

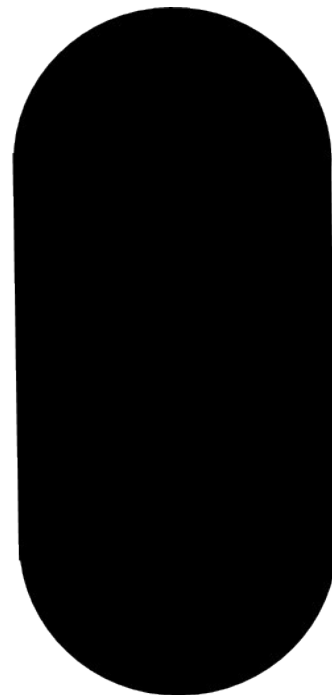
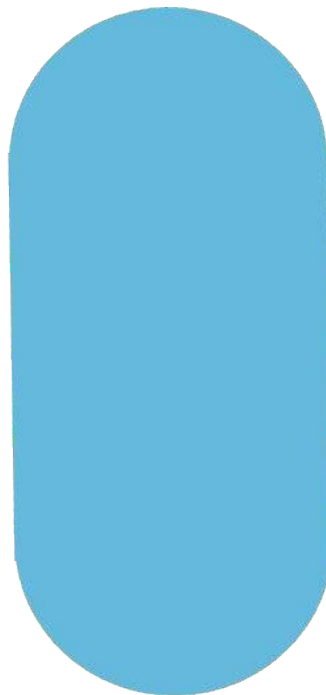


 Part of Shakespeare Martineau

COVENTRY HOUSING NEED EVIDENCE BASE REVIEW

PREPARED ON BEHALF OF HALLAM LAND MANAGEMENT
LIMITED AND L&Q ESTATES LIMITED

SEPTEMBER 2023





CONTENTS

Executive Summary

1. Introduction1

2. National Planning Policy & Guidance2

3. Local Planning Policy10

4. Housing Need Evidence Base Review15

5. Affordable Housing Need Analysis27

6. Summary, Conclusions, and Way Forward.....35

EXECUTIVE SUMMARY

- i. Planning Practice Guidance (PPG) requires local authorities to undertake an unconstrained assessment of housing need. This assessment must be completed before and separate to considering the housing requirement.
 - ii. Coventry City Council's (CCC's) Local Plan Review Regulation 18: Issues and Options Consultation asks consultees whether the Council should be using a housing need figure of 1,455 dwellings per annum (dpa). This is 35% less than the 1,964 dpa figure recommended in the Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA, November 2022).
 - iii. The HEDNA's figure of 1,964 dpa is significantly lower than the National Planning Policy Framework's (NPPF) standard method for calculating minimum housing need (3,188 dpa). This is because the HEDNA have based their standard method calculation on an alternative demographic projection (10-year migration trend) which is more up-to-date than the 2014-based household projections which the standard method is based on.
 - iv. Marrons consider the alternative demographic projection of the HEDNA to be a robust scenario, albeit recent trends in international net migration to the UK could mean it represents a conservative scenario. However 1,964 dpa is a reasonable minimum starting point for assessing housing need in Coventry.
 - v. However CCC's decision to reduce the 1,964 dpa figure to 1,455 dpa by removing the 35% cities and urban uplift of the standard method is not recommended in CCC's own HEDNA, nor do we consider it to be justified by robust evidence.
 - vi. Furthermore additional factors such as economic growth and affordable housing need support our view that 1,964 dpa should be the minimum starting point for assessing need in Coventry.
 - vii. The 2022 HEDNA concludes that 1,964 dpa will accommodate forecast job growth based on a range of demographic modelling assumptions. Marrons agree with the majority of the underlying modelling assumptions used by the HEDNA in coming to these conclusions, however we consider that the future job growth forecasts used in preparing the HEDNA are unduly pessimistic.
 - viii. The 2022 HEDNA uses the Cambridge Econometrics (CE) March 2021 baseline economic growth forecast. This forecast was prepared during the COVID-19 lockdown when economic growth was far from certain and was informed by uncertain economic conditions.
-

-
- ix. The CE forecast is for 0.44% per annum growth (820 jobs per annum) in Coventry over the Draft Plan period, less than the 1.0% per annum growth (equivalent to 1,995 jobs per annum) experienced since 1981, and growth of over 2% per annum between 2011 and 2019 (3,338 jobs per annum).
 - x. The CE forecasts were also based on 3.6% GDP in 2021 and a 2.8% increase in GDP in 2022. Reference to the ONS' December 2022 GDP monthly estimate report states how GDP is estimated to have grown by 4.0% in 2022, following growth of 7.6% in 2021.
 - xi. Furthermore the HEDNA identifies how 551 hectares of logistics floorspace is needed across the housing market area to 2041. However the location for this land has not been confirmed and so the job growth associated it has not been considered.
 - xii. As a minimum we consider the 1.0% growth since 1981 should be assumed, which aligns with the 1,964 dpa established by the HEDNA and emphasises how CCC's Draft Plan figure of 1,455 dpa is inadequate. Further demographic modelling would be required to see if economic-led housing need exceeds this figure.
 - xiii. The 2022 HEDNA describes affordable housing need across the HMA as "*clearly acute*" and identifies a "*notable need*" for affordable housing. It also states how it is clear that provision of new affordable housing is an "*important and pressing issue in the area*".
 - xiv. Net affordable housing provision 2011-2022 in CCC was only 5% of overall delivery.
 - xv. Against need of 600 affordable dpa determined in the 2017 Adopted Plan, only 68 per annum have been delivered. This is a shortfall of 89% over half way through the Plan period.
 - xvi. The 2022 HEDNA calculates significantly higher affordable need in CCC of approximately 2,000 affordable dpa. This reflects the Council's waiting list (over 13,000 households), a 68% increase in the number of households in temporary accommodation in only 24 months, a 114% increase in only five years in the number of households who are homeless and owed a relief duty, and the fact that Coventry has the 12th highest ratio of homeless households per 1,000 population of over 300 local authorities in England.
 - xvii. Addressing affordable housing need in any meaningful way will require an uplift to the HEDNA's revised standard method calculation of 1,964 dpa.
 - xviii. In the context of our analysis we consider that housing need ranges between the revised standard method of the HEDNA (1,964 dpa) as a minimum, and the Government's approach to standard method (3,188 dpa). This would start to address the significant affordable housing need which is so notable in Coventry.
-

1. INTRODUCTION

- 1.1 This Technical Report has been prepared by Marrons National Socio Economics Team on behalf of Hallam Land Management and L&Q Estates Limited.
- 1.2 The objective of the report is to determine whether the level of housing need recommended in the Coventry Local Plan Review Regulation 18: Issues and Options Consultation (hereafter referred to as the Draft Plan) follows a methodology which complies with the requirements of the 2021 National Planning Policy Framework (NPPF) and the accompanying Planning Practice Guidance (PPG) for Housing and Economic Needs Assessments (HENA).
- 1.3 The Draft Plan is informed by the Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA, November 2022) and other accompanying documents such as the Housing and Employment Topic Papers.
- 1.4 The HEDNA considers a range of factors which affect the calculation of housing need, and recommends that housing need for Coventry is 1,964 dwellings per annum (dpa). This is a significant *reduction* from the NPPF's standard method for calculating housing need which the HEDNA determined as 3,188 dpa. It is important to emphasise how the standard method calculation represents minimum housing need.
- 1.5 Notwithstanding the HEDNA's conclusion that housing need is 1,964 dpa, Coventry City Council (CCC) have made a further reduction to the HEDNA's conclusion by removing the 'cities and urban centres uplift' from the standard method calculation. This results in the Draft Plan being based on housing need of 1,455 dpa.
- 1.6 The PPG's HENA section is very clear that the assessment of housing *need* should be unconstrained and undertaken prior to and independently from the determination of a housing *requirement*.
- 1.7 In this context, the technical report presented here considers whether the reduction from 3,188 dpa to 1,964 dpa in the HEDNA, and then from 1,964 dpa to 1,455 dpa in CCC's Housing Topic Paper is justified, and whether other factors suggest that unconstrained housing need figure could be higher.
- 1.8 The following section of this report summarises the process of establishing housing need set out by the 2021 NPPF and its supporting Planning Practice Guidance (PPG).

2. NATIONAL PLANNING POLICY & GUIDANCE CONTEXT

Introduction

- 2.1 The policy and guidance which should be considered when assessing the housing need for local authorities is set out in the 2021 National Planning Policy Framework (NPPF) and its accompanying Planning Practice Guidance (PPG).
- 2.2 Notwithstanding this policy framework, the recent *'Levelling-up and Regeneration Bill: reforms to national planning policy'* (22 December 2022) consultation proposes amendments to the NPPF.
- 2.3 In this section we consider the existing NPPF and PPG alongside the proposed changes in the context of housing need.

National Planning Policy Framework (NPPF, 2021)

- 2.4 The NPPF states the following in respect of establishing overall housing need:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need 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. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”¹ (Our emphasis)

- 2.5 The NPPF is clear that the standard method set out in its supporting PPG provides the **minimum** number of homes needed.
- 2.6 In respect of how economic growth and housing delivery dovetail, the NPPF also states that *“planning policies should seek to address potential barriers to investment, such as inadequate housing.”* The link between housing growth and economic growth is clearly acknowledged by the NPPF.

Planning Practice Guidance (PPG)

- 2.7 The method by which housing need should be established, and an explanation of the ‘Standard Method’ (SM) referred to in the NPPF is set out in detail in the Housing & Economic Needs

¹ Paragraph 61, NPPF, 2021

Assessment (HENA) section of PPG.

