GL Hearn
Part of Capita Real Estate

Leicester & Leicestershire Housing and Economic Development Needs Assessment

Executive Summary

Leicester and Leicestershire Authorities and
Leicester and Leicestershire Enterprise Partnership

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1 INTRODUCTION

1.1 The Leicester and Leicestershire local authorities[1] and the Local Enterprise Partnership (LLEP) commissioned a Housing and Economic Development Needs Assessment (HEDNA) to assess future housing needs, the scale of future economic growth and the quantity of land and floorspace required for B-class economic development uses[2] between 2011 and 2031/36. The assessment provides an evidence base to inform the preparation of statutory local plans by individual local planning authorities, a non-statutory Strategic Growth Plan for Leicester and Leicestershire and a refresh of the LEP's Strategic Economic Plan.

1.2 The HEDNA provides an analysis of housing and economic development needs over two timeframes – 2011-31 and 2011-36 – to reflect plan periods used in different authorities. This Executive Summary focuses principally on the need over the period to 2036 in respect of the individual steps of the process in deriving its key findings; but shows headline outputs for both time periods on housing and employment land needs.

1.3 The HEDNA report has been prepared by a consultancy team comprising GL Hearn, Justin Gardner Consulting and Oxford Economics, overseen by a Working Group comprising officers from the commissioning authorities, together with the Leicester & Leicestershire Members Advisory Group (MAG) and Strategic Planning Group (SPG). Its preparation has taken account of discussions at a Stakeholder Event held in June 2016 to discuss the assessment geography and methodologies, together with discussions between the consultancy team and local estate, letting and commercial agents.

2 HOUSING & FUNCTIONAL ECONOMIC MARKET GEOGRAPHY

2.1 The HEDNA identifies Leicester and Leicestershire as the relevant Housing Market Area (HMA) and Functional Economic Market Area (FEMA) for plan-making purposes.

2.2 The HMA definition reflects the high level of self-containment of migration flows, with 84% of people moving to the area moving from elsewhere within it and 91% of those moving from a location within the area relocating to another part of it; together with strong migration flows between Leicester and adjoining authorities. It reflects similarities in housing costs, whilst recognising an urban/ rural distinction and local influences on prices. It is also supported by analysis of commuting flows.

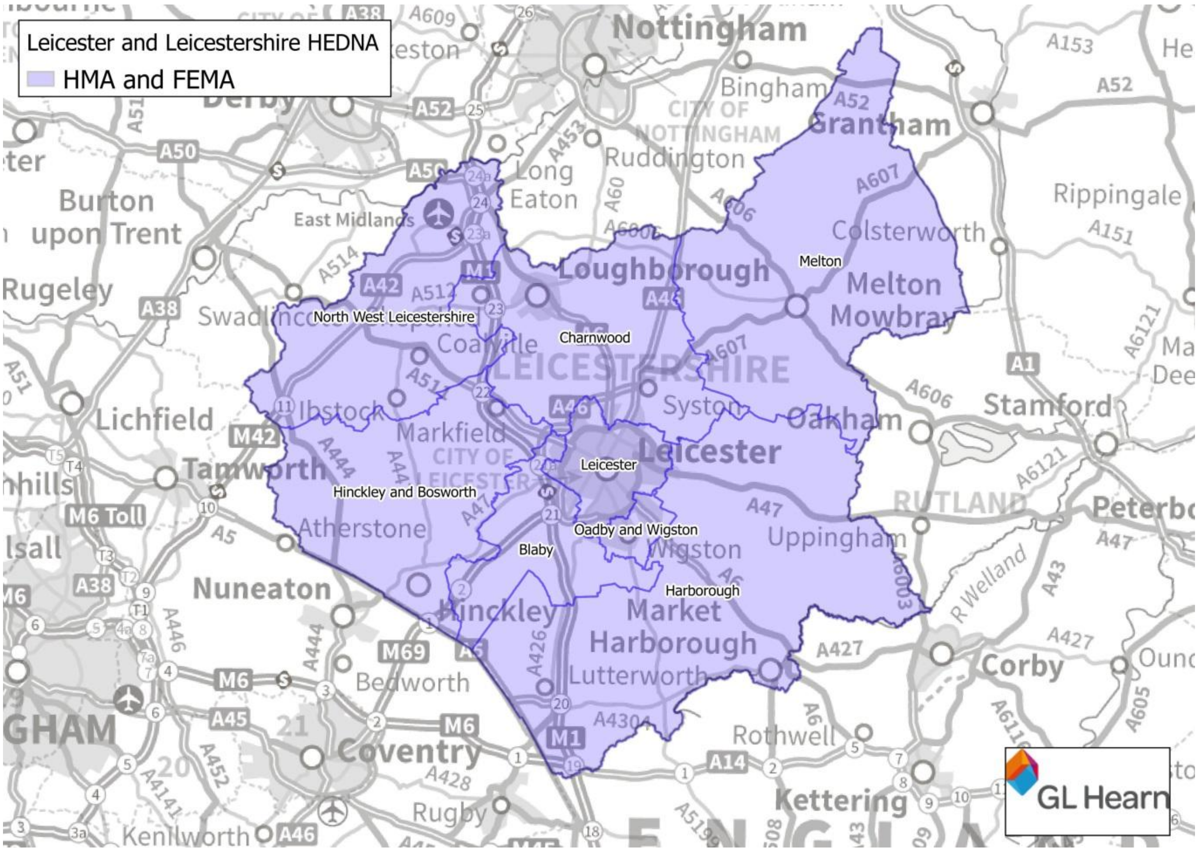
2.3 The Leicester Travel to Work Area, defined by the Office for National Statistics (ONS) based on 2011 Census data, extends across much of Leicestershire and includes all of the main towns within

[1] Blaby District Council, Charnwood Borough Council, Harborough District Council, Hinckley & Bosworth Borough Council, Leicester City Council, Leicestershire County Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council.

