Report of Director of City Development

Report to Executive Board

Date: 8 February 2017

Subject: Core Strategy Selective Review

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Summary of main issues

1. Development Plan Panel (DPP) considered a report on 22\textsuperscript{nd} November 2016 outlining a proposal to review selective policy areas of the Core Strategy, with the main purposes of updating the housing requirement in line with recent household projections and including national housing standards. DPP agreed the recommended approach subject to clarification of how the review timetable compares with the remaining timetable for the Site Allocations Plan.

2. The Leeds Core Strategy (CS) was adopted in November 2014 and forms the key strategic and spatial planning framework for Leeds. Central to this approach is the integration of a range of economic, environmental and social policy objectives. The Adoption of the Plan was a major achievement for a District the size and complexity of Leeds and a number of local authorities have still yet to adopt their own Core Strategies. The CS helps to advance key aspects of the Best Council Plan (BCP) 2015-20 and this proposed selective review will help further BCP priorities to provide enough homes of a high standard in all sectors and priorities related to health.

3. Consistent with a plan-led planning system, is the need to monitor the effectiveness of the Plan and the evidence base upon which it has been derived. Within this context there are a number of specific matters which have arisen post Adoption, which fall within the scope of a proposed selective review of the CS.
4. Within this overall context, the Plan has a key role to play in the delivery of homes to meet the various needs across the District. This includes the identification of objectively assessed needs (OAN) for housing and its distribution across the District via Housing Market Characteristic Areas (HMCAs). The Council has always recognised that levels of housing growth contained within the CS are at the upper levels of likely scenarios and relied on a particular set of optimistic growth conditions. It should be emphasised that at the CS examination, representatives of the housebuilding industry were pressing for much higher levels of housing growth (up to 90,000 over the plan period), whilst local residents groups were advocating much lower levels, in the order of 50,000.

5. The Core Strategy Inspector noted that the CS requirement was based primarily on the 2008-based population projections and did not reflect the lower 2012-based population projections, which were published at a very late stage of the Core Strategy Examination process. He accepted, as a proposed Modification, that as part of the implementation of the Core Strategy, the City Council monitor the evidence base and delivery of the CS requirement and through allocations plans, manage the release of sites through phasing. Government guidance states that national projections are the starting point for evidence on housing needs and these have been updated three times since the Core Strategy was prepared, each time showing lower levels of projected growth than those projected in 2008.

6. Following consideration at Council and elsewhere and in the light of this trend, Development Plan Panel agreed (May 2015) to “support a selective review of the CS within 3 years of its Adoption and following subsequent household projections, which will better reflect demographic trends of a recovering economy”. The latest projections are the 2014-based household projections and these form the starting point for further assessment via a Strategic Housing Market Assessment (SHMA).

7. Within this strategic context, there are a number of other policy areas, which also warrant consideration as part of a selective review. These include housing standards, discreet aspects of housing policy, employment and green space, where for ease of process, as the result of changes to the evidence base or as a consequence of specific issues arising from the application of policies, adjustments may be justified.

**Recommendations**

8. Executive Board is recommended to agree the initial scope of the core strategy review as follows:

   i. Update the housing requirement in Policy SP6, considering and making any necessary consequent revisions to other parts of the Plan considering any implications for the spatial strategy;

   ii. Extend the plan period to 2033;

   iii. Update the wording for Policies EN1 and EN2, arising from the Government’s withdrawal of the Code for Sustainable Homes in March 2015, which is currently set out in the document “Implementation of Core Strategy Policies EN1 and EN2” on Leeds City Council’s website;
iv. Update Affordable Housing Policy H5 in response to anticipated proposals in the forthcoming Housing White Paper and amend the policy as necessary in response to findings of the SHMA and viability assessment of policy;

v. Amend Greenspace Policy G4 as necessary in response to findings of viability assessment of the policy;

vi. Respond to policy implementation issues, which have arisen through Plan delivery;

vii. Incorporate the Housing Standards policy work into the Core Strategy Review instead of undertaking it in a separate development plan document; and

viii. Responsibility for ensuring implementation of these recommendations rests with the Head of Strategic Planning.
1 Purpose of this report

1.1 The purpose of this report is to seek approval of Executive Board to commence the formal steps for a selective review of the CS, to agree the suggested scope of the review and to commence the first regulatory stage of preparation. The matters which are considered to fall within the scope of the proposed review are areas where significant changes to the evidence base or specific issues arising from the application of policies have prompted further consideration, leading to the potential for revisions in a limited number of policy areas. It is not considered necessary, justified or appropriate for a wholesale review of the Plan to be undertaken.

1.2 This selective approach is consistent with the NPPF, which states in paragraph 153 that “each local planning authority should produce a Local Plan for its area. This can be reviewed in whole or in part to respond flexibly to changing circumstances”.

2 Background information

Housing requirement

2.1 The Leeds Core Strategy (CS) housing requirement of 70,000 (net) new homes between 2012 and 2028 was based on the Strategic Housing Market Assessment (SHMA) 2011, which was completed within the context of national planning guidance. It should be noted that this guidance emphasises that population projections are the starting point for determining the housing requirement of a Plan. Planning Practice Guidance, Ref: 2a-015-2014 03 06 The National Planning Policy Framework is clear that Local Plans should be kept up-to-date. According to the Planning Practice Guidance a ‘meaningful change’ in the housing situation should be considered in this context and whilst this does not automatically mean that housing assessments are rendered outdated every time new projections are issued, consideration should be given to a formal review of the CS to ensure the plan is up to date.

2.2 It is clear that a meaningful change in projections warrants consideration of a revised housing requirement for the CS now. The CS used the 2008-based government projections of household and population growth alongside a re-balancing of the Leeds mid-year estimate population, which had significantly varied from other indicators – for example GP Registrations, by circa 50,000 people at the end of 2010.

2.3 During and following the Examination in Public, the CS Inspector was made aware that subsequent base projections (2010-based and 2012-based) were lower for Leeds, but was of the view that housing growth needed to match economic aspirations, there was concealed need to be addressed and recessionary impacts on projections would be short lived.

2.4 Following release of the 2012-based projections, the third set of projections to subsequently show slower growth, Development Plan Panel (May 2015) agreed to, “support a selective review of the CS within 3 years of its Adoption and following

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1 Planning Practice Guidance, Ref: 2a-015-2014 03 06
2 Planning Practice Guidance, Ref: 2a-016-2015 02 27
subsequent household projections, which will better reflect demographic trends of a recovering economy".

2.5 At the July 2015 meeting of Scrutiny Board (City Development), Members agreed to undertake a joint Inquiry with Scrutiny Board (Environment and Housing) into ‘Housing Mix’ which covered the issue of housing numbers. The final report (March 2016) concluded:

¶13 Members of the working group also came to the conclusion that it was now important to draw a line under the numbers debate but noted the commitment to a selective review of housing numbers within three years of its adoption.

