA and at an individual local authority level and alignment with employment needs

- Task 3: Confirmation of each authority's capacity for housing
- Task 4: Identification of an aligned housing and employment need across the HMA alongside a proposed distribution of that need

1.36 Full details of the outcomes of each task is set out in the MoU and in the Agenda Item 5 report to the Shadow Economic Prosperity Board meeting on 29 September 2015 regarding the MoU – both of which are in Appendix 1 of the Rugby Borough Local Plan Duty to Co-operate Compliance Statement (July 2017) [LP05].

1.37 The first task included consideration by officers of the HMA authorities of a range of ways to redistribute the 17,800 dwellings to ensure the agreed approach was firmly supported by evidence and offered an objective and fair way forward. The options considered fell into two broad approaches: spatial options and functional relationship options.

1.38 Spatial options - the starting point for the spatial options was to consider the most sustainable spatial options regardless of administrative boundaries. Six spatial options were appraised. A simple sustainability appraisal was undertaken on each of these options [see Appendix 3 in Appendix 1 of LP20]. This indicated that the Edge of Coventry and Growth Corridor options are likely to be the most sustainable spatial approaches.

1.39 Functional Relationship Options - these options looked at the relative relationships of each of the Warwickshire Districts/ Boroughs with Coventry City, based on existing migration and commuting trends. Two options were considered: relationship with Coventry based on two way commuting flows and relationships with Coventry based on gross migration flows [see Appendix 4 in Appendix 1 of LP20]. Consideration of these two options indicated that both were important and a valid means of assessing functional relationships and that therefore they should be given equal weighting. As a result, officers developed an method which applied the average percentage of migration and commuting flows to the functional redistribution approach.

1.40 Following discussions with the members' reference group, it was concluded that the functional relationship approach should be used to shape the MoU. It was felt that this approach best reflected existing patterns of movement, provided a robust and objective methodology and retained the ability for each Borough/ District to use the shared evidence provided by the spatial approach in preparing their local plans.

1.41 Applying the functional relationship approach indicated that Warwick and Nuneaton and Bedworth have the strongest relationships with Coventry, with Rugby also having a significant relationship and Stratford-on-Avon and North

Warwickshire having weaker relationships. The functional relationships were applied as percentages to determine the distribution of the shortfall between each of the Warwickshire authorities. However, before applying these percentages, the approach considered the impact of the economic uplift for Nuneaton and Bedworth, Stratford-on-Avon and North Warwickshire arising from the JSHMA 2015 Update. As a result, it was identified that 190 dwellings per annum of Coventry's need had been addressed through the economic uplift.

1.42 The results of the final distribution using the functional relationship percentages is set out in the MOU.

1.43 As stated in Paragraph 8 of the MOU:

“The plan making process will ultimately establish the capacity of each area and quantities of housing that can be delivered. Through the plan making process, the Councils will continue to monitor the capacity of the HMA and in particular any authority that is unable to meet its OAN or redistributed housing requirement. In this instance, the Councils will seek to maximise the quantity of housing delivered in these authorities.”

1.44 The MoU also states in Paragraph 5 that if it is identified that the distribution set out in the MoU cannot be delivered then the MoU will be reviewed so that the overall housing requirement is met within the HMA.

1.45 To date, Warwick, Stratford-on-Avon and Coventry Local Plans have all been adopted and have included the distribution set out in the MoU. The North Warwickshire Draft Submission Local Plan is currently subject to consultation until 31 January 2018 and includes the distribution set out in the MoU. Nuneaton and Bedworth Borough Local Plan is currently subject to Examination and the Housing Topic Paper published in November 2017 states that the most up to date position in relation to housing supply for the Plan period is above the MoU distribution for Nuneaton and Bedworth.

1.46 In summary, the approach followed by the Coventry and Warwickshire Councils to identify a distribution of housing that will meet the full objectively assessed needs identified within the JSHMA 2015 update and address the capacity issue demonstrated by Coventry City Council is a positive approach based on evidence that has ensured the full objectively assessed need can be met within the HMA. The approach included consideration of different options to accommodate the need. Although it has proved challenging to achieve, due to constraints such as national designations, physical capacity or infrastructure, the latest indications are that the full objectively assessed need for the Coventry and Warwickshire HMA will be met as set out in the MoU demonstrating the effectiveness of this approach.

