



GL Hearn Harborough Housing Requirements Study

Harborough District Council

Executive Summary

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Prepared by

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1 INTRODUCTION

- 1.1 Harborough District Council has recently started work on the preparation of a new Local Plan for the District. The Council has commissioned GL Hearn and Justin Gardner Consulting (JGC) to prepare this Housing Requirements Study in order to inform the development of the new Local Plan.

Context and Purpose of the Study

- 1.2 The Government published the National Planning Policy Framework (NPPF) in March 2012¹. This sets out that local plans should be prepared on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against national planning policies as a whole. The starting point is that local plans should meet the full requirements for market and affordable housing in their housing market area.
- 1.3 Harborough falls within the Leicester and Leicestershire Housing Market Area (HMA). In 2011 GL Hearn and JGC worked with the local authorities across the HMA to prepare the *Leicester and Leicestershire Housing Requirements Study*². This Study, the final report of which was published in September 2011, included various projections of housing requirements taking account of demographic trends and considering how this might relate to alternative scenarios for employment growth. It recommended that in clarifying what could be regarded as an objective assessment of development needs for housing, local authorities should consider further what level of economic growth is realistic to plan for in their areas and should bring the evidence in the Housing Requirements Study together with other evidence including information regarding land availability, infrastructure and development constraints.
- 1.4 This Study takes forward the HMA Housing Requirements Study. It updates demographic projections from those undertaken in 2011 to take account of more recent data, including information from the 2011 Census. It takes forward the recommendations of the HMA Housing Requirements Study in considering further potential future performance of Harborough District's economy and how economic growth in surrounding areas could influence housing needs in Harborough.
- 1.5 The Study also provides an initial assessment, based on the evidence currently available, of the potential availability of land for residential development in Harborough District and of potential strategic constraints which could limit the District's ability to meet its own housing

¹ CLG (2012) *National Planning Policy Framework*

² GL Hearn & JGC (2011) *Leicester & Leicestershire Housing Requirements Study, Final Report*.

needs. These are however issues which will need to be considered further as the preparation of the Local Plan progresses.

- 1.6 National policy continues to emphasise the importance of local authorities working together to plan for housing provision across the housing market area. Harborough District Council remains committed to working with the other authorities within Leicester and Leicestershire.
- 1.7 The authorities in the HMA are jointly discussing the potential to, and timescales for, updating the Strategic Housing Market Assessment (SHMA) for Leicester and Leicestershire which was prepared in 2008 and pre-dates the publication of the NPPF. This Study has been prepared so that it can be used to inform and help progress the update of the SHMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.

Future Housing Requirements

- 1.8 The Study looks forward at housing requirements in Harborough District over the period from 2011-31. It takes account of demographic factors, including the expected levels of birth and deaths, in- and out-migration and household structures, in particular the proportion of people of different ages who are likely to head a household. It also considers the degree to which economic performance could influence future migration to and from the District, after taking account of the potential for existing residents to move back into work as the economy begins to recover and the potential for people to work longer, linked to changes to state pensions and improvements to life expectancy over the period to 2031.
- 1.9 In mid 2011 the District had a population of 85,700 persons. There were slightly more women than men (as a result of stronger life expectancy for women). The population structure is focused more towards middle aged families and older people, with an above average proportion of people aged between 45-74 relative to the HMA and East Midlands.
- 1.10 Between 1991 – 2011, Harborough District's population grew by 26%. Over the 2001-11 decade, population growth was particularly focused towards people aged over 40. The proportion of single person households has been increasing, but whilst household sizes have been falling, the 2011 Census indicates that they have not been doing so quite as fast as was previously projected. Nonetheless changing household structures is an important driver of need for additional homes.
- 1.11 Projections of future population change are particularly sensitive to assumption on levels of in- and out-migration to the District, and the balance between them (net migration). Over the past 10 years there has been a net in-migration to the District of 690 persons a year. The last five years have seen slightly lower levels of net-migration of 640 persons per annum. The Study has projected these forward.

1.12 It has also considered the latest official Government population projections (the Sub-National Population Projections). These suggest that net-migration will increase from 460 persons in 2011-12 to 750 persons per year in 2020/21 and then remain around this level over the period to 2031. This is influenced by a growing population in areas, including the Leicester area, from which people typically move to Harborough District to live.

1.13 These projections, based on past population trends, indicate a requirement for between 7,800 – 8,100 homes over the 2011-31 period (390 – 410 homes per year).