¶14 The 2012-based projections remain incomplete and have not fully captured information from the Census on household size. The 2014-based projections will be available in 2016. It is the view of the working group that it is essential to have the right population and household figures before any such review takes place.

2.6 The 2014-based projections were published in June 2016 and officers commissioned initial analysis contained as Appendix 1 to this report discussed below.

2.7 Despite the efforts of the Council to increase the supply of land for the housebuilding industry (for example Executive Board released large stocks of UDP Phase 3 greenfield land in 2011 followed by a selective release of Protected Areas of Search in 2013) housebuilding in Leeds since 2012 has not met CS targets of 3,660 per annum. In part because of the lack of delivery the Council has been found to not have a five year housing land supply (appeal decisions in 2016 regarding land at Boston Spa, Kippax, East Ardsley, Bramhope and Collingham).

2.8 The Council is facilitating housing delivery via a range of interventions and programmes. The main focus of this work is in the inner area, East Leeds and the City Centre; areas which has been slower to recover from recession and where the Adopted Core Strategy, Site Allocations Plan and Aire Valley Leeds Area Action Plan focusses the majority of housing development. Executive Board are also considering a Breakthrough Project report on “Housing Growth and High Standards in all Sectors”, which details the Council’s pro-active and cross tenure approach to stimulating housing growth. The Council established a cross Directorate housing growth team (working across planning, asset management, housing and regeneration) to stimulate delivery (e.g. the Private Sector Acceleration Programme has assisted in unblocking over 1200 homes since 2014, with a further 7,783 on the programme). Another report to this Executive Board details implementation measures to stimulate the delivery of a specific Private Rented Sector housing model in the City Centre where there is a potential supply of over 1,000 homes per annum. Moreover, the Council has been successful in attracting development interest for the delivery of new private housing in the Seacroft, Halton Moor and Osmondthorpe areas of the city by packaging its own land for sale to the market. A development agreement is now in place with Strata Homes and community regeneration specialist, Keepmoat which will secure the redevelopment of 13 sites delivering almost 1,000 new homes across these neighbourhoods. Executive Board also endorsed the Council House Building Programme (with an initial programme of 1,000 homes). These actions will all help to support housing growth in Leeds and
the Core Strategy Review will not change the need for the Council to continue to engage with a range of partners including house builders to help stimulate the market and boost the supply of housing.

2.9 It is important to note for the purposes of the Core Strategy Review that the delivery issues, including with land supply, viability, models of different house builders and wider economic factors, which the Council interventions, above, are seeking to address are not main factors in determining a revised housing requirement. Government guidance is clear that an Objectively Assessed Need (OAN) is a needs based assessment, which should not be affected by an ability to deliver. This is in contrast to former (now revoked) guidance under Planning Policy Statement 3: Housing which took into account past delivery rates.

3 Main issues

Proposed Scope of the Review

3.1 The first stage of the review will involve evidence gathering and public consultation on the scope of the review to comply with regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012. Based on the planning considerations set out below it is proposed that the Council undertake public consultation on the basis of this initial scope:

i Updating the housing requirement in Policy SP6, considering and making any necessary consequent revisions to other parts of the Plan considering any implications for the spatial strategy

ii Extending the plan period to 2033

iii Updating the wording for Policies EN1 and EN2, arising from the Government’s withdrawal of the Code for Sustainable Homes in March 2015, which is currently set out in the document “Implementation of Core Strategy Policies EN1 and EN2” on Leeds City Council’s website

iv Update Affordable Housing Policy H5 in response to anticipated proposals in the forthcoming Housing White Paper and amend the policy as necessary in response to findings of the SHMA and viability assessment of policy

v Amend Greenspace Policy G4 as necessary in response to findings of viability assessment of policy

vi Responding to policy implementation issues, which have arisen through Plan delivery

3.2 It is also recommended that the Housing Standards policy work (previously endorsed by DPP at the meeting on 05/04/16) be incorporated into the Core Strategy Review rather than in a separate development plan document.
Planning Considerations

Reviewing the Housing Requirement

3.3 The CS currently has a requirement of at least 3,660 dwellings per annum until the end of 2016/17 and then the remainder of 70,000 dwellings spread over the remaining years of the plan period to the end of 2027/28. Against the overall target, this is 4,700 dwellings per annum. It is expected that evidence from a new Strategic Housing Market Assessment (SHMA), will generate a need to review the overall housing requirement and associated delivery issues. As part of this, consideration will need to be given to the plan period (this is currently 2012-2028 in the Adopted Plan). It should be noted that there is currently a backlog of 4,100 homes against the targets which began in 2012.

3.4 A revised plan period of 2017-2033 would enable the current monitoring year to run its course against a requirement of 3,660 per annum. Thus the 66,000 homes being planned for in the SAP may meet needs until 2033 (five years more than currently). This would be consistent with National Planning Policy expectation for plans to plan for housing delivery to a horizon of at least 15 years where possible (NPPF Paragraph 47). In other words, in the event of lower overall housing requirements, the Council’s SAP will have a longer period to deliver the same level of housing; thus lowering annual targets but allowing for delivery issues to be addressed and monitored. These matters should not delay submission of the SAP but be a matter for the attention of the Planning Inspector during their examination of the SAP.

3.5 The new sub-national household projections released by Communities and Local Government (CLG) in June 2016 show a demographic “starting point” for Leeds of 2,600 homes required per annum between 2017 and 2033. The significant difference between this figure and the current Core Strategy requirement provides an evidential basis for a review of the housing requirement as part of a CS review. However, as Government Guidance makes clear the 2,600 figure is only the starting point. To explore and clarify this point further, the Council commissioned some initial analysis (by Edge Analytics) of the latest projections. Their assessment (the Edge Report) is contained at Appendix 1. They conclude, on the specific evidence considered, that housing requirements could be within a range of 3,100 to 4,000 homes per annum.

3.6 It should be emphasised that the Edge Report is a partial and preliminary assessment, to clarify the direction of travel of the latest household projections, when aligned with the latest economic projections. More technical work needs to be undertaken therefore to align with national guidance e.g. on affordable housing, cross-boundary effects, addressing backlog and an assessment of whether supply has constrained growth. This can be addressed via a new SHMA; the formal tendering process for this commenced on 10th January 2017.