Question 1j- In terms of Birmingham's unmet housing needs, to what extent does the overlap between the Greater Birmingham and Coventry – Warwickshire HMAs affect housing provision in Rugby? How should it be taken into account in assessing Rugby's housing requirement and if so what would be the mechanism and timescale for calculating a redistribution?

1.47 The Memorandum of Understanding relating to the planned distribution of housing within the Coventry & Warwickshire Housing Market Area (HMA) deals directly with the housing needs arising from within the Coventry and Warwickshire HMA only.

1.48 North Warwickshire and Stratford-on-Avon districts are in both the Greater Birmingham and Coventry and Warwickshire HMAs. Consequently, the objectively assessed housing need arising for each individual district of North Warwickshire and Stratford-on-Avon will then have added to them separately the following:

- any redistributed need arising from within the Greater Birmingham HMA; and
- any redistributed need arising from within the Coventry and Warwickshire HMA.

1.49 Rugby Borough is only within the Coventry and Warwickshire HMA. Any Greater Birmingham HMA unmet need that is identified to be accommodated in the Coventry and Warwickshire HMA would firstly be fed in at the Coventry and Warwickshire HMA level and then would be distributed by agreement between the individual local authorities in the Coventry and Warwickshire HMA, including to Rugby Borough.

1.50 Paragraph 20 of the Rugby Borough Local Plan Duty to Co-operate Compliance Statement (July 2017) [LP05] notes that although work to assess the shortfall from the Greater Birmingham HMA is progressing, at the time of writing the Duty to Co-operate Compliance Statement it was not clear to what extent any unmet need will have to be met within Coventry and Warwickshire and, in particular, in Stratford-on-Avon and North Warwickshire. It is recognised that this could add further pressures to provide additional housing within the HMA but until more is known that cannot be effectively addressed, nor can it form part of the formal agreement between the Coventry and Warwickshire authorities.

1.51 The outcome of the Great Birmingham HMA's unmet need work will be a matter for consideration in the next Rugby Borough Local Plan review, if this should prove necessary.

Question 2- Should the amount of housing proposed for Rugby (12,400 dwellings) be increased or decreased? If so to what level and on what basis? Should Policy DS1 state that 12,400 dwellings is a minimum?

- 1.52 This response to this question is substantially informed by, and should therefore be read alongside, the Council's comments against questions 1a-j under this topic (Matter 2 – Issue 2a 'Housing Needs'). These comments confirm that setting a policy requirement of 12,400 dwellings (as set out in Policy DS1 [LP1]) is based on a sound approach used to establish objectively assessed housing needs across the Coventry and Warwickshire Housing Market Area, in accordance with NPPF Paragraphs 47 and 159. The evidence used to inform this requirement (including [LP08] and [LP09]) has been recently tested and found sound in the Examinations for the Coventry City and Warwick District Local Plans.
- 1.53 Paragraph 159 of the NPPF requires neighbouring authorities to assess full housing needs where housing markets cross local authority boundaries. Paragraph 156 of the NPPF identifies the needs for jobs and homes amongst the strategic priorities for plan-making. Paragraphs 178-181 emphasise the particular importance of addressing such strategic priorities and the expectation that joint working will be undertaken diligently to ensure proper coordination in meeting overall needs and enabling the achievement of sustainable development under the Duty to Cooperate. Such expectations should be a component of positively prepared plans, as defined in Paragraph 182 of the NPPF. Paragraph 181 of the NPPF explains that Memoranda of Understanding represent one acceptable means of demonstrating effective co-operation on issues with cross-boundary impacts ahead of submission of a Local Plan for Examination.
- 1.54 In relation to the policy requirement for 12,400 specifically set out in the Publication Draft Local Plan [LP01], the supporting text (at Paragraph 4.7) explains that the evidence base used to support its preparation supports two specific components comprising the total figure:
- Rugby Borough's Objectively Assessed Housing Need (OAHN) of 480 dwellings per annum, which equates to 9,600 dwellings over the plan period [see Table 53 of LP08]
 - Provision for 2,800 dwellings over the plan period towards Coventry's unmet housing needs
- 1.55 The proposed contribution towards unmet needs in Coventry is identified within the 'Memorandum of Understanding relating to the planned distribution of housing within the Coventry and Warwickshire Housing Market Area (HMA)' (hereafter 'the HMoU'). The distribution proposed as part of preparation of the HMoU is consistent with Paragraph 180 of the NPPF and guidance in the NPPG (e.g. ID: 2a-011-20140306). A copy is provided at Appendix 1 of the Council's Duty to Cooperate Compliance Statement [LP05] (see the Council's response to question 1i under this Matter set out above).