[2] These comprise Office, industrial and warehouse/ distribution space

the County supporting the definition of common housing and functional economic market areas. Around 78% of commuting flows are contained within the Leicester and Leicestershire authorities.

Figure 1: Housing & Functional Economic Market Geography



2.4 The FEMA definition is supported by wider evidence including Leicester's role as a retail, leisure and cultural destination. The HEDNA however recognises that the economic geography can vary for different sectors of the economy, and that for the logistics and distribution sector in particular, the area forms part of a wider Midlands market area, with a particular concentration of activity and demand within the 'Golden Triangle' formed broadly by the M42, M1 and M6 motorways which sit at the heart of the country with strong accessibility to the major UK consumer markets and represents an optimum location for National Distribution Centres.

2.5 The HMA and FEMA geographies are based on a best-fit to local authority boundaries to provide practical and manageable definitions. Inevitably towards the boundaries of any defined area there will be relationships to surrounding areas, and the HEDNA analysis highlights in particular relationships between North West Leicestershire and South Derbyshire, between the northern parts of Melton District and southern parts of Nottinghamshire, and between Hinckley & Bosworth and the northern parts of Warwickshire.

3 OVERALL NEED FOR HOUSING

Overview of Methodology

3.1 The HEDNA provides a consistent, objective assessment of need for housing (OAN) following the approach prescribed by Government in Planning Practice Guidance on *Housing & Economic Development Needs Assessments* ('the PPG').[3] This requires that housing need is assessed across the relevant Housing Market Area leaving aside factors related to land availability, infrastructure and capacity; and that an approach is followed where projections based on past population and demographic trends are considered first, with adjustments made (where necessary) for higher migration to support economic growth, and/or to address affordability issues, responding to analysis of market signals and evidence of the need for affordable housing.

3.2 The HEDNA thus assesses housing need, both for the Housing Market Area and for individual local authorities within it. The HEDNA itself does not set policy targets for housing or employment land provision.

3.3 The housing needs evidence herein will need to be brought together with wider evidence, including on land availability and infrastructure, through the plan-making process in identifying where new housing can be delivered and setting housing targets. This is intended to be taken forward through joint working to prepare a Memorandum of Understanding (MOU) on the distribution of housing between authorities within the HMA, and on work moving forwards to develop a Strategic Growth Plan.

4 TREND-BASED DEMOGRAPHIC PROJECTIONS

4.1 Planning Practice Guidance sets out that the starting point for assessing housing need should be the latest official household projections. At the time of preparation these are 2014-based Household Projections, published by Government in July 2016, which were based on ONS 2014-based Sub-National Population Projections (SNPP) of May 2016. The use of national projections ensures a consistent starting point for assessment of housing need across the Country.

4.2 The 2014-based SNPP (as published) projected population growth of 191,600 persons (19.5%) across the HMA between 2011-36, representing population growth of 0.7% per annum (pa). Taking account of changes in the age structure of the population, and age and sex-specific trends in household formation[4], the CLG Household Projections anticipated household growth of 20.7% over this period. The stronger household growth indicates that average household size is expected to fall, driven in particular by a growing older population who typically live in smaller households. Including

[3] http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[4] CLG 2014-based Household Projection Stage 1 Household Formation Rates

an allowance for vacant and second homes (on average 3.6% across the HMA), recognising that some vacant homes are required to support turnover in the housing stock, the starting point projections indicated a need for 4,081 dwellings per annum (dpa) across the HMA (2011-36.).

Figure 2: Starting Point (2014-based) Population and Household Projections, 2011-36

	Population 2011	Population Growth, 2011-36	% Population Growth	Change in households	% Household Growth
Leicester	329,627	69,656	21.1%	29,518	24.0%
Blaby	94,132	15,115	16.1%	5,575	14.4%
Charnwood	165,876	46,430	28.0%	18,837	28.3%
Harborough	85,699	17,041	19.9%	8,088	23.1%
Hinckley & Bosworth	105,328	17,548	16.7%	7,615	16.7%
Melton	50,495	6,707	13.3%	3,106	14.4%
North West Leicestershire	93,670	14,143	15.1%	6,072	15.5%
Oadby & Wigston	55,979	4,924	8.8%	1,967	9.2%
HMA	980,806	191,564	19.5%	80,778	20.7%
East Midlands	4,537,448	733,509	16.2%	335,623	17.7%
England	53,107,169	9,296,779	17.5%	4,394,788	19.9%

Source: ONS/ CLG 2014-based Population and Household Projections

4.3 The official population projections, which significantly influence the household projections, are sensitive to assumptions on migration. They project internal migration (within the UK) based on trends over the previous 5 years (2009-14 in the case of 2014-based projections). International migration is based on trends over the previous six years (2008-14) constrained to assumptions made by ONS within their national population projections. ONS assumed in their 2014-based Population Projections that international migration to the UK would drop from 330,000 in 2013/14 to 185,000 in 2020/21 and remain at this level thereafter. Net international migration is therefore assumed to fall by 45% by 2020/21 on its current level.[5]

4.4 Net migration over the input period to the ONS 2014-based SNPP has been 10% stronger across the HMA than over the period feeding into the 2012-based projections. However at an individual local authority level, the picture is very mixed with significantly higher net migration to Blaby (+74%) and North West Leicestershire (+127%), and lower net migration in particular to Oadby & Wigston (-45%) in the 2014-based Projections. These significant differences highlight the short-term variability of migration trends. The 2014-based SNPP assume stronger international migration, resulting in stronger population growth in particular in Leicester and Charnwood where this is a more significant driver than elsewhere. This also results in increased out migration from Leicester to other authorities in the HMA as a result of higher population growth in the City.