3.7 A SHMA will factor in a number of issues including:

- the effects of economic growth (incorporating the Regional Econometric Model forecasts) including analysis of workforce and age of retirement etc.,
- local demographic trends
3.8 In helping to provide certainty for investors, communities and infrastructure providers, in May 2015 Development Plan Panel recognised the importance of maintaining progress on the Site Allocations Plan (SAP) and endorsed the maintenance of the CS housing requirement as a basis for the Leeds SAP and Aire Valley Leeds Area Action Plan. This is necessary for the Plans to progress through Examination in advance of the Core Strategy Review (consistent with the Government’s ambition to have full development plan coverage by 2017), help provide the flexibility required by Government guidance for plans to be sound and to ensure that through the development plan process, housing land supply is maintained.

3.9 Against this context it is important to emphasise that any change to the CS housing requirement does not automatically amend the progression of the SAP and its allocation of sites to deliver 66,000 homes. If the CS Review reveals a need for more homes this can be addressed via the assessments on sites already undertaken as part of the SAP process.

Implications for other Policy areas

3.10 When prepared the current Adopted Core Strategy had sufficient flexibility within its spatial strategy and policies to provide a framework for a range of housing requirement numbers i.e. a change to the requirement now will not render the spatial strategy out of date.

3.11 That said, if the plan period is extended to 2033 there will be a need to consider the consequences for all related policy areas of the CS. Most policies are criteria based and will apply equally regardless of the plan period. Some offer spatial priorities, such as SP1 “Location of Development”, SP7 “Distribution of Housing Land and Allocations” and EC1 “General Employment Land”. It is thought likely that these spatial preferences will remain unaltered if the plan period is extended. Policy SP11 provides a list of transport investment priorities which are unlikely to change for an extended plan period but could potentially be rolled forward to capture new and emerging commitments.

3.12 There are some policies which plan for quantities of development within the plan period. Policy SP6 deals with the housing requirement, SP9 and EC2 set out quantities of general employment and office space, H7 sets the quantity of accommodation required for Gypsy and Travellers and Travelling Showpeople and EN6 sets out quantities of waste to be planned for. The CS also sets out future
Implications for the Site Allocations Plans

3.13 At the time of writing the Aire Valley Leeds Area Action Plan is to be subject to independent Examination between 24th and 26th January 2017. The quantities of development and related policies will not be affected by the proposed scope of the Core Strategy Review; impacts concerning estimates of delivery at the end of the current plan period may be addressed through minor modifications to the AAP.

3.14 The Site Allocations Plan (being considered elsewhere on this Agenda) is scheduled to be submitted to the Secretary of State in Spring 2017. If the CS selective review concludes that a lower annual housing requirement is appropriate, as noted above this would not necessarily mean that the Site Allocations Plan will be ‘over-supplying’ housing land, but rather will be planning for delivery over a longer period. When account is taken of the need to extend the plan period, only minor adjustments to the timing of delivery may be necessary, including safeguarded land. At this stage, it is not known if new evidence based studies would conclude that additional needs will have to be planned for, e.g. general employment land and Gypsy and Traveller Accommodation needs.

Housing Standards

3.15 Development Plan Panel and Executive Board considered reports in April 2016 recommending that the Council commence preparation of a Development Plan Document (DPD) to introduce the national housing standards in Leeds. Executive Board agreed that the DPD should seek to introduce the, “nationally described space standards” setting minimum sizes for new dwellings, and access standards setting minimum percentages of accessible dwellings on new developments. The standards have to be shown to be based upon need and tested for their effects on viability of housing development and impact on housing supply. Assuming this can be satisfied, the standards will ensure that new housing developments comprise dwellings of minimum internal space standards and a minimum proportion of dwellings designed to accessibility standards.

3.16 A swift timetable of preparation was agreed with early consultation and evidence gathering during spring 2016, drafting the Plan for Publication during summer 2016, formal consultation (6 weeks) and assessment of comments during autumn 2016, submission to the Secretary of State in winter 2016/17, examination in public in spring 2017 and adoption in summer 2017. Good initial progress has been made preparing the Housing Standards Plan (and a summary is set out in Appendix 2 for information). However, given the fact that the CS is being reviewed, it is considered appropriate to subsume this work into the review, where it would complement the current suite of policies, rather than promoting a separate and ‘freestanding’ DPD that could be seen as an unnecessary fragmentation of the Council’s Local Plan policies. The implication of this would be that the timetable for
the housing standards would be delayed as the Core Strategy review will inevitably take up to 12 months longer.

3.17 The Government’s guidance on Housing Standards also enabled local authorities with policy on energy efficiency of new buildings to “passport” national policy into their plans. It would make sense for the CS Review to incorporate the ‘passported’ policy wording, which is currently set out in the document “Implementation of Core Strategy Policies EN1 and EN2” on Leeds City Council’s website.

**Affordable Housing**

3.18 The review offers an opportunity to update and enhance the Council’s policy position on delivering affordable housing. This will be in response to updated viability and need assessments and experience in applying the current approach. It can also consider the emergence of new models for having delivery such as PRS/“build to rent” and Starter Homes.

3.19 Similar to green space, any new affordable housing policy requirements will need to be factored into the viability assessment of policy. Affordable Housing policy will be reviewed to incorporate any changes generated by an up-to-date assessment of need, subject to viability testing.

3.20 Final guidance and new arrangements are awaited from the Government in its forthcoming Housing White Paper, but it is still possible that Starter Homes will be made a priority in new housing developments and this may generate a need to update the existing Core Strategy affordable housing policy H5.

3.21 The Council is in the process of lobbying the Department for Communities and Local Government for the flexibility to develop locally-led solutions to housing needs, through a proactive approach in delivering and enabling growth, particularly in relation to the delivery of affordable housing. In relation to Starter Homes, CLG is being asked that the maximum value is more closely aligned to affordability in Leeds and to provide certainty that Starter Homes are to be regarded as part of the overall affordable housing provision for a site and so can be legitimately counted against local affordable need requirements. It is suggested that formal definitions should be updated through the NPPF and NPPG and there needs to be consistency from government about size thresholds for sites between starter homes and other affordable provision.

**Green space**

3.22 As a consequence of exploring viability of housing standards the requirements of Green Space Policies G4 and G5 need to be considered. For residential development, green space policy in the Core Strategy seeks provision of 80sqm of green space per new dwelling. Whilst this approach was endorsed by the Core Strategy Inspector, and factored in historical achievement of green space, which often involved commuted sums for off-site provision, this now needs to be reviewed with further viability testing. The use of planning obligation contributions is now limited by the operation of the Community Infrastructure Levy (CIL) Regulations which restricts the pooling of such contributions and intends for CIL to be the primary source of infrastructure funding in the planning regime.
Clearly within this context a balance needs to be struck in delivering a sufficient quantum of green space, whilst achieving other key policy objectives including housing delivery. Consequently, as green space policy has ramifications for both housing site capacities and for residential development viability, it makes sense for green space policies G4 and G5 to form part of the CS selective review. In relation to Policies G4 and G5, Green space will be reviewed to set requirements that will be viable for most developments, and clarify where off-site contributions may be sought in the context of the Community Infrastructure Levy Regulations.