- 2.8 At the outset the PPG states, “Housing need is an **unconstrained** assessment of the number of homes needed in an area” and goes on to state “Assessing housing need is the **first step** in the process of deciding how many homes need to be planned for. It should be undertaken **separately** from assessing land availability, **establishing a housing requirement** figure and preparing policies to address this such as site allocations.”² (Our emphasis).
- 2.9 The PPG is very clear that the assessment of **need** should be unconstrained and is an entirely separate exercise from establishing the housing **requirement**.
- 2.10 The PPG then moves on to explain what the SM provides. It states “The standard method uses a formula to identify the **minimum** number of homes expected to be planned for. The standard method...identifies a **minimum** annual housing need figure. It **does not** produce a housing requirement figure.”³ (Our emphasis).
- 2.11 This section emphasises how the SM provides the **minimum** housing need figure and highlights how the SM does not produce a housing requirement figure. A separate part of PPG addresses housing requirement.
- 2.12 The PPG also makes a very clear distinction as to the tests which will be applied if local authorities seek to justify housing need higher or lower than the SM minimum.
- 2.13 In respect of a housing need figure **lower** than the standard method minimum, the PPG states “where an alternative approach results in a **lower** housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are **exceptional local circumstances** that justify deviating from the standard method. This will be tested at examination.”⁴ (Our emphasis).
- 2.14 In contrast, in terms of establishing housing need which is **above** the Standard Method, PPG states “Where a strategic policy-making authority can show that an alternative approach identifies a need **higher** than using the standard method, and that it adequately reflects current and future

² Paragraph ID:2a-001, PPG, 2019

³ Paragraph ID:2a-001, PPG, 2019

⁴ Paragraph ID:2a-015, PPG, 2019

demographic trends and market signals, **the approach can be considered sound** as it will have exceeded the minimum starting point.⁵ (Our emphasis).

- 2.15 Having established that SM represents minimum need, and that actual housing need may be higher, the PPG moves to discuss when it might be appropriate to plan for a higher housing need figure than the SM indicates.
- 2.16 PPG therefore states that “there will be **circumstances** where it is appropriate to consider whether actual housing need is **higher** than the standard method indicates.”⁶ (Our emphasis)
- 2.17 In discussing these circumstances PPG reiterates how the standard method only represents **minimum** need, stating “The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a **minimum starting point** in determining the number of homes needed in an area. **It does not attempt** to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.”⁷ (Our emphasis)
- 2.18 The PPG then moves on to discuss what circumstances might lead to an increase in housing need, but confirms at the outset that the circumstances it refers to are not exhaustive and there may be other reasons as to why overall housing need exceeds the Standard Method’s minimum calculation:

“Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- **growth strategies** for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g., Housing Deals);
- **strategic infrastructure improvements** that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on **unmet need** from neighbouring authorities, as set out in a statement of common ground;

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities are encouraged to make as much use as possible of previously-developed or brownfield land, and therefore cities and urban centres, not only those subject to the cities and urban centres uplift may strive to plan for more homes. Authorities will

⁵ Paragraph ID:2a-015, PPG, 2019

⁶ Paragraph ID:2a-010, PPG, 2019

⁷ Paragraph ID:2a-010, PPG, 2019

need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”⁸

- 2.19 The delivery of much needed affordable housing can also have an impact on the assessment of overall need. In this respect the Planning Practice Guidance (PPG) states *“An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”⁹*
- 2.20 The PPG also reiterates that this assessment of need is separate to the process of establishing a housing requirement, stating that the circumstances which may lead to a higher need figure *“will need to be assessed **prior to, and separate from**, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan) ”¹⁰* (Our emphasis).

Levelling-up and Regeneration Bill: reforms to national planning policy (22 December 2022)

- 2.21 Notwithstanding the proposed changes to the NPPF, it is imperative to highlight that the introduction to the consultation confirms that *“The government remains committed to delivering 300,000 homes a year by the mid-2020s and many of the immediate changes focus on how we plan to deliver the homes our communities need”³* (our emphasis). This is reiterated in paragraph 7, Chapter 2 (Policy objectives). It is therefore imperative that assessments of housing need are undertaken in the context of this target.
- 2.22 Section 5 of the current NPPF (July 2021), seeks to ensure delivery of a sufficient supply of homes. In doing so, paragraph 60 confirms that:
- “To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.”*
- 2.23 The proposed changes to the NPPF retain this paragraph, adding the following sentence at the end:
- “The overall aim should be to meet as much housing need as possible with an appropriate mix of housing types to meet the needs of communities.”¹¹*

⁸ Ibid

⁹ Paragraph ID2a:024, PPG, 2019

¹⁰ Paragraph ID:2a-010, PPG, 2019

¹¹ Paragraph 60, page 17, National Planning Policy Framework: Showing indicative changes for consultation, 22 December 2022

- 2.24 This additional sentence confirms that local authorities should meet as much of their housing need as possible. It doesn't specify that this is the housing need calculated by the Standard Method, which would still be referred to as the 'minimum' number of homes required despite the proposed changes.
- 2.25 In the context of PPG stating quite clearly that the assessment of housing need should be 'unconstrained', meeting 'as much' housing need as possible could therefore mean meeting a much higher level of need than is calculated using the Standard Method minimum.
- 2.26 The following paragraph 61 is proposed to be amended. This amended paragraph is reproduced below with the proposed additional text underlined, and deletions struck through.
- "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance. The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area (see paragraph 67 below). There may be ~~—unless~~ exceptional circumstances relating to the particular characteristics of an authority which justify an alternative approach to assessing housing need; in which case the alternative used ~~which~~ should also reflect current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for."*¹²
- 2.27 If adopted, this is a key change of the wording in the NPPF, stating how the Standard Method would become an 'advisory' starting point, and how particular characteristics of authorities may justify an alternative approach to establishing need. However as we have already highlighted, the Standard Method is still proposed to be referred to as providing the minimum number of homes needed.
- 2.28 This proposed additional text suggests that local authorities will have greater flexibility to determine whether housing need is either higher or lower than the Standard Method calculation for their area, owing to characteristics specific to their area.
- 2.29 However, it should be noted that the Standard Method calculation currently reflects the minimum starting point of need, and existing Planning Practice Guidance (PPG – yet to be amended to reflect proposed NPPF changes) is clear that the assessment of housing need should be 'unconstrained', carried out entirely separate from and before a housing requirement is established, and may be higher than the Standard Method minimum for a range of circumstances.

¹² Paragraph 61, page 17, National Planning Policy Framework: Showing indicative changes for consultation, 22 December 2022

2.30 In this context, proposed *additional* text in paragraph 67 (referred to in the proposed revisions to paragraph 61) is important to highlight. This expands the previous paragraph 66 to read as follows:

"Strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period. The requirement may be higher than the identified housing need, if it includes provision for neighbouring areas, or reflects growth ambitions linked to economic development or infrastructure investment."¹³ (Our emphasis)

2.31 This proposed additional text (underlined in paragraph 2.26 above) is important, because it will be the first time since the Standard Method calculation of housing need was introduced in the NPPF that reasons as to why a housing requirement may *exceed* the Standard Method have been explicitly stated in the NPPF.

2.32 Paragraph ID2a-010 of the existing PPG is clear that a range of circumstances may lead to the calculation of housing need being higher than the Standard Method minimum starting point, and in the context of the proposed changes to the NPPF, this potentially gives greater weight to reasons as to why the Standard Method minimum assessment of need might be higher.

2.33 It is therefore imperative that consideration to any circumstances which may lead to an assessment of housing need which exceeds Standard Method are fully explored, and the true 'unconstrained' housing need for an area is established.

2.34 The proposed changes to the NPPF also include an entirely new paragraph 62 which states the following:

"The Standard Method incorporates an uplift for those urban local authorities in the top 20 most populated cities and urban centres. This uplift should be accommodated within those cities and urban centres themselves unless it would conflict with the policies in this Framework and legal obligations."¹⁴

2.35 A new footnote to this paragraph goes to state the following:

¹³ Paragraph 67, page 18, National Planning Policy Framework: Showing indicative changes for consultation, 22 December 2022

¹⁴ Paragraph 62, page 17, National Planning Policy Framework: Showing indicative changes for consultation, 22 December 2022

"In doing so, brownfield and other under-utilised urban sites should be prioritised, and on these sites density should be optimised to promote the most efficient use of land, something which can be informed by masterplans and design codes. This is to ensure that homes are built in the right places, to make the most of existing infrastructure, and to allow people to live near the services they rely on, making travel patterns more sustainable."

- 2.36 This new paragraph and footnote strengthens the Government's view that every effort should be made to deliver the 35% uplift to the Standard Method minimum calculation of need, introduced in December 2021, within the administrative boundaries of the local authorities where the uplift applies. However it still acknowledges that this may not be possible and neighbouring authorities may have to provide the shortfall.

Summary

- 2.37 Therefore, to summarise, both the NPPF and PPG emphasise that the SM determines the minimum number of homes needed for each local authority. Consideration must be given to whether other circumstances warrant an increase to the minimum need, and in this context and to comply with PPG the assessment of need must be unconstrained.
- 2.38 Furthermore the PPG emphasises throughout how the assessment of need must be carried out separately and prior to the determination of a housing requirement.
- 2.39 Furthermore, the PPG refers to exceptional circumstances being required to justify housing need which is below the Standard Method minimum.
- 2.40 In contrast the PPG states how a range of circumstances may justify the determination of housing need which exceeds the SM minimum, and that an assessment of need which establishes a figure which is higher than the SM minimum will be considered sound if it "*adequately reflects current and future demographic trends and market signals.*"
- 2.41 Despite proposed changes to the NPPF which are currently the subject of public consultation, Government remains committed to delivering 300,000 homes per annum by the mid-2020s. Furthermore, Standard Method need is to remain the 'minimum' calculation of need, despite that method becoming 'advisory'.
- 2.42 The proposed changes introduce reference to reasons as to why housing need may be higher than the Standard Method minimum in the NPPF for the first time since the method's introduction. No changes to PPG have been proposed to date.