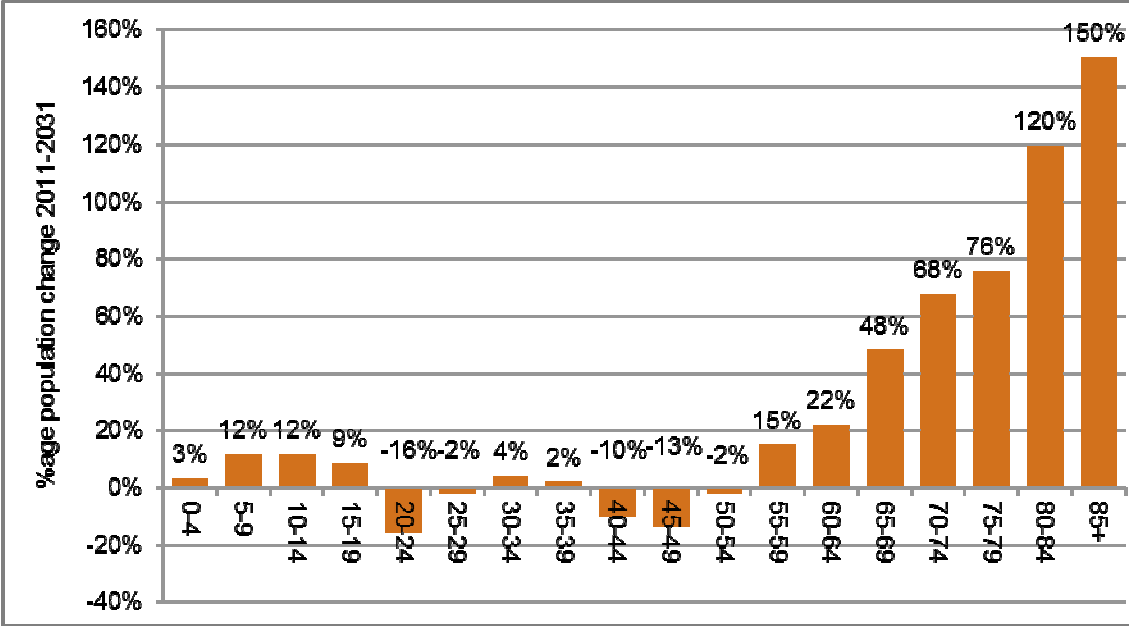
Figure 1: Projections based on Past Demographic Trends

Projection	Population Growth		Housing Numbers		Employment Growth	
	Total	% change	Total	% change	Total	% change
Projections over 2011-31 Plan Period						
PROJ 1 (SNPP)	14,669	17.1%	8,100	22.6%	3,513	8.0%
PROJ 2 (10-year migration trends)	14,952	17.4%	8,193	22.8%	3,636	8.2%
PROJ 3 (5-year migration trends)	13,799	16.1%	7,770	21.6%	2,996	6.8%
Projections Expressed per Year						
PROJ 1 (SNPP)	733	0.9%	405	1.1%	176	0.4%
PROJ 2 (10-year migration trends)	748	0.9%	410	1.1%	182	0.4%
PROJ 3 (5-year migration trends)	690	0.8%	388	1.1%	150	0.3%

1.14 The largest age cohorts within the District's population in 2011 were of those aged between 40-64. Over the 20 year period to 2031 a notable proportion of those groups will move into retirement.

1.15 Taking for instance the official Sub-National Population Projections (PROJ 1 above), we see a notable growth in people in all age groups aged over 55 over the 2011-31 period, with particularly strong growth at the 'top end' of the age structure as a result of improvements in life expectancy. This is shown below.