[5] Based on net international migration of 336,000 in 2014-15. Of this 48% of the net inflow was from the EU, and 52% from the Rest of the World

4.5 The period from which the 2014-based SNPP projections are derived (2008/9-2014) included a severe economic recession and housing market downturn. This impacted on overall sales of homes (new-build and existing) and thus movement between areas. The Planning Advisory Service's technical advice[6] is that other factors being equal, projections based on longer-term migration trends should provide more robust and stable projections. The HEDNA therefore provides projections based on adjusting migration to reflect 10 year migration trends (2005-15)[7] and draws conclusions on the demographic need on this basis. This results in population growth of 201,000 over the 2011-36 period (20.5%) across the HMA, again representing population growth of 0.7% pa and modestly above that in the 2014 SNPP.

4.6 Whilst there are some uncertainties associated with historical migration data (as shown by evidence of Unattributable Population Change), the HEDNA has considered this through sensitivity analysis, and concludes that this is anticipated to have the greater impact in the earlier part of the 2001-11 decade and thus not unduly effect the data during the base period from which the demographic based need is projected.

4.7 The HEDNA does not apply an average household size in projecting household growth, but is based on detailed modelling which makes age- and sex-specific assumptions on the proportion of people who are expected to be a head of a household. These assumptions are based on those in the latest official Household Projections, which take account of trends since 1971.

4.8 The report considers whether household formation amongst younger households has been supressed by affordability issues and requires adjustment in the forward projections. It finds that household formation has fallen amongst those aged 25-34, but not those 35-44. Interrogating the reasons as to why household formation has changed amongst those in their late 20s and early 30s, it finds that this has particularly been driven by international migration and increasing ethnic diversity and changes in household structures associated with this. The forward projections expect household formation in these age groups to be stable. No demographic-based adjustments to household formation are therefore found to be warranted although they do occur through other changes outlined below.

4.9 The HEDNA conclusions on the demographic-based need for housing are therefore as below, based on projecting forward 10 year migration trends. It establishes a demographic need for 106,625 dwellings 2011-36 (4,265 dpa) across the HMA. The projections show population growth ranging from 10.4% in Melton and Oadby and Wigston through to 23.4% growth in Harborough and 28.0% in Charnwood.

[6] PBA (July 2015) *Objectively Assessed Needs and Housing Targets: Technical Advice Note, 2nd Edition.*

[7] The modelling is based on adjustments based on considering differences in migration between the input period to the 2014 SNPP and trends over the 10 year period 2005-15, in order to capture impacts of changes in the size and age structure of the population in an area and areas from which people move to it, and how this can be expected to influence future migration flows (both in and out).

Table 1: Conclusions on Demographic Need based on 10 Year Migration Trends, 2011-36

	Population Growth		Workforce Growth	Housing Need
	No.	%	No.	dpa
Leicester	68,613	20.8%	36,833	1,516
Blaby	16,584	17.6%	7,856	301
Charnwood	46,379	28.0%	23,706	947
Harborough	20,032	23.4%	9,052	447
Hinckley & Bosworth	19,907	18.9%	8,997	413
Melton	5,231	10.4%	1,286	134
North West Leicestershire	18,873	20.1%	9,171	378
Oadby & Wigston	5,806	10.4%	1,980	129
HMA	**201,423**	**20.5%**	**98,881**	**4,265**

5 ECONOMIC DYNAMICS AND GROWTH POTENTIAL

5.1 Leicester and Leicestershire's economy produces goods and services valued at £20 billion per annum (GVA) and supports around 500,000 jobs [8] There is a particular concentration of manufacturing employment (64,000 jobs), which accounts for 16% of GVA and 13% of total employment. Logistics/ distribution is also strongly represented with employment of 54,000 in wholesale, transport and storage activities.[9] The Health (51,000 jobs) and Education (49,000) sectors, which includes employment in the three universities, are also large sectors, each accounting for 10% of jobs, as they do in many areas.

5.2 The HEDNA has included detailed work to interrogate future economic growth potential in Leicester and Leicestershire. GL Hearn and Oxford Economics have interrogated the area's economic structure and past performance, assessed baseline econometric forecasts from Oxford Economics Local Authority District Forecasting Model and overlaid local economic drivers and planned investment on this to derive a Planned Growth Scenario.

5.3 The forecasts prepared in the HEDNA are demand-based. Whilst consideration has been given to existing land allocations and development projects, the forecasts do not prejudge future policy decisions regarding employment land supply. Nor do they take account of the quality of existing employment sites or stock. Future policy decisions may in reality influence the future spatial distribution of employment growth and employment land provision between authorities within the HMA. Potential influences on the spatial distribution of employment growth include issues related to the quality of existing floorspace and land availability, the potential performance of Leicester City

[8] Oxford Economics estimates, 2013
[9] The logistics sector is also likely to include jobs recorded in the retail sector which totals 43,000 jobs in 2013.

Centre's office market and the scale of growth which it can accommodate, together with decisions regarding locations for strategic warehouse/ distribution development.