2.43 It is therefore important to consider whether any factors justify an increase in the SM minimum when determining housing need.

3.0 LOCAL PLANNING POLICY

Introduction

- 3.1 The previous section of this report outlined the national policy and guidance context for determining housing need.
- 3.2 This section considers how the planning policies currently being consulted on by Coventry City Council (CCC) align with these strategies and aspirations.

Coventry Local Plan Review: Regulation 18: Issues and options consultation ('Draft Plan' July 2023)

- 3.3 The Draft Plan currently being consulted on plans for a 20-year period from 2021 to 2041. It is to be closely aligned with the 'One Coventry' Corporate Plan 2022-2030, the vision of which is as follows:

"One Coventry – working together to improve our city and the lives of those who live, work and study here

We will create:

- **A city with a strong and resilient economy, where inclusive growth is promoted and delivered, businesses are enabled to innovate and grow, and new local jobs are created;**
- **A city where our residents get the best possible start in life, experience good health and age well, in a city that embraces diversity, protects the most vulnerable and values its residents and communities;**
- **A city that leads the way and invests in the green industrial revolution. Ensuring the future well-being of our residents by embedding environmentally friendly behaviours and exploring opportunities to lessen the pressures caused by climate change"¹⁵**

- 3.4 This Vision shows a clear commitment to providing a strong economy with local jobs and addressing climate change.
- 3.5 Chapter 2: Health and Wellbeing sets out the City's priorities for healthy and safe communities and addressing climate change. This section of the Draft Plan identifies the role of housing as being one of the 'key issues' to address in achieving health and wellbeing, stating the following:

"Housing: The quality of housing that someone lives in plays a huge role in their lives: poor quality housing has the potential to have a significant negative impact on someone's health. Issues associated with poor housing such as poor ventilation, damp, overcrowding, inadequate heating and energy

¹⁵ Page 1, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

efficiency, fuel poverty, affordability and availability can all have impacts on both physical and mental wellbeing. This is an issue which particularly impacts those on the lowest incomes.”¹⁶

- 3.6 The same section then goes on to list ‘proposed checklist topics’ which should be considered by all major development proposals. This includes the following:

“Promote the development of high quality and well-designed housing for all, which includes the provision of energy efficient affordable and social housing, retirement housing, housing with care, sheltered housing / homeless accommodation and housing that is adaptable to reflect the different stages of people’s lives. There should also be a higher emphasis on the provision of carefully orientated private outside amenity space in all housing developments (cross reference to housing policies) which could mean balconies in high density areas coupled with access to high quality public realm”¹⁷ (Our emphasis).

- 3.7 The ‘Housing’ section of the Draft Plan moves on to discuss the Council’s plans for housing in more detail. In this context the Plan states the following:

“In line with the One Coventry Plan, the Local Plan will promote the building of both high-quality affordable housing and a range of size and type of housing to meet demand in the city, which also includes social housing. The Local plan will align with the corporate aim of the One Coventry Plan to deliver more social housing to those that need it most, which is also community led and has community involvement at its heart”¹⁸ (Our emphasis).

- 3.8 A clear emphasis is placed on the need to deliver affordable housing and specifically more social housing, and this is elaborated on further in the Draft Plan’s Policy H6: Affordable Housing which sets out the affordable housing need as follows:

“The HEDNA concludes that there is:

- A net need of 941 Social / Affordable rental housing per annum for Coventry (HEDNA Table 8.15);**
- A net need of 149 Affordable Home Ownership dwellings per annum (HEDNA Table 8.27).”¹⁹**

- 3.9 In the context of this need the Draft Plan emphasises the desire to deliver more social rent, stating *“We think there is an opportunity to specify in the policy that social rent is the Council’s preferred option for the rented proportion of the developer contributions.”²⁰*

¹⁶ Page 7, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

¹⁷ Page 9, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

¹⁸ Page 23, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

¹⁹ Page 31, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

²⁰ Page 31, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

3.10 Student accommodation is also a key issue in Coventry, and Policy H10 of the Draft Plan identifies how the need for 'Purpose Built Student Accommodation' (PBSA) *"should be reviewed as the University's growth ambitions take shape, as it has not been possible to quantify levels of need for the future at the present time."*²¹

3.11 The link between homes and jobs is also important, in ensuring that a lack of homes does not become a barrier to investment as stated in the NPPF. In this context the Draft Plan sets out its growth ambitions for the economy. This aligns with the 'One Coventry' Corporate Plan and the Draft Plan states the following in this respect.

"The Local Plan will support the aim of the One Coventry Plan to increase the economic prosperity of the city and region and promote job and employment opportunities including in the main growing business sectors in the city, which include advanced manufacturing and engineering; energy and low carbon; connected autonomous vehicles; business, professional & financial services; digital, creative, and gaming. However, Coventry's economic growth and prosperity lags behind the England average and the city has fewer people in work compared to both regional and national figures, which the local plan will try and align with the One Coventry Plan on to address" ²² (Our emphasis).

3.12 This converts into employment land need and the Draft Plan summarises the calculation of employment land need which the 2022 HEDNA has concluded. In this context the Draft Plan states the following:

"The HEDNA has modelled figures for employment land upon labour-demand modelling for office needs, gross completions trends for industrial and warehousing uses, and a margin for flexibility to take account of the fact that forecasting is not an exact science, that location and size requirements will vary and that there may be delay in sites coming forward.

Employment Land Needs for Coventry 2021 – 2041 (Hectares, measured as developable land)

- **Office = 8.5ha;**
- **General Industrial (excludes strategic B8) = 147.6ha;**
- **Total = 156.1"** ²³

3.13 However it is important to note how the Draft Plan is clear that this need does not include the growth of the logistics sector. In this context the Draft Plan states the following:

"It should be noted that, there is a separate calculation for 'strategic B8'

²¹ Page 35, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

²² Page 16, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

²³ Page 13, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

which is the growth of the logistics sector, and which relates to warehousing units over 9,000sq.m (100,000 sq.ft). Because of the scale and nature of this kind of development it needs to be considered at a strategic scale therefore the need across the whole of the Coventry and Warwickshire sub-region is projected to be 551 hectares to 2041. Partners in the sub-region have joined with partners across the wider West Midlands to produce a West Midlands Regional Strategic Employment Sites Study to better understand the issue and to plan for growth accordingly. This piece of evidence is due summer 2023” (Our emphasis).

3.14 The addition of logistics employment land has the potential to grow the housing need which would inevitably be required to accommodate workers in the industry. The Council’s evidence base does not consider this factor yet due to a lack of evidence, however its effect on housing need will need to be addressed in later iterations of the Draft Plan.

3.15 In this context policy DS1 ‘Overall Development Needs’ considers the overall housing need for Coventry for the 2021 to 2041 period. It refers to the Housing and Economic Development Needs Assessment (HEDNA) and presents three options for growth as follows:

- **Scenario 1 is the Government’s Standard Method calculation.** This is the ‘default’ method set by Government and utilises the 2014 Population Projections, which have been shown to be erroneous for Coventry, significantly overestimating future need. This error has been admitted by the office for National Statistics. This method gives Coventry a total minimum need of 63,760 new homes over the plan period.
- **Scenario 2 is the HEDNA figure.** This uses the more accurate 2021 Census data as an input to the calculations instead of the erroneous 2014 figures. This gives a need of 39,280 new homes over the plan period for Coventry.
- **Scenario 3 is the HEDNA figure but with the 35% uplift removed.** The Government has applied this uplift to England’s 20 largest cities, but the figure is not justified and appears entirely arbitrary, having no relevance to addressing local need. Removal of the 35% uplift gives a need of 29,100 new homes over the plan period.

3.16 In the context of these options the Draft Plan concludes as follows; *“The Council’s view is that Scenario 3 represents the true need for Coventry, as it is based on the best available evidence. The Council therefore considers that this is the figure that we should deliver and is seeking views on this approach.”*

3.17 We consider whether this is appropriate in the following sections of this report, having regard to the Council’s justification in the Housing Topic Paper, and the HEDNA.

Summary

- 3.18 This section of our report has considered the Draft Local Plan and the need for housing in the context of the Local Plan's Vision and Strategic Objectives. The Draft Plan is at an early stage, and although its housing and employment growth is underpinned by the recent HEDNA, some of the evidence on economic growth related to logistics development is yet to be published. When published this will need to be reviewed in the context of the HEDNA evidence.
- 3.19 There is a significant need for affordable housing in Coventry and the Draft Plan acknowledges this, particularly in respect of the lack of social housing and how the need for this tenure is acute.
- 3.20 In the following section of this report we consider the Council's evidence base for reaching their conclusions on housing need, and provide a full review and critique of the evidence base.