- 1.56 An important principle underpinning preparation of the HMoU is that the ‘sovereignty’ of each Council to prepare a Local Plan according to a locally derived spatial strategy must be adhered to. To Covering Report for the HMoU explains that it “*therefore sets out the quantum of housing to be delivered by each authority, but does not constrain the spatial strategy to provide this housing*”. In addition to the conclusions of the Coventry City Local Plan Examination, the HMoU has also worked successfully across the HMA to identify provision towards Coventry’s unmet needs. This includes recognition of the contribution to unmet needs achieved in the Stratford-on-Avon Core Strategy as part of the uplift required to provide for economic growth. The Warwick District Local Plan includes an allowance of 332dpa towards unmet needs in Coventry as part of its provision for housing, consistent with the redistribution proposed by the HMoU.
- 1.57 This context demonstrates that there is no basis either in terms of sound plan-making or compliance with the Duty to Cooperate to adjust the policy requirement for 12,400 dwellings contained in the Publication Draft Local Plan.
- 1.58 The Council considers that Policy DS1 as submitted provides clarity in terms of the policy requirement over the plan period. This figure is justified by evidence and provides an effective basis for plan-making within Rugby and across the Housing Market Area. The components of the figure of 12,400 dwellings identified in Policy DS1 can be clearly identified from the approach set out in the tables following Points of Agreement 2 and 3 in the HMoU [copy at Appendix 1 of LP05]. This position is unchanged (and has been reinforced by the plan-making progress in other authorities) since the Council considered representations to the Publication Draft suggesting the requirement should be expressed as a minimum (e.g. SID/1932 – Framptons for Rosconn Group; SID/1909 RPS for St Modwen; SID/1314 – HBF [see LP53.5]). Responses to these representations stress that the policy requirement in Policy DS1 is based on needs outlined through the HMoU.
- 1.59 It is acknowledged that amongst other Local Plans prepared across the housing market area, housing requirements are in some instances expressed as a minimum. However, each case should be considered in its specific circumstances. Given the significant progress achieved in plan-making across the HMA - in accordance with the HMoU – it is considered that expressing the requirements for Rugby as a minimum could introduce uncertainty in terms of the level of unmet needs arising from Coventry or the proposed redistribution and functional relationships which inform the policy requirement in Policy DS1.
- 1.60 National Policy in the NPPF (Paragraph 49) confirms that all applications for housing should be considered in the context of the presumption in favour of sustainable development. Housing requirements, including those in the Publication Draft Rugby Local Plan, should not be treated as a ceiling. The approach taken in the Local Plan as a whole demonstrates consistency with

national policy in this respect. For example, Paragraphs 3.97 and 3.98 of the Housing Background Paper [LP11] discuss the approach of Policy GP2 of the Publication Draft Local Plan in re-classifying 'Rural Villages' to support additional development inside settlement boundaries, as a departure from previous policies.