Other Areas

The selective review offers opportunity to make minor changes to address operational issues which have arisen following the adoption of the CS. In order to expedite the CS review process, it is important that only key areas are targeted, where deliver issues have emerged. One correction would be the revision of Map 5b to accord with Regeneration Areas Map 5.

Next Steps

The first stage of preparation of the CS review involves assembling evidence to support the proposed changes and consulting interested parties about the scope of the review. The Council also needs to prepare a Sustainability Appraisal Scoping Report and Equality Impact Assessment and comply with the Duty to Cooperate.

Evidence Gathering

Because work had already started on the Housing Standards DPD, evidence has already been assembled concerning need, viability and impact on land supply. This is summarised in Appendix 2.

A new Strategic Housing Market Assessment (SHMA) will be required to assess housing needs drawing upon household and population projections from CLG and the Office of National Statistics and taking account of economic growth projections, migration and demographic change. It will also need to review the geographical extent of the Leeds housing market area, taking account of Leeds City Region research and duty to cooperate discussions with neighbouring local authorities.

The SHMA will also need to refresh the need for affordable housing following the nationally prescribed methodology in National Planning Practice Guidance. The preparation of the SHMA will be overseen with input from a range of Council Services and will provide opportunity to examine what types and mixes of new housing is needed in the different Housing Market Characteristic Areas of Leeds. The SHMA may also have to deal with implications of the Government’s forthcoming Housing White Paper if it is published before the SHMA is completed.

Initial Consultation

Under Regulation 18 of the Town & Country Planning (Local Plans) Regulations 2012, it is necessary to consult with individuals and organisations that may have an interest in the Plan to comment on the content and scope. It is proposed that consultation on the Council’s intention to undertake a selective review of the Core
Strategy be undertaken consistent with the regulations and the Council’s Statement of Community Involvement including notification of individuals and organisations that commented on the CS and provision of a 6 week period to comment on a scoping paper, based on the proposals set out in this report. The Regulation 18 consultation undertaken during summer 2016 on Housing Standards will not need to be repeated, and feedback received can be incorporated into the Consultation Statement for the CS Review, along with any further comments received.

4.6 The review should also be the subject of Strategic Environmental Assessment and it will be necessary to prepare a Sustainability Appraisal baseline report for comment by the Environment Agency, Historic England and Natural England. An Equality Impact Assessment will also be necessary and work to meet the Duty to Cooperate will have to commence. This work has already been carried out for the Housing Standards element of the Plan review, but will be necessary for the other elements of the review.

Proposed Programme

4.7 Revising a plan requires the same procedural stages of preparation as preparing an entirely new plan, including public examination. As recommended by Development Plan Panel, the following programme sets out the key milestones alongside those for the Site Allocation Plan:

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5 Corporate Considerations

5.1 Consultation and Engagement

5.1.1 A DPD has statutory requirements for public consultation at key stages which will involve key consultees. Technical work underpinning the CS Review will be carried out with the full engagement and involvement of other Directorates e.g. it is intended that the SHMA be prepared as a joint City Development / Environment and Housing commission and that the Joint Strategic Needs Assessment be fully reflected in any change to housing policy.

5.2 Equality and Diversity / Cohesion and Integration
5.2.1 The review of the Core Strategy will require Equality Impact Assessments at appropriate stages. An EIA screening (attached as an appendix) has been undertaken and due regard has been given.

5.3 Council policies and Best Council Plan

5.3.1 The Core Strategy is one of Leeds City Council’s main policy documents setting out vision, objectives, policy and targets for the future growth of Leeds particularly in terms of spatial planning. The Core Strategy helps articulate the spatial dimension of other council strategies and plans including ‘Vision for Leeds’ and the Best Council Plan, so it is important that the Core Strategy is kept up-to-date.

5.4 Resources and value for money

5.4.2 The Core Strategy Review will require both staffing and technical resources to support the plan making process and evidence base work. However it is desirable that the Core Strategy should be up-to-date in terms of Leeds’ need for housing growth and effective in terms of delivering quality of housing and new development within Leeds.

5.5 Legal Implications, Access to Information and Call In

5.5.1 The Core Strategy Review will follow the statutory Development Plan process. The report is eligible for call-in.

5.6 Risk Management

5.6.1 One risk is the dependency on DCLG policy changes to national Starter Homes policy. If DCLG continues to delay publication of policy guidance this will create uncertainty in knowing how to redraft Leeds’ affordable housing policy, and may require later revisions.

5.6.2 If the Core Strategy Review takes longer to prepare than expected it is likely that the Council will be vulnerable to challenges concerning the relevant policy areas. Homes will continue to be permitted below the size and access standards expected to meet Leeds’ aspirations for quality. The risks to delay in the production of the Core Strategy Review lie with staff resource limitations and the involvement of other parties. There is a danger of protracted negotiations with the development industry and other interests about what is reasonable in terms of viability.

6 Conclusions

6.1 As highlighted in this report, the Adoption of the Core Strategy was a major achievement for Leeds, in providing an overall spatial planning framework for the District. An integral aspect of a plan-led system is the need to monitor the effectiveness of the Plan and the evidence based from which it has been derived. Within this operating context, a selective Core Strategy Review is considered necessary in relation to a number of specific areas. Central to this is the overall CS housing requirement but there are also other specific policy areas outlined in this report which should also be included in the scope of the review.

7 Recommendations
Executive Board is recommended to agree the initial scope of the core strategy review as follows:

i. Update the housing requirement in Policy SP6, considering and making any necessary consequent revisions to other parts of the Plan considering any implications for the spatial strategy;

ii. Extend the plan period to 2033;

iii. Update the wording for Policies EN1 and EN2, arising from the Government’s withdrawal of the Code for Sustainable Homes in March 2015, which is currently set out in the document “Implementation of Core Strategy Policies EN1 and EN2” on Leeds City Council’s website;

iv. Update Affordable Housing Policy H5 in response to anticipated proposals in the forthcoming Housing White Paper and amend the policy as necessary in response to findings of the SHMA and viability assessment of policy;

v. Amend Greenspace Policy G4 as necessary in response to findings of viability assessment of the policy;

vi. Respond to policy implementation issues, which have arisen through Plan delivery;

vii. Incorporate the Housing Standards policy work into the Core Strategy Review instead of undertaking it in a separate development plan document; and

viii. Responsibility for ensuring implementation of these recommendations rests with the Head of Strategic Planning.