4. HOUSING NEED EVIDENCE BASE REVIEW

Introduction

- 4.1 In this section we provide a review of the evidence base which underpins the levels of housing need put forward in the Draft Plan. This evidence is mainly set out in the November 2022 Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA), and we therefore consider the robustness of its methodology for determining housing need in Coventry in the context of the National Planning Policy Framework (NPPF) and the methodology for assessing housing need in the Planning Practice Guidance (PPG).
- 4.2 We also consider the content of the 'Housing Topic Paper' published to support the Draft Plan, and in particular its justification for removing the Standard Method's 'cities and urban uplift' from the calculation. This decision reduces housing need determined by the HEDNA from 1,964 to 1,455 dwellings per annum (dpa), a difference of 10,180 dwellings over the 20-year Plan period.

Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA, 2022)

Introduction

- 4.3 The 2022 HEDNA represents the most recent published evidence by Coventry and the surrounding Warwickshire authorities in respect of the need for housing and employment land. As the authors state, *"the HEDNA is intended to provide a joint and integrated assessment of the need for housing, economic growth potential and employment land."*²⁴
- 4.4 The technical report prepared by Marrons here focusses on the assessment of housing need, and whether the PPG requirement to assess unconstrained housing need has been complied with for Coventry.
- 4.5 The HEDNA was delayed to enable its authors to consider 2021 Census data and how this affected the calculation of housing need. The Office for National Statistics (ONS) began releasing 2021 Census data during 2022 and this has enabled the HEDNA to assess population growth across the Housing Market Area (HMA) against historic projections and the assumptions those projections were underpinned by.
- 4.6 This is important because the NPPF's existing standard method for calculating minimum housing

²⁴ Paragraph 1.12, page 1, Coventry & Warwickshire Housing & Economic Development Needs Assessment, November 2022

need for local authorities is underpinned by the 2014-based ONS Sub National Population Projections (SNPP) which have subsequently been superseded by 2016 and 2018-based projections. The 2014-based projections have been retained however to ensure that the minimum housing need remains capable of delivering the Government's pledge of building 300,000 homes per annum by the mid-2020s.

- 4.7 This exercise has led the HEDNA to conclude that the population of Coventry had been over-estimated by ONS in historic Mid-Year Population Estimates (MYPEs) and therefore in population projections. Revised population projections have therefore been calculated by the HEDNA to determine an updated demographic projection of housing need for the 2021-2041 period.
- 4.8 In this context, the NPPF's Standard Method (based on 2014-based population projections) results in housing need of 3,188 dwellings per annum (dpa) 2021-2041, whereas the HEDNA's revised standard method based on revised demographic projections results in 1,964 dpa.
- 4.9 It is therefore considered appropriate to review the assumptions underpinning the HEDNA's revised demographic projection, which we do later in this section.

Deviating from the Standard Method calculation

- 4.10 It is within local authorities' gift to present a housing need figure which is higher or lower than the standard method calculation. However, it is imperative to highlight PPG's contrasting approaches for testing a housing need figure which is higher or lower than the SM minimum.
- 4.11 In short, PPG explains 'circumstances' must exist supporting a higher figure, whereas 'exceptional circumstances' must exist for a lower figure. There is a clear difference in the test when an alternative housing need figure is presented.
- 4.12 PPG (ID2a-015) confirms a need figure lower than the SM minimum must be supported by "*robust evidence*" and "*realistic assumptions of demographic growth*". This must show "*exceptional local circumstances*" exist to justify the lower figure. This evidence will then be "*tested at examination.*"
- 4.13 In contrast, PPG (ID2a-015) states that a higher figure "*can be considered sound*" providing it "*adequately reflects current and future demographic trends and market signals.*"
- 4.14 PPG's testing of a lower figure is clearly more rigorous than a higher figure, and as we have identified in section 2 of this report this is emphasised further by PPG listing a range of circumstances whereby housing need can exceed the Standard Method.

- 4.15 The HEDNA's conclusions in respect of Coventry's housing need should therefore be analysed to ensure they are robust and represent 'exceptional' local circumstances justifying a figure which is lower than the Standard Method.

HEDNA's alternative demographic projection

- 4.16 The HEDNA (section 5, Demographic Dynamics and Overall Housing Need) provides significant detail as to why the underlying demographic projection of the standard method (2014-based sub national population projections) is inaccurate and why exceptional circumstances exist for an alternative demographic projection underpinning the standard method.
- 4.17 Key to this is the fact that the 2021 Census recorded 345,328 people as residing in Coventry City Council's administrative area.
- 4.18 The publication of the 2021 Census figure indicates that the ONS Mid-Year Population Estimates (MYPE) published prior to the 2021 Census over-estimated Coventry's population. Table 4.1 (below) illustrates this point by including the MYPEs tied to the 2011 Census (up to 2020) and then the 2021 MYPE (tied to the 2021 Census).

Table 4.1: Mid-Year Population Estimates for Coventry, 2011-2021

Date	Coventry
2011	316,900
2012	322,500
2013	328,400
2014	335,000
2015	344,300
2016	353,200
2017	360,100
2018	366,800
2019	371,500
2020	379,400
2021	343,300

Source: ONS

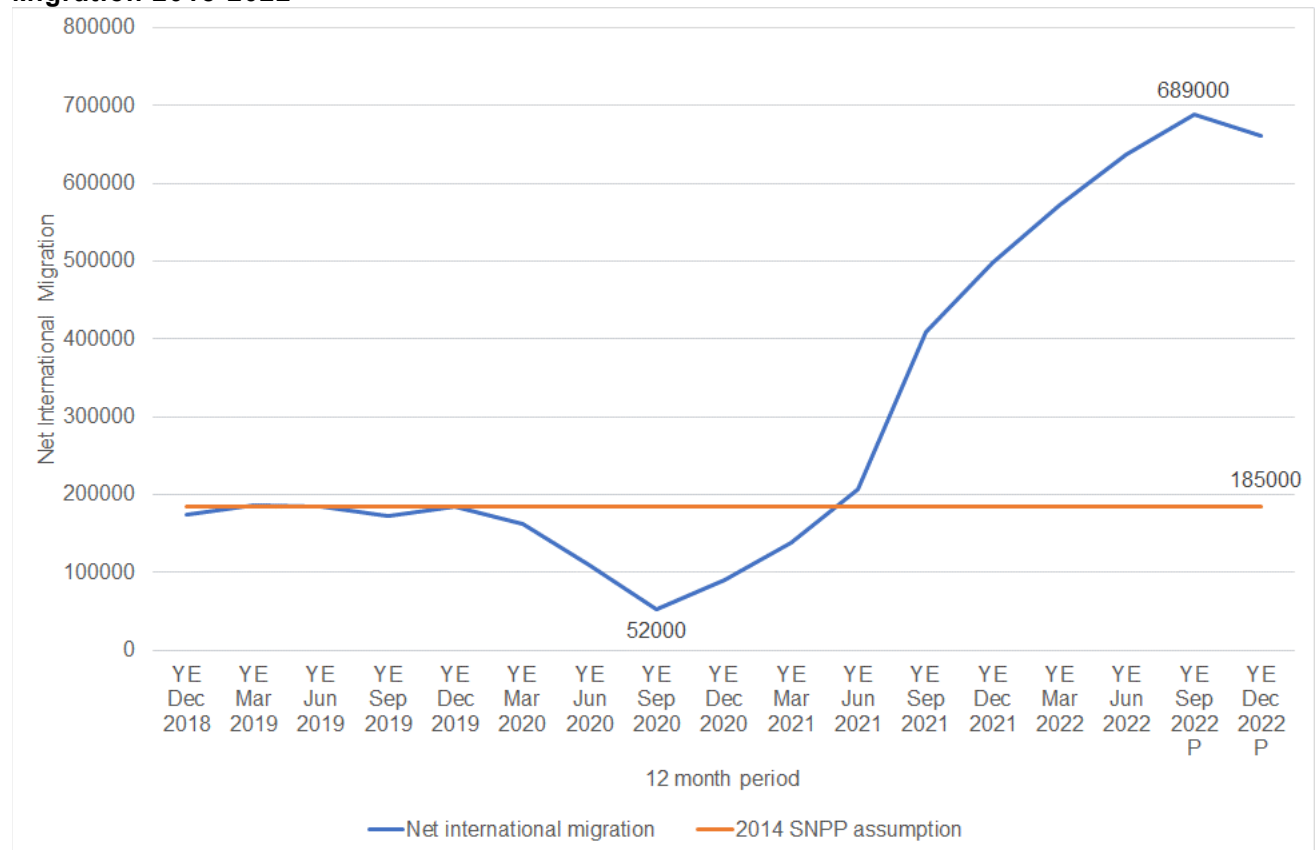
- 4.19 As Table 4.1 illustrates, the latest MYPE for 2021 shows 36,100 less people were resident in Coventry compared to the previous year (2020). In fact, this suggests that previous MYPEs indicated that the city had reached the 2021 MYPE before 2015.