- 1.61 It is also acknowledged that Paragraph 4.7 of the supporting text to Policy DS1 [LP1] and proposed Modifications to the Monitoring Framework (see LP54.103 in [LP54]) confirms that the figure of 12,400 can be regarded as a minimum in terms the provision made within the Local Plan and the expectations for delivery. This should be considered in the context of the plan as a whole.
- 1.62 Paragraph 4.12 of the supporting text to Policy DS1 (as proposed to be modified by [LP54.9]) confirms the anticipated provision against the policy requirement over the plan period (15,396 dwellings). Policy DS3 and the associated supporting text provide a detailed schedule of the additional supply identified as part of the proposed allocations in the Local Plan. Taking account of previous completions and other commitments on smaller sites these confirm that the level of provision exceeds the policy requirement of 12,400 dwellings.
- 1.63 The supporting text at Paragraphs 4.25 to 4.36 explains the selection of these sites in accordance with the spatial strategy for development in the Borough. It is particularly important, as illustrated by the largest sites set out in Policy DS3 (including 'Rugby Radio Station', 'South West Rugby' and 'Lodge Farm'), that a number of the proposed allocations have capacity exceeding the delivery forecast over the plan period to 2031. This is also identified in Paragraphs 4.14 and 4.15, which demonstrate the use of the housing trajectory to illustrate delivery within the plan period and the resulting overall flexibility in identified supply against the policy requirement of 12,400 dwellings. The relationship of Policy DS1 with the housing trajectory is considered in more detail as part of the Council's response to Matter 3 (Development Strategy) question 1h.
- 1.64 The overall level of housing provision identified within the Local Plan (against the policy requirement of 12,400 dwellings) is based on a robust and comprehensive assessment of development options. These are considered in more detail in the Council's Housing Background Paper [LP11]. This considers the relationship with existing allocations identified through the adopted Core Strategy (including progress on delivery) and demonstrates the findings of the Sustainability Appraisal [LP03] in supporting the proposed allocations. This evidence confirms an appropriate focus of development on Rugby Town and provides the basis for conclusions on whether exceptional circumstances exist to alter Green Belt boundaries to support any elements of proposed housing provision (i.e. allocations at Main Rural Settlements in the Green Belt).

- 1.65 The total provision for housing identified through the Local Plan as a whole (and specifically under Policy DS3) contributes to the strategy for sustainable development within the Borough. This provision is capable of exceeding the policy requirement for 12,400 dwellings, including a contribution of 2,800 dwellings for unmet needs in Coventry. However, for the reasons given the requirement under Policy DS1 should not itself be expressed as a 'minimum'.
- 1.66 This is important in ensuring that the delivery of housing 'need' is monitored against the framework set out in the HMoU [see LP05]. It is also important to avoid uncertainty such that the proportion of the total identified provision contributing to unmet needs (or contribution towards unmet needs from specific locations) is not seen as variable over the plan period. This could also increase the pressure to release land for development outside of the spatial strategy to make a further contribution towards unmet needs.
- 1.67 The HMoU seeks certainty in terms of ensuring each local planning authority prepares a plan that reflects the agreed distribution. The HMoU also outlines the importance of the plan-making process in establishing the strategy and capacity for development in each area and includes support for sustained monitoring (including over a rolling consecutive three-year period) to determine the basis for any update. The policy requirement of 12,400 expressed in Policy DS1 as submitted is considered to support these objectives.

Question 3- Is the RBLP justified and consistent with national policy in stepping the annual housing requirement at 540 dwellings per annum (dpa) from 2011-2018 and 663 dpa for the period 2018-2031? Should this be expressed in a policy?

- 1.68 Paragraphs 4.10 and 4.11 of the Publication Draft Local Plan set out the policy-making considerations that have informed the approach towards providing a 'step-change' in how annual housing requirements will be addressed over two separate phases of the plan period. Importantly, Paragraph 4.11 explains that the housing trajectory is used to illustrate how the housing 'target' of 12,400 dwellings will be achieved under this approach. Proposed modification [LP54.8] reflects the anticipated date of adoption (2018) and the resulting requirements of 540dpa for Phase 1 (2011 to 2017) and 663dpa for Phase 2 (2018 -2031).
- 1.69 The Council considers that this represents a justified and effective basis for meeting the housing requirements within the Local Plan and represents consistency with national policy at Paragraph 47 of the NPPF. Bullets 1 and 4 of Paragraph 47 relate to plan-making. In relation to meeting housing needs, these emphasise that delivery of the housing strategy over the plan period may rely on the identification of key sites. The expected rate of delivery should be illustrated through a housing trajectory (for market and affordable housing). The full range of

housing should be described in terms of how this will maintain a five-year supply of housing land. This should be set out in a Housing Implementation Strategy. National policy does not demand that the delivery of housing is achieved at an 'even rate' over the plan period and indeed this may not accurately reflect the type, scale or phasing of sites that are most appropriate to deliver the housing strategy.