8 Background Documents

8.1 None

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3 The background documents listed in this section are available to download from the Council’s website, unless they contain confidential or exempt information. The list of background documents does not include published works.
Acknowledgements

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.
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1. Introduction

Context

1.1 Leeds City Council is considering a full update to its Strategic Housing Market Assessment (SHMA). The most recent SHMA, completed in 2011 and published in 2012\(^1\) provided the evidence base for Core Strategy development and for the identification of a housing growth requirement for the Leeds local authority district: 4,375 new housing units per year for the 2012–2028 plan period. Formulating the demographic evidence for the SHMA was a challenging proposition, with historical inaccuracies associated with the true scale and distribution of Leeds’ population growth, plus uncertainties relating to the longer-term impact of prevailing economic conditions.

1.2 Since publication of the SHMA, a range of new demographic evidence has been made available, including output from the 2011 Census, revisions to population estimates, plus new population and household projections. In addition, economic forecasts for Leeds and its City Region have continued to be published on a periodic basis, reflecting the changing outlook for global, national and regional growth across industry sectors.

1.3 Since 2012, the Leeds’ Core Strategy has been subject to public examination whilst the National Planning Policy Framework (NPPF)\(^2\) and Planning Practice Guidance (PPG) have provided new guidance on the objective assessment of housing need. In addition, the Planning Advisory Service (PAS)\(^3\) has published additional practical advice on the derivation of housing growth targets for local authority areas.

1.4 In the objective assessment of housing need, demographic evidence is a key input. The PPG states that the Department for Communities and Local Government (DCLG) household projections should provide the “starting point estimate of overall housing need” (PPG paragraph 2a-015). Local circumstances, alternative assumptions and the most recent demographic evidence, including Office for National Statistics (ONS) population estimates, should also be considered (PPG paragraph 2a-017). Evidence that links demographic change to forecasts of economic growth should also be assessed (PPG paragraph 2a-018).

1.5 The choice of assumptions used for demographic forecasting has an important impact on scenario outcomes. This is particularly the case when trend projections are considered alongside employment forecasts. The scrutiny of demographic assumptions is now a critical component of the public examination process, providing much of the debate around the appropriateness of a particular objective assessment of housing need.

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\(^2\) [http://planningguidance.planningportal.gov.uk/blog/policy/](http://planningguidance.planningportal.gov.uk/blog/policy/)

\(^3\) [http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvice%20note/1bf8748-111c-4d93-83c4-a32c0d2c984d](http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvice%20note/1bf8748-111c-4d93-83c4-a32c0d2c984d)
Requirements & Approach

1.6 Leeds City Council has requested an initial review of Leeds’ current demographic evidence, providing a summary for Officers and Members to consider in advance of a more complete refresh of its SHMA.

1.7 Section 2 of this document provides a summary of the historical schedule of official statistics and how their timing has coincided with the production of Leeds’ demographic evidence. Section 3 examines population change in the city, illustrating how successive official projections have varied and how the ‘components’ of population change are expected to contribute towards population growth. Section 4 summarises the evidence on projected household growth, driven by the changing population but also dependent upon future rates of household formation. Section 5 provides a brief summary of changing economic evidence and highlights key issues to consider in the alignment of employment growth and demographic change. Section 6 concludes with a number of key points for Leeds City Council Members and Officers to consider in advance of the development of a new SHMA.
2. Evidence Timeline

2.1 In the absence of a population register, the UK continues to rely on the ten-yearly Census for a definitive count of population within its constituent local authority areas. Between Censuses, mid-year estimates are calculated, using data on births, deaths, internal and international migration to quantify annual population growth (Figure 1).

![Figure 1: Official Statistics – population and households](image)

2.2 Every two years, ONS publishes its national population projections (NPP), setting key assumptions on the likely long-term effects of fertility, mortality and international migration to estimate population growth outcomes for England, Wales, Scotland and Northern Ireland.

2.3 The national projection informs the sub-national population projections (SNPPs) for English local authorities, also published on a bi-yearly cycle. The latest, 2014-based SNPPs use a combination of national and local assumptions on births, deaths and migration to formulate a 25-year projection for each local authority area.

2.4 The SNPPs provide the key population input to the DCLG household projections. The latest 2014-based household projection model provides a 25-year projection of household growth for each of the English local authorities and the “starting point estimate of overall housing need” (PPG paragraph 2a-015). Table 1 provides a timeline to illustrate how the publication of official statistics and important methodological changes underpinning these statistics, have coincided with the production of evidence to support Leeds’ housing growth strategy.

2.5 The 2011 SHMA was completed prior to the collection and release of 2011 Census statistics and was largely completed using 2009-based demographic data. The demographic analysis formulated to support the SHMA required significant adjustments to Leeds’ base population.
These adjustments sought to correct both the over-estimation of (pre-Census) population growth, and the inaccuracies in the distribution of this growth between the twelve housing market areas that provided the sub-district focus of the SHMA analysis.

Table 1: Demographic evidence timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Official Statistics</th>
<th>ONS-DCLG Methodological Revisions</th>
<th>Leeds Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>MYE 2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>MYE 2006</td>
<td>NPP 2006</td>
<td>SNHP 2004</td>
</tr>
<tr>
<td>2008</td>
<td>MYE 2007</td>
<td>SNPP 2006</td>
<td>SNHP 2004 (revised)</td>
</tr>
<tr>
<td>2009</td>
<td>MYE 2008</td>
<td>NPP 2008</td>
<td>SNHP 2006</td>
</tr>
<tr>
<td>2010</td>
<td>MYE 2009</td>
<td>SNPP 2008</td>
<td>SNHP 2008</td>
</tr>
<tr>
<td>2012</td>
<td>2011 Census MYE 2011</td>
<td>SNPP 2010</td>
<td>SHMA</td>
</tr>
<tr>
<td>2013</td>
<td>MYE 2012</td>
<td>NPP 2012</td>
<td>SNHP 2011</td>
</tr>
<tr>
<td>2014</td>
<td>MYE 2013</td>
<td>SNPP 2012</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>MYE 2015</td>
<td>SNPP 2014</td>
<td>SNHP 2014</td>
</tr>
</tbody>
</table>

Note: the year suffix relates to the base year of the estimate or projection

The 2011 SHMA incorporated the DCLG’s 2008-based household model and its assumptions for the estimation of household and dwelling growth statistics. The DCLG methodology was subject to substantial revision in the 2008-based release, with a larger number of household types and household headship rate projections that suggested relatively high rates of household formation compared to subsequent household models (2012-based and 2014-based).

Following publication of the SHMA, the ONS released a revised population estimates series for 2002–2010, accounting for mis-estimation between Censuses with the application of an Unattributable Population Change (UPC) adjustment to Leeds population, effectively removing in excess of 40,000 from Leeds’ population estimate. This adjustment vindicated the approach taken in the SHMA.