Figure 2: Changes in Population by Age Group in PROJ 1, 2011-31



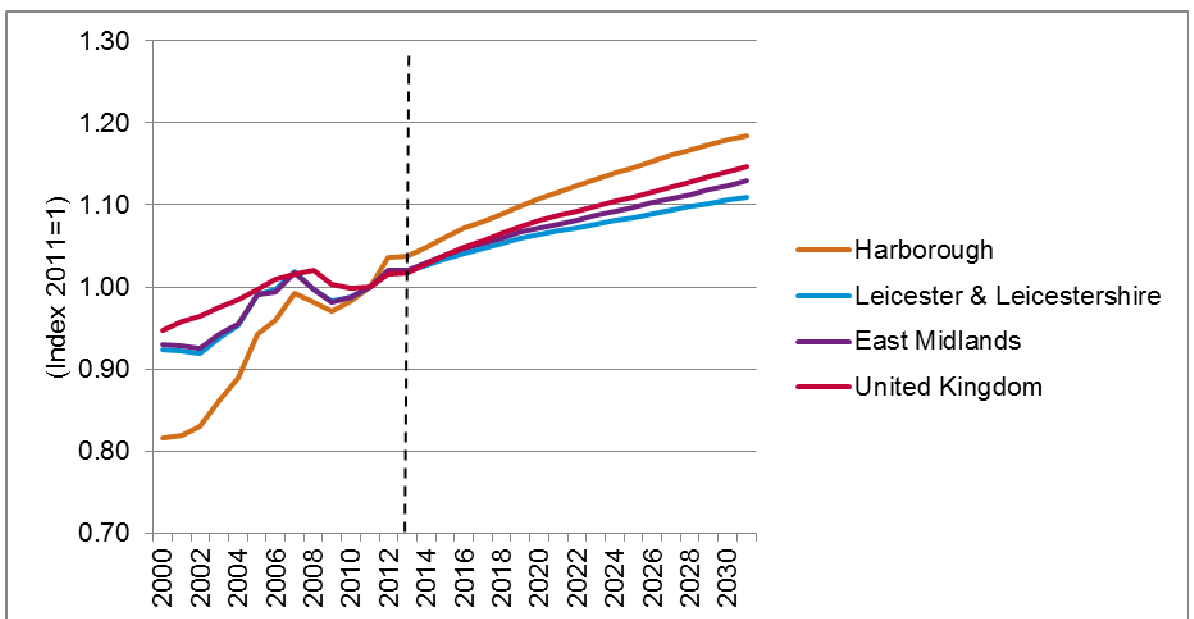
Source: JGC Modelling

- 1.16 This projection, PROJ 1, results in an estimated growth in residents in employment of around 3,500 persons (8.0%) over the 2011-31 period. This takes account of the potential for residents to move back into work, assuming that the proportion of people aged 16-64 in employment increases from 77.6% in 2011 to 81.2% in 2016, before falling marginally to 80.0% as a result of changes to the age structure with a growth in people in their 60s in particular. It does though include a growing number of people in their late 60s in employment.
- 1.17 It is quite reasonable to assume that moving forwards economic growth could influence levels of migration to and from the District. The Study has therefore sought to assess what impact different scenarios for growth in employment might have on population growth and housing requirements in the District.
- 1.18 Harborough District’s economy performed relatively strongly between 2001-11, posting employment growth of 22.1% (7,500 jobs). This was supported by the District’s strong workforce skills, its accessibility and a strong base of small and medium-sized firms particularly in the manufacturing and distribution sectors. The evidence points to employment growth running ahead of growth in the labour force over the period between 2001-6, but as employment growth since 2006 has slipped back, there appears to be a good balance between jobs and homes in the District in 2011.

1.19 The fastest growing sectors in terms of total jobs over this period were wholesale and retail (4,400 jobs), professional and private services (2,300 jobs) and public services (1,600 jobs). Manufacturing employment contracted by -2,200 jobs over the 2001-11 period.

1.20 The District's economy performed more strongly than either the Leicester and Leicestershire HMA or the region in the 2001-2011 period; and thus baseline forecasts from Experian project that it will continue to do so. They project growth of around 7,700 jobs in Harborough District between 2011-31. This represents 18.5% growth in jobs over the plan period. It translates into around 2.5% per annum economic growth (GVA) per year compared to an equivalent forecast of 2.1% across the region and 2.0% across the HMA.

Figure 3: Indexed Analysis showing Employment Trends Relative to 2011 Levels, 2000-31



Source: Experian (Autumn 2012)

1.21 The Study asks whether it is realistic to assume that the District can continue to post this very strong level of employment growth. Against this context, the Study considers a number of scenarios for economic growth:

- PROJ A – considers the potential to support the Experian forecast of 18.5% growth in jobs in Harborough District, with an equivalent growth in residents in employment in the District. This scenario supports around 2.5% annual economic growth (GVA) over the plan period;
- PROJ B – supports a similar level of economic growth in the District, but assumes that commuting patterns remain consistent to 2001 levels, with some of the employment growth supported by growing numbers of people commuting into the District to work given the District's strong projected economic performance relative to other parts of the HMA. This scenario would support equivalent to 2.3% annual economic growth (GVA) over the plan period;
- PROJ C – assumes that economic performance is more similar to that forecast for the HMA as a whole moving forwards, with the rate of residents in employment in the District

modelled to match that forecast for Leicester and Leicestershire as a whole. In this scenario, annual economic growth is equivalent to 2.0% per annum over the plan period.

- 1.22 The relationship between economic and population moving forward is complex and likely to be influenced by a number of factors, including levels and rates of employment growth in different areas; changes to employment rates; and to commuting dynamics. The scenarios are considered to reflect the potential range of outcomes for employment growth over the period to 2031.
- 1.23 The three economic-led projections indicate a requirement for between 8,700 – 10,900 homes over the 2011-31 period (435 - 545 homes per year). These are higher than the projections based on past demographic trends, as they assume higher net migration of people of working-age to support projected employment growth.