1.70 The NPPG supports achieving these aspects of national policy in terms of the approach to housing land supply assessment. Planning practice guidance seeks to clarify what constitutes a 'deliverable' site in the context of housing policy (supplementing footnote 11 to Paragraph 47 of the NPPF) (ID: 3-031-20140306). It also looks to ensure allowance for 'lead-in' times and appropriate 'build-out' rates for different scales of sites whilst recognising that an allowance for multiple developers should be made on the largest sites (ID: 3-023-20140306). The delivery of housing requirements over the plan period may also require the consideration of past under-supply, which may be influenced by multiple factors (including market cycles) and require judgment in terms of whether under-delivery has been 'persistent'. Where under-supply is identified, local authorities should aim to deal with this in the first five years of the plan period where possible (ID: 3-035-20140306).

1.71 In considering the concept of 'deliverability' as outlined by Paragraph 47 of the NPPF, a distinction exists between that concept and the 'expected rate of delivery' which a housing trajectory produced in the Local Plan process would illustrate. By extension this means that for sites regarded as deliverable it will not necessarily be certain or even probable that housing will be delivered to the fullest extent over a given five-year period.

1.72 The evidence base for the Local Plan and in-particular the Council's Housing Background Paper [LP11] provides a detailed analysis of these factors within the context of Rugby and fully demonstrates the appropriateness of the 'stepped' housing trajectory for the plan period. It is important that paragraphs 2.45 to 2.55 of the Background Paper [LP11] consider the performance of housing delivery against housing requirements to date, including the existing requirements in the adopted Core Strategy. This is crucial in informing the assessment of existing under-supply and conclusions on whether the authority has demonstrated persistent under-delivery. Paragraph 2.50 confirms the reasons why the Council considers a 20% buffer should be applied.

1.73 The Housing Background Paper considers the various components of the identified supply in terms of the reasons for site selection and how delivery will be achieved and a sufficient supply of land for housing maintained over the plan period. This analysis is further supported by the Housing Market Delivery Study (2015) [LP42] and the assessments of potential supply provided by the SHLAA [LP10 and LP10a].

- 1.74 This analysis also informs the updated overall housing trajectory (following proposed modifications LP54.114 and LP54.115 and illustrated in [LP11]). The evidence base to support the 'stepped' approach is therefore consistent with national policy in Paragraphs 47 (bullet 4) and 159 of the NPPF.
- 1.75 National Policy in the NPPF (Paragraph 154) confirms that Local Plans should be aspirational but realistic. The proposed approach to the housing trajectory is consistent with this requirement. In-particular, this includes acknowledging the needs for a 20% buffer to the five-year requirement (brought forward from later in the plan period) and seeking to address existing shortfall within the first five years of the plan period upon adoption (anticipated 2018). Figure 6 and Paragraph 2.53 of the Housing Background Paper [LP11] illustrate the implications of applying these assumptions to requirements based on the annualised target (620dpa) of 12,400 over the plan period. This demonstrates that the five-year requirement would significantly exceed delivery in earlier years and, notwithstanding the identified supply and upturn in activity, would not be achievable.
- 1.76 A further consideration is that it would be unreasonable to expect the target of 620 to be applied retrospectively back to 2011. This is based on the fact that the Council, through its Core Strategy has been planning for a housing target sufficient to meet the objectively assessed need for Rugby Borough of 480 dwellings ("policy off"). The uplift to 620 is only as a result of the Borough Council committing to play its role in meeting the unmet need within the housing market area identified in the most recent SHMA [LP08 and LP08]. This is further set out through the Memorandum of Understanding for the redistribution of housing across the HMA [copy at LP05].
- 1.77 The 'stepped' trajectory represents a justified and effective basis for plan-making in this context and closely follows the position successfully posited by other authorities in the HMA at their relevant Local Plan Examinations (including Warwick, Coventry and Stratford-on-Avon). For example, the Inspector in the Warwick Local Plan concluded that housing requirements should only be based on the objectively assessed needs for Warwick (600dpa) prior to adoption of the plan making provision for unmet needs in Coventry. A similar view was taken in Stratford-on-Avon in terms of only accounting for an uplift in housing need to match economic growth as part of the housing requirements following adoption of the Plan. The stepped trajectory in Coventry is justified on the basis of reflecting improving housing market conditions and the removal of Green Belt constraints on certain identified locations.
- 1.78 The basis for the 'Phase 1' requirement of 540dpa within the Publication Draft Rugby Local Plan is set out in full at Figures 7 and 8 along with Paragraphs 2.54