- 4.20 The reasons for this are set out in detail in the HEDNA and relate to a variety of factors including 'unattributable population change' (UPC), an element of population change between 2001 and 2011 which the ONS could not attribute to methodology changes applied during that decade and were likely to be due to either sampling variability and/or other methodology issues that may have occurred in international migration estimates, census estimates (2001 and 2011), or internal migration estimates.
- 4.21 UPC for Coventry totalled -14,946 people 2001-2011, indicating that ONS may have initially overestimated population growth within population estimates (and this was corrected once Census data had been published). The population of Coventry recorded by the 2021 Census appears to indicate that the UPC phenomenon has continued into the 2011-2021 period in over-estimating population in the 2011-based Mid-Year Population Estimates published up to and including 2020.
- 4.22 The HEDNA also presents electoral register data. This shows how the number of people recorded on the electoral register has fallen by 4.2% in Coventry, whereas in Warwickshire there has been an increase of 5.4%, exceeding the national increase of 3.1%. As the HEDNA concludes this indicates that the population growth in Coventry hasn't been what was recorded by the ONS prior to the 2021 Census.
- 4.23 Additional evidence on the Patient Register and affordability/affordable housing waiting lists provides further evidence to suggest that the 2021 Census population is a more accurate estimate and the 2011-based MYPEs over-estimated population in Coventry. Likewise the MYPEs have been shown to *under-estimate* in other Warwickshire authorities.
- 4.24 The student population has also been analysed in the context of when the 2021 Census was taken (March 2021, towards the end of a phased Covid-19 lockdown) to determine whether the number of students recorded in Coventry was lower than expected. However the 2021 Census records a higher number of students in Coventry than the over-estimated MYPEs projected for 2021. We therefore agree with Icení that the 2021 Census students is likely to be the most accurate estimate.
- 4.25 The HEDNA then proceeds to develop an alternative scenario for population growth, from which to base an alternative standard method. This is based on a 10-year migration trend between the 2011 and 2021 period. This is considered to be a more robust assumption of migration in the context of the population estimates analysis set out above, and the fact that the 2014-based ONS SNPP are based on a 5-year migration period between 2009 and 2014.
- 4.26 The HEDNA provides significant detail on how this alternative method has been developed, including the basis for fertility, mortality, and migration rates. All of these assumptions appear reasonable,

including the adjustment to household formation rates to account for historic household formation suppression in the 25-34 age group, although Marrons view is that this part-return-to-trend should be applied in the 35-44 age group as well due to the affordability issues experienced nationally being felt by this age group.

- 4.27 Notwithstanding this view, the HEDNA does not appear to comment on international migration trends and how this may have affected population growth, particularly in cities such as Coventry.
- 4.28 The 2014-based ONS Sub National Population Projections, which underpin the Standard Method, and which the HEDNA's alternative demographic projections seeks to replace, were based on international net migration to the UK of +185,000 people per annum.
- 4.29 However the December 2022 'long-term international immigration, emigration and net migration flows, provisional' show significantly higher levels of net international in-migration to the UK since the year ending September 2021, as Figure 4.1 illustrates.

Figure 4.1: 2014 SNPP International Net Migration Assumptions vs Actual Net International Migration 2018-2022



- 4.30 The average net international migration over the period since December 2018 has been approximately 300,000 per annum, even if we take into account the period when Covid-19 restrictions on international travel were in place. If this period (YE June 2020 to YE June 2021) is excluded, the average since December 2018 increases to nearly +380,000 per annum.
- 4.31 This is significantly higher than the 2014-based ONS SNPP assumption of +185,000 people per annum.
- 4.32 Further analysis of the components of recent immigration shows how much of this increase has been driven by significant increases in those moving to the UK for work or study. There have been increases in the past 18 months for humanitarian reasons (Ukraine and Afghanistan) but even if this increase in humanitarian immigration is excluded, the average net international migration since the year ending September 2021 has been approximately 386,000 per annum.
- 4.33 Marrons consider that this factor should be appraised in the context of the revised demographic projection and particularly in the context of CCC's decision to reduce the HEDNA's revised standard method calculation of need (1,964 dpa) to 1,455 dpa. We discuss this in more detail later in this section.
- 4.34 However in summary, notwithstanding the international migration issue set out above, Marrons consider the revised demographic projection underpinning the revised standard method approach to be justified.

Economic Growth and Housing Need

- 4.35 The NPPF is clear that a lack of housing should not create a barrier to investment and economic growth.²⁵ In this context the PPG identifies how economic growth could be one of the circumstances which justifies a higher level of housing need than the standard method minimum calculation.
- 4.36 The HEDNA considers this in sections six and seven, and concludes that the revised standard method scenario discussed above would support future job growth, and a further increase would not be required.
- 4.37 Marrons have reviewed the various assumptions which have to be used in order to determine economic-led housing need through demographic forecasting, and we agree with the broad

²⁵ Paragraph 82 (c), National Planning Policy Framework, July 2021

methodological approach used in the HEDNA.

- 4.38 The HEDNA applies economic activity rates drawn from the Office for Budget Responsibility (OBR) 2018-based forecasts, and the HEDNA uses 2011 Census commuting ratios (in the absence of 2021 commuting ratios which are yet to be published) alongside a sensitivity scenario of 1:1 commuting (i.e., the same number of people commuting out of the area as commuting in). Other assumptions relate to double-jobbing, unemployment, and household formation rates, which we consider to be robust.
- 4.39 However, the job growth forecasts used to assess economic-led need provide some concern. The HEDNA states that *“the local area baseline projections are developed based on CE’s March 2021 UK and regional forecast.”*²⁶
- 4.40 Whilst the HEDNA was published in late 2022, the forecasts were prepared in early 2021 when the Country was in the grip of the Covid-19 Pandemic and assumptions about the future were less certain.
- 4.41 Despite the HEDNA being published in late 2022, the commentary which accompanies discussion of the CE forecasts in the HEDNA appears to date from early 2021. This appears to be the case because of statements referring to end of lockdown, such as *“It is assumed that lockdown and social distancing measures will follow the Government’s envisaged ‘road map’, with lockdown formally ending in late-March 2021”*²⁷ and *“Despite the opening up of the UK economy in 2021 Q2, persistent economic scarring and a muted economic recovery in 2021/2022 is expected.”*²⁸
- 4.42 Indeed the HEDNA states how *“the central assumption of the forecast is a 3.6% increase in GDP in 2021 and a 2.8% increase in GDP in 2022.”* However reference to the ONS’ December 2022 GDP monthly estimate report states how GDP is estimated to have grown by 4.0% in 2022, following growth of 7.6% in 2021.²⁹
- 4.43 The HEDNA’s CE forecasts would have therefore been based on much lower predicted levels of GDP than has subsequently been experienced.
- 4.44 Notwithstanding the above, Table 6.5 confirms that Coventry is set to grow by 19,700 jobs over the period 2019 – 2043, amounting to growth of 820 jobs per annum (a growth rate of 0.44% per annum). Over the plan period 2021 – 2041 this would appear to amount to 16,400 jobs.

²⁶ Paragraph 6.3, page 131, Coventry & Warwickshire Housing & Economic Development Needs Assessment, November 2022

²⁷ Paragraph 6.4, page 131, Coventry & Warwickshire Housing & Economic Development Needs Assessment, November 2022

²⁸ Paragraph 6.5, page 131, Coventry & Warwickshire Housing & Economic Development Needs Assessment, November 2022

²⁹ Main Points, page 2, GDP first quarterly estimate, UK: October to December 2022, 10 February 2023

- 4.45 In contrast the HEDNA (paragraph 6.12) highlights how the Cambridge Econometrics growth is over half that of historic growth in Coventry since 1981 (at 1.0% per annum) and Table 2.7 (Employment Growth, 2011-2019) shows job growth of 26,700 jobs 2011-2019 (3,338 jobs per annum, or 2.2% per annum).
- 4.46 Past trends, whether considered since 1981 (1.0% per annum growth) or 2011-2019 show significantly higher job growth (per annum) than is being assumed over the period to 2043 for the purposes of aligning homes with jobs.
- 4.47 This is particularly important given the ambitions of the Coventry and Warwickshire SEP Update 2016 which targeted growth in the local economy of 3.3% GVA per annum in order to bridge the gap with the wider national economy.
- 4.48 It is also important to note that the West Midlands Combined Authority Strategic Economic Plan (2016 – 2030) included a priority action (1 of 8) to accelerate the delivery of housing plans to ensure house building levels supported growth rates.
- 4.49 If employment within Coventry were to grow at a rate of 1% per annum (mirroring long term past growth of the functional economic market), this would amount to job growth of 1,995 per annum. Over the 20 year plan period this would amount to a further 39,900 jobs within Coventry.
- 4.50 In assessing the comparable increase in labour force likely to result from future increases in housing provision the HEDNA concludes based upon its own demographic projection that Coventry's labour force could grow by 19,074 people over the 10 year period 2022 – 2032.
- 4.51 Whilst the HEDNA does not confirm labour force growth over the 20 year plan period, for the purposes of this assessment we have assumed it will broadly equate to double the above figure i.e. 38,000. The revised demographic projection results in an overall housing need of 1,964 dwellings per annum. This compares to a standard method calculation of 3,188 dwellings per annum. The Draft Local Plan supports a figure of only 1,455 dwellings per annum.
- 4.52 Given the analysis above it is possible that a level of housing delivery commensurate with the HEDNA's demographic projection would not be sufficient to balance with higher levels of job growth experienced over long term trends (i.e. 1% per annum), supporting a need for a higher level of housing growth. This would be even higher based on the growth experienced between 2011 and 2019.
- 4.53 Notwithstanding, it is quite clear that the level of housing need preferred by the Council (1,455 dpa) would fall significantly short of addressing economic growth requirements.

- 4.54 Furthermore we would recommend cross-referencing CE forecasts with forecasts from Oxford Economics and/or Experian Economics.