In parallel with the release of new demographic evidence, the Regional Econometric Model (REM) has continued to provide an updated outlook on likely economic growth in Leeds. Economic forecasting has had to contend with the fall-out of the financial crash in 2007/08 and, more recently, the uncertainty surrounding the UK’s exit from the European Union.
3. Population Change

Changing Evidence

3.1 The production of demographic evidence to support housing growth strategies requires robust population estimates and projections. The ONS series of population projections for Leeds illustrates how changes to the drivers of population growth, both through demographic change and methodological adjustments to data, have influenced projection outcomes (Figure 2).

![Figure 2: Leeds’ ONS projections](image)

3.2 The 2008-based population projections provided the ONS benchmark for the 2011 SHMA. This projection suggested a 29% population growth rate over a 25-year period, with Leeds’ population estimated to exceed 1 million by 2033. In the latest, 2014-based projection, a lower level of population growth is estimated, at 14.5% growth over its 25-year horizon, achieving a population of 857,000 by 2033.

Components of Change

3.3 A components-of-change chart illustrates how Leeds’ population has and is expected to change over the 2001–2039 time-period (Figure 3). The significant adjustments made to the population estimates following the 2011 Census are reflected in the UPC component of the chart. Looking at the history of change since 2001, natural change (the difference between the number of births and deaths) has increased in importance since 2001; internal migration has had only a marginal impact upon annual growth; and international migration has had a consistently positive impact upon growth.
Looking forward, the components of change for the 2014-based projection suggest a continuation of growth through natural change, an increasing net outflow due to internal migration and a positive net inflow due to international migration. Underpinning the projected growth in population are changes to the age profile, with the 1940s, 1950s and 1960s birth cohorts increasing the size of the older age-groups over the 25-year horizon (Table 2).

Table 2: Leeds: 2014-based projection population age profile (Source: ONS)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2014</th>
<th>2039</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged 65+</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Aged 80+</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Table 3 compares the 2014-based population growth assumptions with those evident from both a short-term (last 6-years) and longer-term (last 14-years) history. The future assumption on natural change exceeds both the short-term and longer-term average for Leeds. In contrast, the average net outflow through internal migration is approximately 2,000 per year in the projection, significantly higher than historical evidence has recorded. The projection assumptions for international migration are lower than the most recent short-term average for Leeds (ignoring any previous UPC adjustments).

In terms of actual population change, the 2014-based projection estimates an average annual increase of 0.58% over its 25-year horizon, consistent with the long-term average (0.58%) but below the most recent short-term trend (0.68%) historical perspective. The following sections provide further detail on how the individual components of change are estimated to contribute to Leeds population growth profile.
Births & Deaths

Since 2001 there has been a significant growth in the number of live births recorded in Leeds, reaching a peak in 2011/12, reducing thereafter. Births are estimated to remain in excess of 10,000 per year in the 2014-based projection. Variations in the number of deaths has been less evident, with a long-term assumptions of just over 6,000 per year, rising in later years as the population profile ages.

Internal Migration

The relatively small impact of net internal migration upon Leeds’ population growth conceals what are two very large migration inflow and outflow effects. During the period 2008–2015, an average annual migration inflow of 37,000 people has been balanced by an equivalent outflow of 37,000 (Figure 5). However, within the 2014-based projection, there is an expectation that the migration outflow will differ more substantially from the corresponding inflow, with a resulting net out-migration picture that is very different from historical patterns.
8

3.9 With three universities within its borders, the dominant annual migration inflow to Leeds is associated with students arriving from across England and Wales (Table 4). This net inflow contrasts with a net outflow both in the 20–24 age-group (as students complete their studies), and across all other age-groups.

3.10 The exchange of migrants between Leeds and the regions of the UK illustrates the continued draw of London and the continued net outflow of non-student migration to other parts of the Yorkshire and Humber region.

Table 4: Leeds – average net migration by age and region (Source: ONS)

<table>
<thead>
<tr>
<th>Region</th>
<th>Average net migration balance 2008-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age 15-19</td>
</tr>
<tr>
<td>East</td>
<td>640</td>
</tr>
<tr>
<td>East Midlands</td>
<td>694</td>
</tr>
<tr>
<td>London</td>
<td>569</td>
</tr>
<tr>
<td>North East</td>
<td>284</td>
</tr>
<tr>
<td>North West</td>
<td>1,616</td>
</tr>
<tr>
<td>South East</td>
<td>636</td>
</tr>
<tr>
<td>South West</td>
<td>222</td>
</tr>
<tr>
<td>Wales</td>
<td>92</td>
</tr>
<tr>
<td>West Midlands</td>
<td>495</td>
</tr>
<tr>
<td>Yorkshire &amp; the Humber</td>
<td>842</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>48</td>
</tr>
<tr>
<td>Scotland</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,133</strong></td>
</tr>
</tbody>
</table>

International Migration

3.11 The historical and continuing effects of international migration upon population growth are the most difficult components to estimate robustly. Much of Leeds’ UPC adjustment after the 2011 Census is likely to have been associated with the mis-estimation of international migration. There remains considerable uncertainty over future immigration to the UK following the EU
3.12 **Figure 6** illustrates the estimated annual net impact of international migration upon population change in Leeds since 2005/06. The historical data excludes any UPC adjustment, with the projection statistics assuming a long-term average net effect that is broadly consistent with the 10-year historical picture.

![International Migration](image)

**Figure 6: International Migration (Source: ONS)**

3.13 The disaggregation of Leeds’ international migration flows into sub-groups is not possible from ONS statistics, but National Insurance Number (NINo) registrations provide an alternative measure of immigration, albeit for ‘working adults’ only. The peak in NINo registrations following EU Accession in 2004–2006 was followed by lower registration rates to 2012. As a consequence of deteriorating economic conditions in much of Europe, and with Bulgaria and Romania acquiring freedom-of-movement status, NINo registrations in Leeds have increased thereafter (Figure 7).

![NINo Registrations](image)

**Figure 7: NINo Registrations in Leeds, 2002–2015 (Source: DWP)**
Student Population

3.14 Table 4 has illustrated the significant impact of students upon Leeds’ migration profile. The annual variation in the scale of the inflow and outflow (and therefore ‘net’ flow) of students can have an important influence on population growth assumptions. The net migration balance will be determined by the degree to which the city ‘retains’ its students following graduation and by the degree to which Leeds’ Universities vary their respective intakes (undergraduate and postgraduate, domestic and international students) year-on-year.

3.15 Data from the Higher Education Statistics Agency (HESA) provides an indication of how student numbers have varied since 2001/02 for the three Leeds Universities (Figure 8). UK students comprise approximately 87% of the total, and the remaining 13% come from outside the UK to study at Leeds Universities each year.