5.4 In the baseline scenario the economy is expected to grow by 2.3% per annum (GVA growth pa), which is consistent with growth achieved over the previous economic cycle (1993-2010). This is stronger than the growth which Oxford Economics forecasts expected either across the East Midlands (2.0% pa) or nationally (2.2% pa).

5.5 The Planned Growth Scenario takes account of planned investment and pipeline development projects. In Leicester it anticipates enhanced performance in manufacturing (including textiles and food), finance, education and tourism. In Leicestershire it anticipates delivery of major development schemes including the MIRA Technology Park, East Midlands Gateway Strategic Rail Freight Interchange and a number of other major distribution schemes in both North West Leicestershire and Blaby. It also takes account of potential for growth in scientific and pharmaceutical activities at Loughborough and committed investment associated with the Loughborough and Leicester Enterprise Zone.

5.6 The Planned Growth Scenario sees accelerated growth in GVA of 2.5% pa across the HMA, significantly out-performing regional and national benchmarks. Hinckley and Bosworth, North West Leicestershire, Harborough and Blaby all out-perform this, achieving 2.7 – 2.9% pa GVA growth.

5.7 GVA growth is particularly driven by growth in the professional, scientific and technical sector, together with a strong contribution from the manufacturing sector. The forecasts see the manufacturing sector perform strongly, posting GVA growth of 1.7% pa between 2015-36 in the Planned Growth Scenario, three times the growth rate seen historically (0.6% pa 1994-2015). This is expected to be achieved in part through adoption of new technologies and increased productivity, rather than higher employment.

5.8 Manufacturing employment in Leicester & Leicestershire has fallen by -2.8% pa over the last 20 years, reducing by almost 50,000 jobs. The outlook moving forward is significantly more positive, with much stronger output growth and a modest contraction in employment of -0.6% pa in the Planned Growth Scenario to 2036 (compared to -0.9% pa forecast nationally). Within this it is reasonable to expect job growth in some manufacturing sub-sectors, offset by reduced employment in others.

5.9 The Planned Growth Scenario sees both enhanced employment growth and productivity improvements relative to the Baseline. Employment growth of 99,200 is expected (2011-36) representing growth of 0.7% pa, matching that expected nationally and exceeding regional performance. This significantly exceeds the historical growth rate of 0.4% pa (1993-2010).

Table 2: GVA Growth per Annum (2012 Prices)

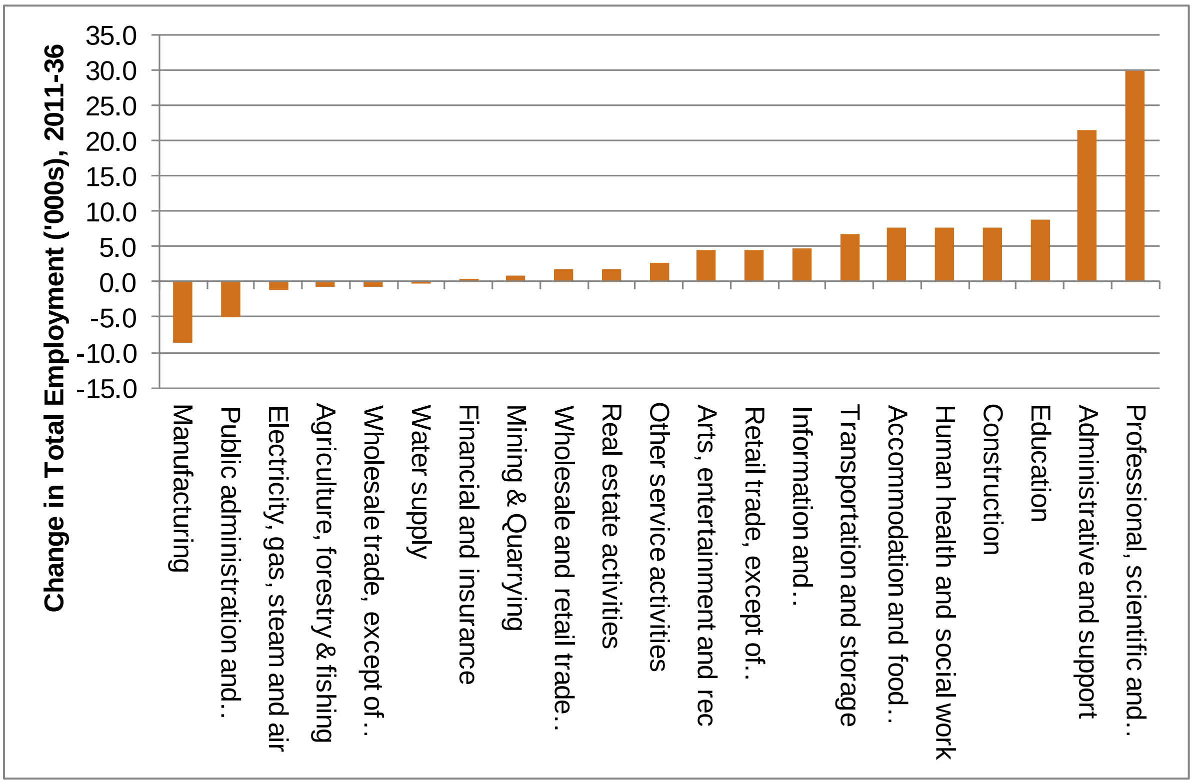
	1993-2010	2011-36 Baseline	2011-36 Planned Growth
Leicester	1.4%	1.9%	2.2%
Blaby	2.9%	2.7%	2.7%
Charnwood	1.5%	2.2%	2.5%
Harborough	3.4%	2.7%	2.7%
Hinckley and Bosworth	3.3%	2.7%	2.9%
Melton	2.8%	1.9%	2.1%
North West Leicestershire	3.8%	2.4%	2.8%
Oadby and Wigston	1.9%	1.6%	1.6%
HMA	**2.3%**	**2.3%**	**2.5%**
East Midlands	2.5%	2.0%	2.1%
UK	2.7%	2.2%	2.2%