Figure 4: Projections based on Scenarios for Employment Growth

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
Projections over 2011-31 Plan Period						
PROJ A (Jobs baseline)	22,157	25.9%	10,856	30.2%	7,663	17.4%
PROJ B (Residents in employment)	20,796	24.3%	10,360	28.9%	6,924	15.7%
PROJ C (Leicester & Leicestershire jobs)	16,149	18.8%	8,661	24.1%	4,372	9.9%
Projections Expressed per Year						
PROJ A (Jobs baseline)	1,108	1.3%	543	1.5%	383	0.9%
PROJ B (Residents in employment)	1,040	1.2%	518	1.4%	346	0.8%
PROJ C (Leicester & Leicestershire jobs)	807	0.9%	433	1.2%	219	0.5%

- 1.24 PROJ A and B are however dependent to a notable extent on the ability to achieve employment growth in line with past trends. The economic forecasts would suggest that the past trends have been significantly influenced by strong employment growth at Magna Park, particularly in strategic distribution activities. While the District might be able to support further strategic distribution development if a supply of land was maintained, there are other competing locations outside of the District across the wider sub-regional area / M1 Corridor which could meet this demand. It is thus entirely feasible that employment growth would be more moderate than forecast by Experian.
- 1.25 PROJ C is potentially a more realistic outlook for the District's economy. This sees the economy growing at a similar pace to the HMA and East Midlands as a whole. However it is feasible that the District could continue to perform moderately better than the HMA as a whole, and this would represent an appropriate policy aspiration. It is however for the Council to consider this further as part of the development of an economic vision and strategy within the Local Plan.

- 1.26 Drawing the projections together, the Study concludes that a realistic assessment of housing requirements for the District would be for provision of between 8,000 – 10,000 homes over the 2011-31 period.
- 1.27 The lower end of this range is influenced more by past population trends. The higher end is what we would consider to be a realistic scenario for employment growth which includes the potential to accommodate further strategic distribution development in the District and/or to accommodate more than 'locally-generated' needs as might be required to take account of any shortfall which emerges in surrounding local authority areas.

Land Availability and Strategic Development Constraints

- 1.28 The National Planning Policy Framework identifies that Local Plans should be prepared on the basis of meeting objectively assessed development unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits or there are nationally-significant factors (such as Green Belt, National Parks or significant areas prone to flooding) which indicate that development should be restricted.
- 1.29 The Council's 2011 *Strategic Housing Land Availability Assessment* has sought to identify land within the District which could potentially be developed for housing. It identified sites with a combined capacity for 10,245 dwellings which could be delivered; albeit that it does not make any policy judgements about whether land should be allocated for development.
- 1.30 There are specific development and infrastructure constraints which could influence the potential for development in different parts of the District, and associated with different towns or settlements. The Study identifies that the road network in Market Harborough Town Centre is heavily constrained with limited capacity for further traffic growth. It identifies issues associated with air quality in Lutterworth, and the potential impacts of additional development both on the M1 Junction 20 and the Town Centre. It also identifies deficiencies in the provision of local services in both Lutterworth and Broughton Astley. The potential for development adjoining the Leicester Principal Urban Area (PUA) could also be problematic, depending on the scale of development, in creating pressures on the A6 and A47 corridors and the highway network across the PUA as a whole.
- 1.31 In addition there are a number of locally-important landscape designations, including green wedges and areas of separation, which help to define the character and identity of settlements within the District and prevent settlement coalescence.
- 1.32 However the high-level review of development constraints undertaken identifies that there are no significant strategic constraints which can definitely be identified as 'show stoppers' at this stage which could limit the overall capacity of the District to accommodate delivery of between 8,000 – 10,000 homes over the 2011-31 period. There are not any specific

nationally-significant development constraints evident. However further detailed work to test development options will be very important as the development of the Local Plan progresses.

Conclusions and Recommendations

- 1.33 This Study has been prepared so that it can be used to inform and help progress the update of the SHMA for the Leicester & Leicestershire HMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.
- 1.34 The evidence presented suggests that across the HMA as a whole, the most recent information might moderate the demographic-led projections included within the Leicester & Leicestershire Housing Requirements Study 2011. However the projections are particularly sensitive to population dynamics in Leicester which would need to be considered further; as would planning assumptions on future employment growth. These can be considered further in due course through the update to the SHMA.
- 1.35 Looking specifically at Harborough District, the analysis undertaken indicates that provision of between 8,000 – 10,000 dwellings over the plan period to 2031 would not be unachievable based on the current evidence; although further detailed options testing will be necessary as the development of the plan progresses.

The Study recommends that, based on the current evidence, provision of 440 homes per annum over the 2011-31 period would provide a positive, realistic and defensible framework for strategic planning. This would meet the District's own needs taking account of migration, as required by the NPPF. It would provide the ability to support employment growth moderately above the HMA average in line with past trends, and support around 10% employment growth over the plan period. It would also provide sufficient flexibility to take account of changes in market and other circumstances as the development of the plan progresses.