Figure 8: Leeds student numbers (part-time and full-time) 2001–2015 (Source: HESA)

3.16 Student numbers have fallen in recent years, with particular reductions in the number of part-time students and the number of UK students. The sharpest drop in numbers has been experienced since 2012, a likely consequence of significant changes to University tuition fees.

3.17 The variation in the student intake will have affected the city’s annual population growth (students are recorded at their term-time address in the mid-year population estimate) and, as a consequence, the annual migration profile. The recent fall in overall student numbers will likely have contributed to the lower growth outcomes of the 2014-based population projection.
4. Household Change

4.1 The 2014-based household projection model, which is underpinned by the 2014-based population projection, was released by the DCLG in July 2016, superseding the 2012-based household projection model. The methodological basis of the new 2014-based model is consistent with that employed in the previous 2008-based and 2012-based household projections, providing estimates of future household growth by type of household and age.

4.2 The 2014-based household headship rates (also referred to as household representative rates) have changed little from the 2012-based model, with only small adjustments made to account for new evidence arising from the latest Labour Force Survey (LFS) extracts. As a result, the 2014-based household projection for Leeds differs from the 2012-based version primarily on the basis of a different underpinning population projection.

4.3 The 2014-based DCLG household projection for Leeds estimates that the number of households will increase by 61,456 over the 2014–2039 projection period, equivalent to an additional 2,458 households per year, compared to 2,796 per year under the 2012-based model (Figure 9).

![Figure 9: Household growth 2014 based DCLG household projections for Leeds](image)

4.4 A significantly larger population growth expectation in the 2008-based household projection, coupled with household headship rates that suggested a more rapid reduction in average household size, resulted in an average annual household growth estimate of 5,503 per year under the 2008-based model alternative.

4.5 Whilst the differences between population projections is driving much of the variation between the 2008-based and 2014-based household growth outcomes, the differences between household headship rates are also an important consideration. For Leeds (and in many other
parts of the UK) household growth in young adult age-groups (ages 25–34 in particular) are lower in the later household models, a likely reflection of a structural change in the housing market following the financial crisis of 2007/08. Improved affordability would be the key driver of any reversal of this trend, and any future housing requirements analysis should ideally examine the potential for a return to higher rates of household formation amongst young adults.

4.6 Two additional variables which play an important part in the calculation of housing requirements based on the household estimates, are: the size of the institutional population (i.e. the population not living in households); and the relationship between occupied and unoccupied properties, a proxy dwelling ‘vacancy’ rate. For projection purposes, the size of the institutional population is typically held stable, with the exception of the 75+ age-group where it rises in line with population growth. Similarly, vacancy rate assumptions are typically held constant. The 2011 Census vacancy rate was estimated at 2.6% for Leeds.
5. Economic Change

5.1 In the assessment of housing need, the PPG states that “plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area” (PPG paragraph 2a-018).

5.2 Managed by the West Yorkshire Combined Authority, the Regional Econometric Model (REM) provides evidence on economic history and forecasts to support housing strategies. The REM’s economic forecasts combine a national and regional economic outlook, with data on the sectoral mix of businesses, to produce a forecast of employment growth for Leeds and other local authorities in the Yorkshire and Humber region.

5.3 The alignment of demographic forecasting methodologies with economic forecasting models presents a particular challenge when seeking to provide evidence for the assessment of housing need. REM forecasts typically incorporate the latest ONS population projection, balancing employment and population growth through key assumptions on economic activity (also referred to as economic participation) rates, unemployment rates and commuting.

5.4 The 2011 SHMA incorporated REM employment forecasts—measured as full-time equivalent (FTE)—from 2010, since when there has been a succession of new forecasts, driven by a changing economic outlook (Figure 10). Whilst considerable uncertainty remains over the likely impact of Britain’s exit from the EU, an updated REM forecast is due in Autumn 2016. This and subsequent iterations of REM output should provide the basis for any updated SHMA analysis.

5.5 Future changes to age-specific economic activity rates, a declining unemployment rate and potential adjustments to Leeds’ commuting balance will all require consideration in the alignment of demographic and economic evidence in a revised SHMA. These factors all contribute to the implied relationship between employment growth, the impact of migration in
maintaining an adequately-sized labour force and therefore the likely housing requirement for Leeds.

5.6 In the 2011 SHMA, relatively prudent assumptions on changes to age-specific economic participation were largely offset by high migration growth assumptions derived from the pre-Census population history. Trend projections provided a more-than-adequate labour force to meet employment growth forecasts and provided the basis for the SHMA’s derived housing requirement of 4,375 per year.

5.7 In considering any new evidence from the Autumn 2016 REM, which will be underpinned by the lower-growth ONS 2014-based population projection, it will be necessary to understand how a current estimated economic activity rate of 70% for the Leeds population (aged 16–74) might be maintained to ensure sufficient growth of the labour force to meet employment growth outcomes. Maintaining higher rates of economic activity within the local labour force potentially reduces the requirement for higher net in-migration to support employment growth. Higher net in-migration would imply a higher housing growth requirement.

5.8 A declining unemployment rate for the city will contribute to employment growth in Leeds, as might changes to the city’s commuting balance, although the latter is a fairly contentious component of any housing requirements analysis. At the 2011 Census, Leeds had a commuting ratio of 0.87 (the balance between employment and resident workers), indicating a significant net inflow to the city. In the ten years prior to 2011, the scale of net inflow reduced slightly, from 0.85 in 2001.

5.9 The latest 2014-based population projection from ONS suggests continued growth through international migration, but a much higher net outflow from internal migration. If Leeds is to continue to grow as the commercial hub of its City Region, a higher net migration outflow is likely to imply a reversal to higher numbers of in-commuters in the future. This would have implications for the estimation of the city’s future housing requirements. If the ONS 2014-based projection were to incorporate a more balanced internal migration profile (i.e. a matched inflow and outflow, consistent with recent history), it is estimated that the annual housing requirement could be up to 4,000 units per year.

5.10 In the most recent REM output (Spring 2016), an average annual FTE jobs growth of approximately 2,800 per year for the period 2015–2030 was forecast. Assuming no change in current age-specific economic activity rates, unemployment and commuting ratios, it is estimated that this level of employment growth would imply a higher rate of growth through migration and a housing requirement in excess of 3,600 units per year.
6. **Summary**

6.1 This document has sought to review Leeds’ current demographic evidence, providing a summary for City Council Officers and Members to consider in advance of a more complete refresh of its SHMA.