Table 3: Employment Growth Scenarios, 2013-36

	1993-2010	Baseline 2011-36		Planned Growth 2011-36	
	% pa	No.('000s)	% pa	No. ('000s)	% pa
Leicester	-0.3%	9.3	0.2%	20.7	0.5%
Blaby	1.4%	16.4	1.1%	16.5	1.1%
Charnwood	0.0%	12.9	0.7%	18.5	1.0%
Harborough	1.8%	10.5	0.9%	10.8	0.9%
Hinckley and Bosworth	0.5%	8.5	0.7%	11.4	0.9%
Melton	0.9%	1.2	0.2%	2.4	0.4%
North West Leicestershire	1.9%	12.4	0.8%	19.2	1.2%
Oadby and Wigston	-0.3%	-0.2	0.0%	-0.2	0.0%
HMA	**0.4%**	**70.8**	**0.5%**	**99.2**	**0.7%**
East Midlands	0.8%		0.5%		0.5%
UK	0.8%		0.7%		0.7%

5.10 Figure 3 highlights the expected growth by sector. Employment growth is expected across a range of sectors, with Professional, Scientific and Technical; and Administrative and support services expected to see the highest absolute increases. These can be expected to drive in particular demand for office floorspace. Land requirements will however be significantly influenced by growth in logistics and distribution.

Figure 3: Expected Employment Growth by Sector, Planned Growth Scenario, Leicester & Leicestershire, 2011-36



Source: GLH based on Oxford Economics Forecasts

6 BALANCING HOMES AND JOBS

6.1 The interaction between economic growth and housing need is complex, and will be influenced by improvements to productivity; the proportion of people who hold down more than one job, changes in economic participation, including through reductions in unemployment and trends towards increased women and older people in the workforce; together with changes to commuting flows. For the purposes of establishing housing need, Planning Practice Guidance however requires consideration of how economic growth may influence housing need.

6.2 The HEDNA's approach seeks to draw on available information where possible. It uses published data on employment and workforce growth to 2015, and Oxford Economics' commuting matrix which uses Census commuting data to relate employment and workforce growth.[10] It considers potential assumptions on how economic participation (employment rates) might change, [11]

[10] The Census data is used to consider in effect where if 1,000 jobs are created in an authority, where the additional workforce can be expected to be drawn from based on 2011 Census commuting patterns
[11] The employment rate modelling takes account of potential reductions in unemployment from the 2011 baseline position.

interrogating assumptions made by each of the main econometric forecasting houses[12] and the Office for Budget Responsibility. It adopts the set within the middle of the range provided (Experian) and applies Experian's assumptions on age- and sex-specific incremental changes to economic participation to the baseline position for each authority in the HMA based on 2011 Census data.

6.3 At an HMA level, the analysis points to a need for at least 3,608 dpa to support economic growth (2011-36). This is 15% below the demographic need, and highlights that at an HMA level, the scale of economic growth can be met by through the demographic growth taking into account expected improvements to economic participation. The evidence therefore indicates that at an HMA level there is not a need to adjust upwards the level of housing provision to support economic growth.

6.4 However taking account of changes in the age structure of the population over the period to 2036 (including people moving into retirement), economic growth in Melton and North West Leicestershire can be expected to support a higher level of housing need and above-trend in-migration relative to that shown by the 10 year trend-based demographic projections. As people can move to an area to access employment opportunities, it is reasonable to conclude that the comparatively strong employment growth expected in North West Leicestershire (see Table 3) will result in above-trend in-migration.

Table 4: Comparing Economic- and Demographic-led Projections on Housing Need – Dwellings per Annum, 2011-36

	Demographic Need	Economic Need	Differential
Leicester	1516	993	-34%
Blaby	301	300	0%
Charnwood	947	735	-22%
Harborough	447	423	-5%
Hinckley & Bosworth	413	414	0%
Melton	134	170	27%
North West Leicestershire	378	448	19%
Oadby & Wigston	129	126	-2%
HMA	4265	3608	-15%

6.5 In Melton the demographic growth expected is relatively modest, with 10.4% population growth expected compared to 20.5% across the HMA. The trend-based demographic projections thus see very modest potential growth in workforce (less than 5%) which would rely on improvements in economic participation, particularly amongst older age groups. Above-trend net in-migration is therefore necessary to support economic growth. It should be borne in mind that the Planned Growth Scenario for Melton sees 2.1% pa growth in GVA, which matches the regional average but is below that expected at an HMA and national level. With strong productivity improvements, influenced by the strong manufacturing sector in the Borough, employment growth is expected to be relatively modest at 2,400 jobs over the 2011-36 period. The Borough's economy is however

[12] Oxford Economics, Cambridge Econometrics and Experian are the three forecasting houses which produce local forecasts.

relatively small (with total employment of 23,400 in 2013), and thus investment or disinvestment decisions by individual businesses could have a greater influence on the overall scale of growth; and there may be a rationale case to plan for stronger economic and housing growth together with infrastructure investment.

6.6 In North West Leicestershire, the upward adjustment to housing need required to support employment growth is particularly influenced by the stronger relative employment growth expected within this District influenced by the delivery of major development schemes such as the East Midlands Gateway Strategic Rail Freight Interchange.