to 2.57 of the Housing Background Paper. This reflects the housing requirement in the adopted Core Strategy (covering the period 2006 to 2026 and therefore overlapping with this plan period). This demonstrates a positively prepared approach as the requirement exceeds the Council's own objectively assessed need of 480 dwellings. As such some of Coventry's unmet housing need would have already been accounted for by the time the Local Plan will be adopted. Figure 8 (row E) of the Housing Background Paper illustrates that provision towards unmet needs of 420 dwellings is addressed within the Phase 1 requirement between 2011 and 2017/18. This is a departure from the position in neighbouring authorities such as Warwick which only factor any allowance for unmet needs into the stepped trajectory upon adoption.

1.79 The Council acknowledges an existing shortfall of 607 dwellings arising against a requirement of 540dpa applied for this period. The Council's approach commits to addressing this within the five-year period 2018/19 to 2022/23 upon adoption of the plan, generating a five-year requirement of 4,707 dwellings (annualised to 941.36).

1.80 This annualised requirement is approximately 9% lower than applying a backdated requirement of 620dpa over the whole period from 2011. The Housing Background Paper demonstrates that based on a robust assessment of supply identified the Local Plan would be able to demonstrate a Five Year Supply against these requirements upon adoption and over the remaining years of the plan period. However, it would not be consistent with national policy for aspirational but realistic plans to base requirements over the higher single annualised figure.

1.81 Paragraph 3.96 of the Housing Background Paper [LP11] sets out that the Local Plan would be able to demonstrate a 5.54 years' Land Supply upon adoption against the annualised requirement of 941.36 using supply identified from the modified [LP54.115] housing trajectory at Appendix 2 for the period 2018/19 to 2022/23.

1.82 The Council does not consider it necessary for this figure to be specifically expressed as part of the policies in the Publication Draft Local Plan. This is on the basis that [following proposed Modifications at LP54.103] the Monitoring Framework provides clarity on the delivery of the 'need' figure identified in Policy DS1 should be monitored in-line with the stepped approach for Phase 1 and 2 (540dpa to 2017/18 and 663dpa upon adoption). These provisions work in-tandem with the Housing Trajectory at Appendix 2 of the Local Plan and the supporting text at Paragraphs 4.10 and 4.11 and provide sufficient certainty in terms of how housing requirements should be calculated at any point over the plan period.

1.83 It is considered that introducing the standalone figures of 540dpa and 663dpa into policy might create uncertainty in terms of how five-year requirements will be

calculated and Housing Land Supply managed over the plan period. However, particularly in Rugby and the context of a shortfall upon adoption and number of large sites that include potential capacity outside of the plan period, it is important that monitoring of housing delivery is undertaken on an annual basis. This means that the trajectory allows for flexibility and serves a wider purpose in assessing the performance of individual sites; it will be updated regularly to establish the position of delivery against the starting point provided by the 'stepped' requirements in Phase 1 and 2. This means the five-year requirement (and annualised figure) will vary over the plan period; as might the position in terms of the appropriate buffer to be applied. This is illustrated by the Housing Background Paper at Paragraph 2.57 [LP11] which anticipates use of a 5% (with all shortfall addressed) as the basis of an annualised requirement of 696 dwellings in the five-year period from 2023/24.

- 1.84 It is therefore considered that the Local Plan as submitted outlines a sound approach to managing delivery of the housing trajectory over the plan period using the 'stepped' approach. The evidence base and provisions for monitoring demonstrate that this approach is justified, effective and positively prepared based on the identified provision for housing and overall housing requirement.