Affordable housing need

- 4.55 As PPG identifies in Paragraph ID2a-024, *“An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”* The HEDNA highlights this paragraph and it is therefore essential to understand past affordable housing delivery and what the need for affordable housing is in the future. This must also be considered in the context of overall housing need for all tenures.
- 4.56 Initially, Table 8.13 of the HEDNA determines there to be a need for 1,887 social/affordable dpa in Coventry. Table 8.14 takes this figure and on the basis of 25% affordable housing provision calculates a ‘notional’ provision to meet affordable rent in full of 7,548 dpa in Coventry.
- 4.57 Although 7,548 dpa is unrealistic, paragraph 8.56 of the HEDNA states *“it does support efforts to boost affordable housing delivery.”*
- 4.58 Although the HEDNA determines the need of 1,887 dpa set out above, a further scenario is run to exclude those already living in accommodation. Table 8.15 of the HEDNA sets out the results of this approach which reduces net annual affordable housing need for social/affordable rented housing to 941 dwellings per annum in Coventry. It is important to note how the HEDNA states in paragraph 8.61 that *“This figure is theoretical and should not be seen to be minimising the need (which is clearly acute)”* (our emphasis).
- 4.59 However in the summary of the affordable housing need section, the HEDNA concludes there is a need for rented accommodation of 3,833 dpa, of which 1,887 dpa are in Coventry. Added to this a need for 149 affordable home ownership dpa, meaning a total of 2,035 dpa in Coventry.
- 4.60 In this context paragraph 8.134 of the HEDNA concludes that *“When looking at rented needs, the analysis suggests a need for 3,833 affordable homes per annum across the whole study area, with a need shown for all individual local authorities; the Councils are therefore justified in seeking to secure additional affordable housing”* (our emphasis).
- 4.61 Paragraph 8.140 then concludes *“Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable*

housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise" (our emphasis).

4.62 The position set out in the HEDNA should also be considered in the context of past delivery, and losses to affordable housing.

4.63 In the following section of this report we provide a more detailed review of the affordable housing position in Coventry.

Summary

4.64 In summary the HEDNA concludes on housing need being 1,964 dpa for Coventry, reflecting their revised approach to demographic-led need (replacing the 2014-based sub national household projections used by Government), but then applying the affordability adjustment, and finally the 35% cities uplift.

4.65 However as we have summarised, the HEDNA also identifies an 'acute' need for affordable housing. We consider that ways to boost housing in the city and address the high need for affordable housing should be pursued as recommended by the HEDNA.

Housing Topic Paper (July 2023)

4.66 The Housing Topic Paper (HTP) has been published by the Council to sit alongside the Draft Plan alongside other topic papers.

4.67 At the outset the HTP states how housing needs are to be delivered in line with the corporate priorities as follows:

- The continued provision of high quality affordable housing;
- Working with registered providers, charities, and community organisations to deliver more social housing for those who need it most including options around community-led housing projects;
- Addressing the needs of those on low incomes with affordable access to quality housing, heating, and insulation.³⁰

³⁰ Paragraph 6.5, page 131, Coventry & Warwickshire Housing & Economic Development Needs Assessment, November 2022

4.68 Notwithstanding these priorities the HTP seeks to justify a reduction from the HEDNA's revised standard method figure (1,964 dpa) by removing the cities uplift and arrive at 1,455 dpa.

4.69 In this regard the HTP reads as follows:

“Coventry City Council however, disputes the 35% uplift which the government includes in the Standard Method formula. This is because this figure is entirely arbitrary and no justification for its use has been provided in relation to addressing the needs of the 20 cities to which it has been applied.”

4.70 In the context of the HEDNA's revised demographic projections which have already reduced the housing need figure from 3,188 dpa to 1,964 dpa, and the issues we have identified with the assessment of economic-led housing need, we do not consider that the assessment of unconstrained housing need required by PPG should be reduced below 1,964 dpa.

4.71 Furthermore, the high levels of net international migration experienced in the last 24 months are likely to have had more of an impact on cities such as Coventry and the demographic figure arrived at by the HEDNA could potentially be a conservative estimate.

4.72 Additionally, at no point in the HEDNA does its authors recommend the removal of the cities uplift, and the Council provide no robust evidence for its removal from the assessment of need.

4.73 Furthermore as we have identified and the HEDNA authors have set out, affordable housing need in Coventry is acute. Reducing the housing need figure to 1,455 dpa would mean the overall need figure is lower than the affordable need for the city as concluded on by the HEDNA.

4.74 This is considered to contradict the priorities identified in the One Coventry Corporate Plan for delivering new affordable housing and social housing.

4.75 We therefore strongly advise that the housing need figure determined by the HEDNA, i.e., 1,964 dpa should be the very minimum level of housing need which is considered in formulating the Draft Plan at this time.

4.76 Marrons also consider that need could be higher than 1,964 dpa for the reasons discussed earlier in this section and the assessment of affordable housing need we present in the following section of this report.

Summary

4.77 In summary, the key points to note from our review of the evidence base underpinning the Draft Plan are as follows:

- The revised demographic scenario prepared and presented in the HEDNA is underpinned by reasonable assumptions based on the most up-to-date demographic data;
- However in terms of the migration assumptions, we consider that the high levels of net international migration experienced nationally since the end of the Covid-19 pandemic could mean the HEDNA's revised demographic projection is conservative and in cities such as Coventry the effect of this high international migration is likely to have been more pronounced, increasing housing need;
- The assumption of only 0.44% per annum employment growth in the HEDNA is very low in the context of past trends since 1981 showing 1.0% per annum and the 2.2% per annum growth experienced between 2011 and 2019;
- If employment growth averages 1.0% (past trend since 1981), the housing need of 1,455 dpa included in the Draft Plan will not provide enough homes for the resulting workforce – this supports need of at least the revised standard method scenario (1,964 dpa) of the HEDNA;
- The HEDNA identifies how a notional housing need figure of over 7,500 dpa would be needed in Coventry to deliver rented affordable need only;
- 7,500 dpa is unrealistic but highlights how housing delivery should be maximised to achieve the One Coventry Plan's priorities for housing and the 'acute' need identified by the HEDNA.

4.78 For these reasons we do not agree with the removal of the cities uplift promoted in the Draft Plan and consider that housing need is at least 1,964 dpa as concluded by the HEDNA.

5. AFFORDABLE HOUSING NEED ANALYSIS

Introduction

- 5.1 Affordable housing need has become acute across the country as the affordability of housing has worsened over the past two decades. The recent House of Lords report 'Meeting Housing Demand' identifies *"there were 1,187,641 households on local authority housing waiting lists in 2021"* and *"as of March 2021, 95,450 families had been placed into temporary accommodation by local authorities."*³¹
- 5.2 Research for the National Housing Federation and Crisis in 2018 identified a need for 145,000 new affordable homes per year, of which 90,000 for the next 15 years should be for social rent, 30,000 for affordable rent and 25,000 shared ownership homes.³²
- 5.3 However despite this need the House of Lords report states, *"There has been a steady decline in social rent as a proportion of new supply, from over 75% in 1991/92 to 11% in 2019/20. In 50 local authorities, no homes for social rent were built over the five-year period from 2015/16 to 2019/20"*³³ (our emphasis).
- 5.4 To put this into context, only 59,356 new affordable homes were delivered across England in 2021/22, approximately 25.5% of all net completions (232,816). Average delivery over the past decade has been approximately 50,200 affordable dwellings per annum. However this is a gross figure, and accounting for losses of stock are likely to show a much lower net figure.
- 5.5 This has led the House of Lords report to conclude on this issue with the following two points:
- There is a serious shortage of social housing, which is reflected in long waiting lists for social homes and a large number of families housed in temporary accommodation. The Government should set out what proportion of funding for the Affordable Homes Programme it believes should be spent on homes for social or affordable rent;
 - Right to Buy has left some councils unable to replace their social housing stock. Right to Buy must be reformed to help councils replenish their social housing

³¹ Paragraph 69, page 36, Meeting housing demand, House of Lords Built Environment Committee, 10 January 2022

³² Professor Glen Bramley, Crisis and National Housing Federation Housing supply requirements across Great Britain (November 2018)

³³ Paragraph 65, page 33, Meeting housing demand, House of Lords Built Environment Committee, 10 January 2022

stock: councils should keep more of the receipts from Right to Buy sales, have a longer period to spend the receipts, and there should be tighter restrictions on the conditions under which social homes can be bought.³⁴

5.6 In this section of the report we consider the affordable housing position in Coventry.

Affordable Housing Need in Coventry

5.7 At the outset, Marrons Planning do not advocate that affordable need necessarily be met in full, given the judgment of Mr Justice Dove in the Kings Lynn case (High Court Judgment)³⁵, which concluded that neither the NPPF nor the PPG suggest affordable housing need must be met in full.

5.8 However, the need should be considered in the context of PPG which states “*An **increase** in the total housing figures included in the plan **may need to be considered** where it could help deliver the required number of affordable homes*”³⁶ (our emphasis).

5.9 This should be considered in the context of the Draft Plan for Coventry which states “*In line with the One Coventry Plan, the Local Plan will promote the building of both high-quality affordable housing and a range of size and type of housing to meet demand in the city, which also includes social housing. The Local plan will align with the corporate aim of the One Coventry Plan to deliver more social housing to those that need it most, which is also community led and has community involvement at its heart*”³⁷ (Our emphasis).

5.10 The most recent assessment of affordable housing need for Coventry is set out in the 2022 HEDNA which concludes on there being total annual need for 2,035 units of affordable housing (1,887 rented affordable and 149 affordable home ownership) albeit the HEDNA reduces this to only 941 rented affordable once existing households are taken account of.

5.11 In this context the HEDNA states the following:

“Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not

³⁴ Paragraphs 76-77, pages 37-38, Meeting housing demand, House of Lords Built Environment Committee, 10 January 2022

³⁵ Paragraphs 34-37, pages 10-11, High Court Judgment, Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd, 09 July 2015

³⁶ Paragraph: 024 Reference ID: 2a-024-20190220

³⁷ Page 23, Coventry Local Plan Review: Regulation 18: Issues and options consultation, July 2023

provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise. ”³⁸ (Our emphasis).