6.7 In a plan-making context, upward adjustments to housing provision to meet unmet needs from other areas will support workforce growth within the recipient local authority. In this context, and with a view to avoiding double counting, the higher economic-driven need in Melton and North West Leicestershire could potentially be met through agreeing an alternative distribution of housing provision through the Duty to Cooperate. Against this context the need for above trend in-migration to support economic growth in Melton and North West Leicestershire does not imply a higher housing need at an HMA level.

7 MARKET SIGNALS AND AFFORDABLE HOUSING NEED

7.1 Evidence from market signals which consider the supply/demand balance for housing, and of the scale of affordable housing need, are important considerations in drawing conclusions on overall housing need.

Affordable Housing Need

7.2 The HEDNA assesses the extent of households who require financial support to meet their housing needs and thus would be eligible for affordable housing, identifying an annual net need from 2,238 such households across the HMA (2011-36).

7.3 The affordable housing need is calculated using a different methodology from the demographic-led and economic-led projections, based on adding together the current unmet housing need and projected future housing need and then subtracting from this the supply of affordable housing (arising from turnover of existing stock)[13].

7.4 The affordable housing calculations thus include supply-side factors and are influenced by the current stock of affordable housing in different areas and the turnover of this. They include needs arising from both new households and existing households, some of which (newly-forming

[13] To allow comparison against demographic projections, affordable housing in the development pipeline has been excluded from the affordable housing calculations.

households) are already counted within the demographic modelling. Other households identified as in affordable housing need will not necessarily generate a net need for additional homes, as they would release a home for other households by moving. Additional homes may however be required for homeless and concealed households, and those in temporary accommodation. Reflecting these issues, care needs to be taken in comparing the affordable housing need with demographic projections.

7.5 Planning Practice Guidance sets out that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market-led housing developments; and an increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes. Table 5 below does this. Case law[14] has established that affordable housing is a consideration in this context in drawing conclusions on the OAN for housing and that the affordable housing need should have an important influence increasing the derived OAN since they are significant factors in providing for housing needs within an area.

7.6 There are various factors which might influence future affordable housing delivery. In considering future affordable housing delivery the HEDNA has made assumptions on future delivery, taking account of current policy requirements, for the purposes of considering whether an uplift to overall housing provision should be considered.[15] This should not be seen as determining policies for future affordable housing provision which will be influenced by residential development viability evidence. Whilst some private sector-led developments will not deliver policy compliant provision, there are a range of other initiatives which support affordable housing delivery, including development by registered providers and councils, rural exception site development, purchase of existing housing, and bringing empty homes back into use.

[14] Kings Lynn & West Norfolk v SSCLG & Elm Park Holdings [2015] EWHC 2464 (Admin)

[15] The assumptions made on affordable housing delivery take account of current policy requirements, which can vary by area within individual local authorities. GL Hearn has sought to consider in these circumstances the potential distribution of development by area and how this might influence future delivery at a local-authority wide level. The assumptions on delivery are indicative only.

Table 5: Notional Housing Need to deliver the Affordable Housing Need (per annum, 2011-36)

	Demographic-led Housing Need pa	Net Need for Affordable Housing pa (AHN)	Potential Delivery (% Total Dwellings)	Notional Housing Provision Required to Deliver AHN
Leicester	1,516	734	20%	3670
Blaby	301	268	25%	1072
Charnwood	947	384	30%	1280
Harborough	447	202	31%	652
Hinckley & Bosworth	413	247	25%	988
Melton	134	70	25%	280
North West Leicestershire	378	194	27%	719
Oadby & Wigston	129	139	22%	632
HMA	**4,265**	**2,238**		**9,293**

7.7 At an HMA level, to deliver the affordable housing need of 2,238 homes pa with an average delivery of affordable housing of 24% would require 9,293 homes per annum. This is over twice the need shown the demographic analysis, completely unrealistic and would not be deliverable. However the evidence clearly justifies consideration of upward adjustments to boost affordable housing delivery in all of the local authorities in the HMA.

7.8 In individual authorities, Table 5 indicates that an uplift in housing provision of between 35% in Charnwood and 46% in Harborough; through to 256% in Blaby and 390% in Oadby & Wigston would be required to meet the full affordable housing need. The evidence points to a particular need to increase delivery in the latter two authorities.

Market Signals

7.9 The HEDNA has assessed market signals to consider, in line with the PPG, where there is evidence of affordability constraints and a comparative worsening of affordability. It considers residential land values; trends and levels of house prices and rents, overall and relative to incomes; housing delivery performance; as well as evidence of real impacts of declining affordability, including in terms of increasing numbers of overcrowded households and younger people living in shared households or with parents. It considers dynamics in each local authority which are summarised below.

7.10 Harborough has the highest median house prices in the HMA, the highest land values and the highest lower quartile house price-to-income ratio (9.0 in 2015). The median house price increased by £126,000 between 2000-15, the highest absolute increase, but below the average in proportional terms (144%). Harborough District, together with Blaby, has the highest average rents in the HMA, albeit that these are equal to the national average overall and relative to incomes. Levels of overcrowded, concealed and shared households have increased (2001-11) but are below wider benchmarks.

7.11 In Melton, whilst house prices were slightly below the HMA average, as were land values, and longer-term price growth has been relatively modest (a £92,000 increase between 2000-15); relative to incomes, house prices are notably above average (with lower quartile prices 8.9 times incomes in 2015). Whilst rental costs are close to the HMA and national average, they are again above wider benchmarks relative to incomes. Rents have grown strongly since 2011.