6.2 In formulating Leeds’ 2011 SHMA, the benchmark DCLG evidence suggested an estimated housing requirement of 5,600 per year for the 2012–2028 plan period. Challenged by both unreliable and changing demographic evidence, and a volatile economic outlook, the SHMA provided key evidence to Leeds’ adopted Core Strategy, identifying a future housing requirement of 4,375 new housing units per year for the plan period.

6.3 The latest DCLG household projections, providing the required ‘starting-point’ for any refresh of Leeds SHMA evidence, suggests a lower growth outlook, at approximately 2,600 housing units per year for an equivalent 2014–2030 plan period. The DCLG’s model suggests household headship rates for young adults that are lower than those evident from pre-2008 statistics. Improved affordability would be the key driver of any reversal of this trend, and any future housing requirements analysis should ideally examine the potential for a return to higher rates of household formation amongst young adults. By way of illustration, under the ONS 2014-based population projection, the implied housing growth estimate would increase to an estimated 3,100 units per year if the full suite of headship rates from the previous SHMA’s 2008-based household model were considered.

6.4 The latest population growth projections for Leeds are driven primarily by natural change (maintaining a high number of births relative to deaths) and international migration (higher immigration than emigration). Internal migration is projected to result in a higher net loss of population from the city.

6.5 Following the EU referendum outcome, the future impact of international migration on population growth in Leeds remains uncertain. The vote to leave the EU points towards a lower immigration effect across the UK, but the current ONS 2014-based projection already assumes a long-term reduction in international migration. In addition, as a University city, Leeds is likely to maintain its attractiveness as a destination for international migrants. Updated SHMA demographics should consider how adjustments to the international migration balance might influence housing growth outcomes.

6.6 With regard to the expectation of a net outflow of domestic migration, lower housing growth will reinforce this trend, but would likely conflict with future economic growth in Leeds, with consequences for the City Region’s commuting dynamics. Updated SHMA demographics should consider the implications of higher population growth, driven by a more ‘balanced’ migration profile that is more consistent with the 2001–2015 historical evidence on internal migration. It is estimated that a housing requirement of 4,000 units per year would result from a population growth driven by a balanced internal migration flow.
Under any scenario of change, the birth cohorts of the 1940s, 1950s and 1960s will gradually increase the size of Leeds’ older age-groups over the 25-year horizon, with consequences for a range of public services, including housing.

Students continue to play a key role in the growth and development of Leeds. The most recent decline evident in overall student numbers will have had a knock-on effect to the current ONS population growth projection. Updated SHMA analysis should consider how future growth of the city’s Universities will impact upon population, housing and economic change.

The alignment of demographic and economic forecasts presents a particular challenge when seeking to provide evidence for the assessment of housing need. An updated SHMA will need to consider the latest REM forecasts, its underpinning population projection and the balance between employment and population growth that is implied by key assumptions on migration, age-specific economic activity rates, the unemployment rate and the city’s commuting balance.

To maintain the size of Leeds’ labour force, an ageing population profile will need to be countered by higher rates of economic participation in its older age-groups. In addition, it is likely that the projected increase in the net outflow of migrants suggested by the ONS 2014-based projection will need to be reversed to avoid significant changes to the city’s commuting dynamics as its economy develops.

In the most recent REM output (Spring 2016), an average annual FTE jobs growth of approximately 2,800 per year for the period 2015–2030 was forecast. Assuming no change in current age-specific economic activity rates, unemployment and commuting ratios, it is estimated that this level of employment growth would imply a higher rate of growth through migration and a housing requirement in excess of 3,600 units per year.

In summary, the latest demographic evidence for Leeds suggests a lower housing growth outcome than the adopted Core Strategy. However, this will need to be considered through a full SHMA in line with national guidance. Table 5 provides a summary of (in some cases relatively crude) estimates of estimated housing growth requirements for Leeds based on different evidence and assumptions.

<table>
<thead>
<tr>
<th></th>
<th>16-year plan horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per year  total</td>
</tr>
<tr>
<td>ONS/DCLG 2008-based benchmark</td>
<td>5,600  89,600</td>
</tr>
<tr>
<td>Leeds Core Strategy</td>
<td>4,375  70,000</td>
</tr>
<tr>
<td>ONS/DCLG 2014-based benchmark, with balanced internal migration</td>
<td>*  4,000  64,000</td>
</tr>
<tr>
<td>REM Spring 2016, with no change in age-specific economic activity rates, unemployment or commuting</td>
<td>*  3,600  57,600</td>
</tr>
<tr>
<td>ONS/DCLG 2014-based benchmark, with 2008-based household assumptions</td>
<td>*  3,100  49,600</td>
</tr>
<tr>
<td>ONS/DCLG 2014-based benchmark</td>
<td>2,600  41,600</td>
</tr>
</tbody>
</table>

*These are relatively crude estimates, provided as part of this pre-SHMA review as guidelines only.
The discrepancy between previous and current SHMA evidence results from a mixture of demographic change and economic change. Any revision to future housing requirements for Leeds will need to consider these issues alongside key affordability metrics and current policy intentions.
Appendix 2: Housing Standards DPD – Summary of Progress to date

Evidence gathering

Nationally Described Space Standard

Regarding need, an exercise to measure dwellings permitted and provides an evidence base for the standards. This exercise has been completed. In total 684 dwellings were measured (representing a total of 2417 dwellings because standard house-types are duplicated) on 50 separate schemes. Of these 1035 (43%) were smaller than the NDSS. Of the dwellings below standard, 849 (85%) were 5% or more below the standard and 550 (53%) were 10% or more below the standard. This provides strong evidence that a policy to apply the NDSS is necessary.

Accessible housing

Need – evidence of need for accessible dwellings for both M4(2) and M4(3). An initial assessment has been undertaken and demonstrates a need.

Viability

Financial appraisal of housing development taking account of whole plan cumulative viability. An initial assessment has been undertaken and considers the viability of the Housing Standards. Any viability work will need to consider the cumulative whole plan viability of not only the Housing Standards but also the of other Core Strategy policies including all that have an impact on viability.

Impact on housing land supply – an assessment is underway of the effect of applying housing standards on density and site capacities to include urban design analysis and consideration of Green space requirements.

Consultation

Consultation meetings have been held with some key stakeholders, including the Home Builders Federation (HBF). In addition Reg. 18 consultation has been held on the principle of the Housing Standards. As a result of this consultation which is on the principle of the Housing Standards initially before a draft document is prepared. The consultation was undertaken over a 6 week period, involving over 600 consultees. In total 33 responses were received, and these related largely to a lack of detail at this stage but with requests to be involved in the process as detail evolves. The comments were wide ranging with a general support for the DPD subject to appropriate testing and details. Also comments related to viability, design and accessibility, relationship with the SAP and site capacities/densities in terms of the impact.