Past affordable housing delivery in Coventry

- 5.12 In this section of the report we have considered affordable housing delivery against the affordable housing need set out in the Adopted Coventry Plan (2017). The adopted Plan refers to affordable need of 12,000 dwellings 2011-2031, a rate of 600 affordable dwellings per annum (dpa).³⁹
- 5.13 The most recent Coventry Authority Monitoring Report (AMR) states *“A total of 200 affordable homes were delivered in 2021/22, amounting to 5% (rounded) of the total annual housing delivery (3,818). This brings the current cumulative delivery of affordable housing during the Plan period to 2,562”* (Our emphasis).⁴⁰
- 5.14 This means that only 2,562 affordable dwellings have been delivered against a need of 6,600 over the first 11 years of the Adopted Plan, i.e.39% of need has been delivered.
- 5.15 The AMR also reports delivery of 16,182 additional dwellings of all types. This would mean that affordable delivery (2,562) has been 16% of all delivery over the first 11 years of the 20-year Plan period.
- 5.16 As we have identified in this report, the emerging Draft Plan period is proposed as 2021-2041. This is underpinned by the HEDNA which states how affordable housing need is 2,037 affordable dpa, or 1,090 affordable dpa if existing households are taken account of. The first year of the proposed new Plan period has therefore only met 18% of need at best.
- 5.17 The increase in affordable need in the latest 2022 HEDNA (minimum 1,049 dpa) compared to the need determined in the 2015 Strategic Housing Market Assessment (600 per annum) highlights the lack of delivery in the period since 2011 and how this has fueled need.
- 5.18 However this is based on gross affordable delivery, and losses to affordable housing stock need to be considered to determine what the net delivery has been.

Net Affordable Housing Delivery in Coventry

³⁸ Page 14, Housing and Economic Development Needs Assessment, October 2020

³⁹ Page 11, Coventry City Local Plan, Adopted 06 December 2017

⁴⁰ Paragraph 3.13, Page 12, Coventry City Council Authority Monitoring Report 2021/22, 21st November 2022

5.19 To determine whether net affordable delivery is lower than the proportions set out above, we have consulted the Department for Levelling Up, Housing and Communities (DLUHC) live tables on social housing sales, and specifically the 'social housing sales open data'. This data is set out in Table 5.1 below.

Table 5.1: DLUHC figures on the disposal of social housing stock in Coventry

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Demolition	76	82	15	31	33	41	22	167	0	29	31	527
LCHO Sales	10	10	20	18	32	29	36	22	24	17	18	236
Other Sales	16	20	10	18	25	1	27	19	38	43	23	240
Other sales to sitting tenants	0	0	0	0	0	0	0	0	0	0	0	0
Right to Buy	0	0	0	0	0	0	0	0	0	0	0	0
Sales to sitting tenants	21	34	61	79	86	90	78	75	163	52	68	807
Grand Total	123	146	106	146	176	161	163	283	225	141	140	1,810

Source: DLUHC live tables

5.20 Table 5.3 shows that there have been 1,810 losses to affordable housing stock since the start of the Adopted Plan period.

5.21 This means that despite 2,562 affordable completions in Coventry since 2011/12, net affordable housing delivery since the start of the Plan period has only been 752 affordable dwellings (68 affordable dwellings per annum).

5.22 Based on net affordable housing delivery, only 5% of all completions have been affordable.

Overall Housing Need and Affordable Housing

5.23 The analysis set out above should be considered in the context of the housing targets put forward in the Draft Plan.

5.24 As the analysis has shown, gross affordable completions have been 16% of all completions in Coventry over the past decade, and net affordable completions have been 5%.

5.25 If delivery were to continue at this rate, overall housing need would increase significantly from what is proposed in the Draft Plan to deliver the 2022 HEDNA's conclusion on net affordable need for Coventry.

Table 5.2: Overall housing need required in Coventry to meet affordable housing need of the adopted Local Plan (600 dpa) in full based on gross/net affordable housing delivery 2011-2022

Gross Affordable Delivery as a % of overall completions	Overall Housing Need to meet Affordable need in full (per annum)	Net Affordable Delivery as a % of overall completions	Overall Housing Need to meet Affordable in full (per annum)
16%	3,750	5%	12,000

5.26 As Table 5.2 illustrates, overall housing need in Coventry would need to increase significantly from the overall housing need currently being consulted on in the Draft Plan based on the Adopted Plan's affordable housing requirement. This would increase even further based on the higher affordable need determined by the 2022 HEDNA.

5.27 The overall housing supply necessary to deliver affordable housing need in full is therefore unrealistic but what this exercise does is highlight the *acute* affordable housing shortage and need in Coventry and how the need has rapidly increased over the recent past.

5.28 In the context of Planning Practice Guidance which states how *"An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes"*⁴¹ it is considered that Coventry should consider whether the housing *requirement* can be increased to deliver more affordable housing.

5.29 The Council's own evidence acknowledges the significant need for affordable housing as we have identified in the previous section of this report, where the need is described as 'acute' and 'pressing'.

Numbers of households on waiting lists

5.30 The number of households on local authority waiting lists can also provide context for the affordable need in an area, and we present the data for Coventry in Table 5.3.

Table 5.3: Coventry housing waiting list

	2015	2016	2017	2018	2019	2020	2021
Coventry	14,051	14,030	14,223	13,632	13,768	13,608	13,338

Source: DLUHC, Live Table 600

5.31 As Table 5.3 illustrates, the number of households on the Council's housing register has remained at a relatively consistent level since 2015 when changes to waiting list eligibility introduced by Government took effect.

⁴¹ Paragraph: 024 Reference ID: 2a-024-20190220

- 5.32 The fact that over 13,000 households remained on the waiting list as of 2021 illustrates the acute need in Coventry.

Temporary Accommodation

- 5.33 The Department for Levelling Up, Housing & Communities (DLUHC) recorded 833 households in temporary accommodation in Coventry in the quarter ending 31 March 2023. Over half of these households had children (472 households).
- 5.34 The latest position shows a 39% increase in 12 months from 601 households recorded as of March 2022. The number of households with children has also increased over this period by 48% from 318 households.
- 5.35 The figures at the end of March 2022 were also increases on 12 months before that, when 496 households (241 including children) were recorded as being in temporary accommodation.
- 5.36 As this data shows there is a rapidly increasing number of households living in temporary accommodation, and this only serves to emphasis the acute need for affordable housing of all types and tenures.

Homelessness

- 5.37 In respect of homelessness, Table 5.4 sets out the data collected by DLUHC for the last five financial years.

Table 5.4: Homelessness in Coventry, 2019/19 to 2021/22

Year	Number of households assessed	Total households owed a duty	Threatened with homelessness - Prevention duty owed	Homeless - Relief duty owed
2022/23	2,829	2,769	829	1,940
2021/22	2,728	2,686	906	1,780
2020/21	2,917	2,904	805	2,099
2019/20	2,091	2,070	534	1,532
2018/19	1,552	1,507	604	903

Source: DLUHC

- 5.38 Table 5.4 shows how there has been a significant increase in the number of households assessed for homelessness and whether they are owed a prevention or relief duty. This has equated to an increase from 1,552 assessed households in 2018/19 to 2,829 in 2022/23. This equates to an increase of 82% in only five years.

- 5.39 As the second column shows, the vast majority (98.5%) of assessed households have been owed a prevention or a relief duty and the actual number of households has also increased by 84% over the past five years.
- 5.40 The number of households owed a prevention duty has increased much less by only 37%, however more concerning is the significant increase in the number of households who actually find themselves homeless which has increased by 115% in five years.
- 5.41 Reference to the most recent quarterly statistics also shows there to be 3.54 households assessed as homeless per 1,000 homes. Coventry is therefore 12th highest in terms of this measure out of over 300 local authorities in England. It is also 81% higher than the West Midlands average.

Affordable Housing Summary

- 5.42 In summary, the key points to note from our analysis are as follows:
- Coventry City Council report that 2,562 affordable dwellings were completed in the first 11 years of the Adopted Plan (2011-2022), however DLUHC data confirms there have been 1,810 affordable stock losses over the same period. This means net affordable provision has only been 752 affordable dwellings 2011-2022;
 - Net affordable housing provision (752 affordable dwellings) in the first 11 years of the Adopted Local Plan has been only 5% of all housing completions;
 - The Adopted Local Plan (2017) included an affordable housing need of 12,000 dwellings 2011-2031 (600 per annum). Delivery of only 752 net affordable units means only 11% of affordable need has been delivered in the first 11 years of the Adopted Plan;
 - If affordable delivery were to continue at a rate of 5% of all completions, 12,000 overall completions per annum would be required in Coventry;
 - As of 2022 there were 13,338 households on the Council's waiting list. The waiting list has remained broadly consistent since 2014, between the 2022 figure and the 2017 peak of 14,223 households;
 - The number of Coventry households in temporary accommodation rose by 68% in only 24 months, from 496 households in the quarter ending March 2021 to 833 households in the quarter ending March 2023;
 - The number of households who are homeless and owed a relief duty has risen by 114% in only 5 years in Coventry;
 - Coventry has the 12th highest ratio of homeless households per 1,000 population of over 300 local authorities in England.

- 5.43 This section has highlighted the significant need for affordable housing in Coventry to address increasing levels of homelessness and households in temporary accommodation, the significant number of households on the Council's housing register, and the significant lack of delivery against the affordable housing need which has underpinned the Adopted Local Plan.
- 5.44 As we have set out at the beginning of this section we do not advocate that the housing *requirement* be increased to unrealistic levels to meet affordable housing need in full. However, the assessment of *need* should be unconstrained and as the assessment we have provided shows, the *requirement* should be increased as much as possible to meet the acute affordable need, in the context of the PPG which states “An **increase in the total housing figures included in the plan may need to be considered** where it could help deliver the required number of affordable homes” ⁴² (our emphasis).