7.12 In Blaby, whilst house prices are slightly above the HMA average, price growth has fallen slightly below average. However land values are the second highest in the HMA pointing to a shortage of residential land. Lower quartile house prices were 7.5 times incomes in 2015. Rental costs are (with Harborough) higher than in other parts of the HMA and the national average, overall and relative to incomes, albeit growth since 2011 has been similar to the HMA average.

7.13 Oadby & Wigston has median house prices and land values, and has seen price growth (2000-15) which is slightly below the HMA average. Rental costs are slightly above the HMA average but below the national average, and have seen similar growth since 2011 to that across wider geographies. There is a wide range of housing costs within the Borough. However relative to incomes, lower quartile housing costs are above average at 8.6; with rents of 43% of annual earnings –higher than in other parts of the HMA. Levels of overcrowding, concealed and shared households are above levels in the other Leicestershire authorities (although less than in the City); although the HEDNA recognises that this is likely to be influenced in part by the Borough's demographics and its student population.

7.14 North West Leicestershire has the lowest land values. Median house prices are marginally below the HMA average (as are rents), and have grown broadly in line with the HMA average between 2000-15 (in absolute and percentage terms). Lower quartile prices are 7.0 times earnings, which is marginally below the HMA average; with a similar relative position in terms of rental affordability.

7.15 In Hinckley and Bosworth, house prices are marginally above the HMA average, but house price growth between 2000-2015 has been above average in absolute and relative terms. Rental costs are however marginally below average, as are lower quartile house prices relative to earnings (6.9 times earnings, 2015). Rental affordability is marginally below the HMA average, with rental growth since 2011 similar to wider trends.

7.16 Leicester has a higher stock of lower value housing than in other parts of the HMA and has seen the lowest absolute increase in house prices between 2000-2015. Lower quartile house prices relative to earnings at 5.9 are notably lower than in other areas; with the City also having the lowest rental affordability ratio (5.8). However the City sees notably higher levels of overcrowded, concealed and shared households, in absolute and relative terms, albeit that this in part influences by ethnic diversity and its student population.

7.17 Charnwood has house prices which are above the HMA and regional, but below the national average, but has seen comparatively stronger house price growth in absolute and relative terms (with median prices growing by £115,000 between 2000-2015). However lower quartile prices at 7.1 relative to earnings are marginally below average; whilst rents relative to earnings are the lowest in the HMA at 24%. Land values are also towards the lower end of the range of the HMA authorities.

7.18 Levels of overcrowded, concealed and shared households have increased between 2001-11 in all parts of the HMA – with the evidence pointing to some real impacts, particularly for younger people – albeit that actual levels remain below wider benchmarks in Leicestershire (but higher in the City).

Adjustments to Improve Affordability

7.19 The HEDNA has considered the market signals and affordable housing evidence together, recognising the inter-relationships between housing affordability and affordable housing need (with housing costs, overcrowding and concealed households for instance being an input to the calculation of the affordable housing need). It identifies that an upward adjustment is warranted relative to the demographic need in all authorities in the HMA in order to improve affordability, and concludes that the following adjustments are appropriate:

- A 5% adjustment in Charnwood recognising that whilst house prices in the Borough are similar to the HMA average, overall and relative to incomes, rental affordability is better and strong comparative household growth is already envisaged in the demographic-led projections (34.2% 2011-36 compared to 26.3% across the HMA). The lower relative adjustment thus reflects the combination of the market signals analysis, and the higher relative housing growth which is envisaged in the Borough, in a context where Charnwood does not have the very young and ethnically diverse population that Leicester City has;
- A 10% adjustment is justified in Leicester, Hinckley and Bosworth, and North West Leicestershire on the basis that while there is clear case for adjustments to improve affordable housing delivery, the market signals evidence presents these areas as being the more affordable parts of the HMA;
- A 15% adjustment is justified in Harborough and Melton on the basis that there is both a clear case for adjustments to improve affordable housing delivery and the market signals evidence presents these areas as being the more expensive parts of the HMA;
- A 20% adjustment is justified in Oadby and Wigston and Blaby on the basis that a number of the market signals point to pressures (such as high land values in Blaby and high rental and lower quartile housing costs relative to incomes in Oadby and Wigston) but in particular a need for a more substantive upward adjustment to the demographically driven OAN with the aim of boosting affordable housing delivery.

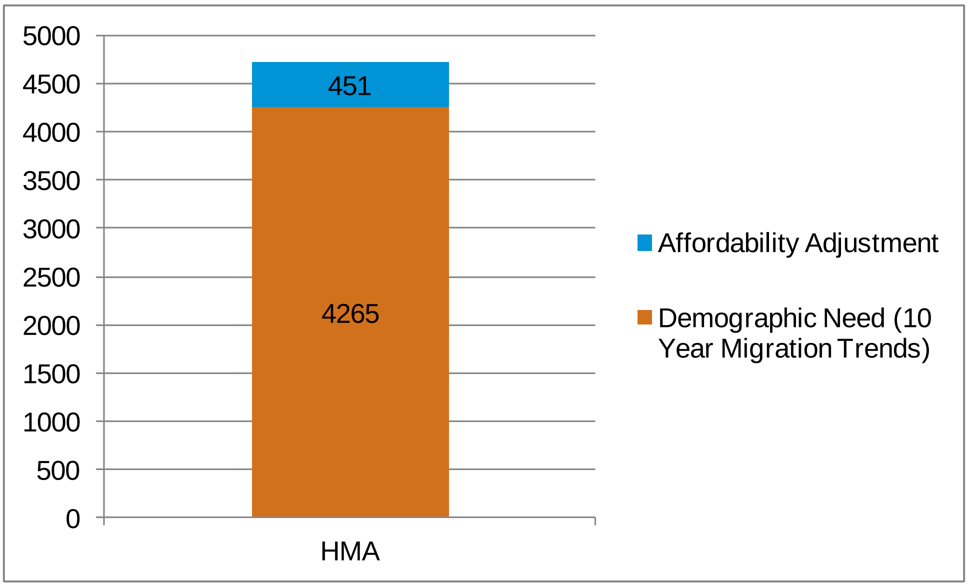
7.20 These adjustments are modelled from a baseline provided by the conclusions on the demographic need. The approach used recognises that upwards adjustments to housing provision can be expected to support delivery of additional market and affordable housing, and the potential for upwards adjustments made to support additional workforce growth.