⁴² Paragraph: 024 Reference ID: 2a-024-20190220

6. SUMMARY, CONCLUSIONS, AND WAY FORWARD

- 6.1 This report has considered what unconstrained housing need is for Coventry City Council (CCC).
- 6.2 The assessment is made in the context of the assessment of housing need presented in the Coventry & Warwickshire Housing and Economic Development Needs Assessment (HEDNA) published in November 2022, and responds to the public consultation of the CCC Local Plan Review Regulation 18: Issues and Options Consultation.
- 6.3 Planning Practice Guidance (PPG) is clear that the assessment of housing need should be unconstrained and undertaken before and separately to establishing a housing requirement figure.
- 6.4 The 2022 HEDNA has concluded that unconstrained housing need for CCC is 1,964 dwellings per annum (dpa) based on a revised demographic starting point for the standard method calculation. The resulting standard method calculation is significantly lower than the standard method calculation (3,188 dpa) arrived at by using the Government's demographic starting point.
- 6.5 The justification for this lower figure is based on revised demographic projections presented in the HEDNA, which replace the use of the 2014-based household projections used by Government in calculating standard method. The HEDNA takes into account more recent 2021 Census based data and revised population estimates which indicate that Coventry's population has been historically overestimated. The revised standard method calculation therefore starts with a revised and lower demographic household projection.
- 6.6 Marrons consider the lower revised version of the standard method included in the HEDNA is broadly justified, resulting in minimum starting point of 1,964 dpa once the affordability uplift and cities and urban centres uplift of the standard method are both applied.
- 6.7 However notwithstanding the conclusion of the HEDNA in this respect, CCC's Housing Topic Paper (published alongside the Draft Plan) then seeks to reduce the housing need from 1,964 dpa, by removing the 35% 'cities and urban centres uplift' which is required by the standard method.
- 6.8 However no robust evidence is presented by CCC to justify why the 35% uplift should be omitted, the only explanation being because it is "*entirely arbitrary and no*

justification for its use has been provided in relation to addressing the needs of the 20 cities to which it has been applied.”

- 6.9 Marrons do not agree with the deletion of the 35% uplift.
- 6.10 This is because the 35% uplift is an important step in Government policy to deliver at least 300,000 dpa in England by the mid-2020s. Furthermore it is only applied to the 20 most populous cities in England, and as the PPG emphasises the uplift is expected to be delivered in the urban centres themselves, and not in surrounding areas, to ensure homes are built in the right places to make the most of existing infrastructure and provide housing which is accessible to as many people as possible.
- 6.11 In addition, nearby local authorities such as Birmingham have not sought to omit the 35% uplift, nor did the Black Country Local Plan (for Wolverhampton) before that Plan’s cessation, or the Leicester City Local Plan.
- 6.12 At no point in the HEDNA do its authors recommend omitting the cities uplift either.
- 6.13 Furthermore in terms of the migration assumptions incorporated in the revised demographic position, we consider that the high levels of net international migration experienced nationally since the end of the Covid-19 pandemic could mean the HEDNA’s revised demographic projection is conservative and in cities such as Coventry the effect of this high international migration is likely to have been more pronounced, increasing housing need and reinforcing the need to incorporate the cities uplift.
- 6.14 Marrons therefore consider that the minimum starting point for housing need is 1,964 dpa, which may be a conservative estimate because of the net international migration to the UK experienced in the recent past.
- 6.15 However we consider that *fully* unconstrained housing need could potentially be higher than 1,964 dpa for reasons relating to economic growth and most notably, affordable housing need.
- 6.16 In terms of aligning homes with jobs, the HEDNA concludes that 1,964 dpa will comfortably accommodate the labour force resulting from expected job growth over the Plan period.
- 6.17 However the assumption of only 0.44% per annum employment growth in the HEDNA is very low in the context of past trends since 1981 showing 1.0% per annum and the 2.2% per annum growth experienced between 2011 and 2019.
- 6.18 We would therefore question how robust the Cambridge Econometrics forecasts included in the HEDNA are because of when they were produced. The forecast is from

March 2021, at the end of one of the national lockdowns for Covid-19 and when economic growth was very uncertain. This probably explains the projected growth of only 0.44%.

- 6.19 If employment growth averages 1.0% (past trend since 1981), job growth over the 20-year Plan period would be approximately 39,900 jobs (1,995 jobs per annum). This is slightly higher than the 38,000 jobs (1,900 per annum) which 1,964 dpa would support.
- 6.20 Now that the country is out of the Covid-19 pandemic we consider employment growth in line with *at least* past trends is an entirely reasonable assumptions to make, and this means that housing need is at least the HEDNA's conclusion (1,964 dpa). The Draft Plan's housing need figure of 1,455 dpa would fall short of supporting this level of growth and this is another reason why it is inadequate.
- 6.21 Furthermore the Draft Plan identifies how 551 hectares of logistics floorspace is needed across the housing market area to 2041. Where this development will be located is yet to be determined, however this will also have an impact on the number of jobs created in Coventry and is another reason why employment growth is likely to be higher than the HEDNA assumption.
- 6.22 Affordable housing need is a significant issue nationally and the Draft Plan is clear that there is a need for high-quality affordable housing and social housing, and the delivery of such housing is a corporate priority of the One Coventry Plan.
- 6.23 The HEDNA is also clear that need for affordable housing is "clearly acute" across the housing market area and identifies a "notable need" for affordable housing. It also states how it is clear that provision of new affordable housing is an "important and pressing issue in the area".
- 6.24 PPG states "*An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes*" ⁴³ and the evidence of affordable need included in the HEDNA and our own analysis supports this.
- 6.25 Key points in respect of affordable housing need include the following:
 - Coventry City Council report that 2,562 affordable dwellings were completed in the first 11 years of the Adopted Plan (2011-2022), however DLUHC data confirms there have been 1,810 affordable stock losses over the same period. This means net affordable provision has only been 752 affordable dwellings 2011-2022;
 - Net affordable housing provision (752 affordable dwellings) in the first 11 years of

⁴³ Paragraph: 024 Reference ID: 2a-024-20190220

the Adopted Local Plan has been only 5% of all housing completions;

- The Adopted Local Plan (2017) included an affordable housing need of 12,000 dwellings 2011-2031 (600 per annum). Delivery of only 752 net affordable units means only 11% of affordable need has been delivered in the first 11 years of the Adopted Plan;
- If affordable delivery were to continue at a rate of 5% of all completions, 12,000 overall completions per annum would be required in Coventry to meet need of 600 affordable dpa;
- Even at a rate of 25% provision, overall housing need would have to be 2,400 dpa based on affordable need of 600 dpa;
- However the HEDNA concludes on affordable need in Coventry being 1,887 affordable dpa (social/affordable rent) and 149 affordable dpa (affordable home ownership) – on this basis overall need would have to be over 8,000 dpa to meet affordable need at a rate of 25% provision;
- As of 2022 there were 13,338 households on the Council's waiting list. The waiting list has remained broadly consistent since 2014, between the 2022 figure and the 2017 peak of 14,223 households;
- The number of Coventry households in temporary accommodation rose by 68% in only 24 months, from 496 households in the quarter ending March 2021 to 833 households in the quarter ending March 2023;
- The number of households who are homeless and owed a relief duty has risen by 114% in only 5 years in Coventry;
- Coventry has the 12th highest ratio of homeless households per 1,000 population of over 300 local authorities in England.

6.26 In this context we consider the acute affordable need in Coventry means overall housing need exceeds 1,964 dpa in the HEDNA, and is another reason why the Draft Plan's conclusion is entirely inadequate.

Overall conclusions and Way Forward

6.27 In conclusion, the 2022 HEDNA provides reasonable justification for revising the demographic starting point of the standard method calculation, albeit we consider that recent increases in net international migration to the UK could mean the revised starting point is conservative.

6.28 Notwithstanding this Marrons consider a revised standard method minimum calculation of housing need in line with the HEDNA's conclusions (1,964 dpa) is reasonable for Coventry.

- 6.29 However for the reasons given in this report, CCC's decision to reduce this to 1,455 dpa by removing the 'cities and urban uplift' of the standard method is both unjustified and unreasonable.
- 6.30 Our analysis of economic-led housing need indicates that at least 1,964 dpa is required to align homes with jobs, based on an entirely realistic assumption of job growth in line with past trends of 1% growth since 1981. However growth observed between 2011 and 2019 (2.2% per annum) suggests that an assumption of 1% could be conservative.
- 6.31 Furthermore our analysis of affordable housing need shows how there has been an acute shortfall in delivery against need in Coventry since the start of the adopted Plan period (2011) based on the need (600 dpa) which underpinned the Adopted Plan.
- 6.32 The 2022 HEDNA and the Council's Topic Paper show how need is now between 1,000 and 2,000 affordable dpa, highlighting how the need for affordable housing in Coventry has only become more acute.
- 6.33 Significant increases in those requiring temporary accommodation, as well as those either homeless or threatened with homelessness only emphasises the acute position the city is in.
- 6.34 Addressing affordable housing need in any meaningful way will require an uplift to the HEDNA's revised standard method calculation of 1,964 dpa, and in this context we consider that the Council should be aiming to deliver **between the revised standard method (1,964 dpa) and the Government's approach to standard method (3,188 dpa).**