8 CONCLUSIONS ON OBJECTIVELY-ASSESSED HOUSING NEED (OAN)

8.1 The HEDNA draws conclusions on overall objectively-assessed housing need (OAN) at both an HMA level and for individual authorities. In a plan-making context greater weight should be given to the HMA-level conclusions.

8.2 The conclusions on OAN across the HMA as a whole are based on taking the conclusions on the need based on past demographic trends (over the last 10 years), which indicate a need for 4,265 dpa and overlaying the conclusions based on the market signals and affordable housing needs evidence of the adjustments necessary to improve affordability, warranting overall an adjustment of 11%. The evidence indicates that sufficient workforce growth can be expected to support the economy in both the Baseline and Planned Growth Scenarios at the HMA level, and therefore no upward adjustment to support economic growth is warranted. On this basis **the HEDNA identifies an objectively assessed need for 117,900 dwellings between 2011-36 across Leicester and Leicestershire (4,716 dpa)**.

Figure 4: Conclusions on Objectively-Assessed Need for the HMA, 2011-36



8.3 A consistent approach has been used in deriving adjustments in calculating the needs of individual local authorities. The starting point has been to consider the demographic need based on 10 year trends. Adjustments to improve affordability (between 5% – 20% depending on the authority) have been overlaid on this. This has then been compared with the economic-driven scenarios for housing need, with additional upward adjustments made in Melton and North West Leicestershire to ensure sufficient workforce is available to support economic growth in these areas. For the period to 2036, the economic adjustments result in an additional 16 dpa in Melton and 32 dpa in North West Leicestershire over and above the adjustments made to improve affordability. For the period to 2031 the economic adjustments are 25 dpa in Melton and 56 dpa in North West Leicestershire.

8.4 The resultant objectively-assessed need for individual authorities is as shown below.

Figure 5: Conclusions on Objectively-Assessed Need for Individual Authorities, 2011-36

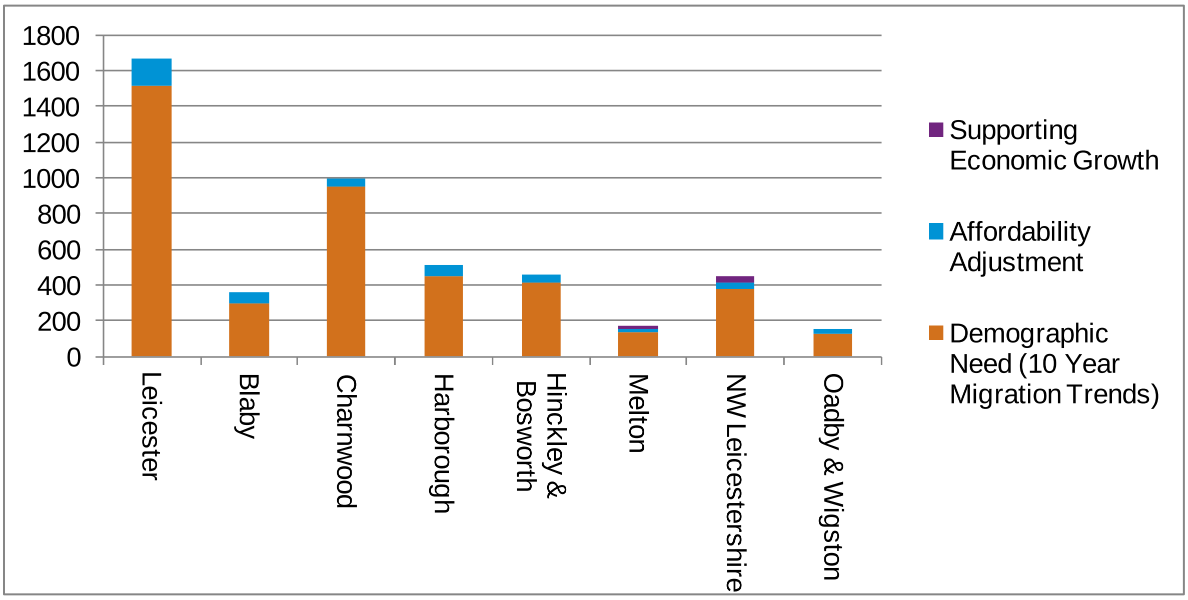


Table 6: Objectively-Assessed Housing Need, Dwellings per annum, 2011-36

	Demographic Need (10 Year Migration Trends)	Affordability Adjustment	Supporting Economic Growth	Objectively-Assessed Need
Leicester	1516	152		1668
Blaby	301	60		361
Charnwood	947	47		994
Harborough	447	67		514
Hinckley & Bosworth	413	41		454
Melton	134	20	16	170
NW Leicestershire	378	38	32	448
Oadby & Wigston	129	26		155
HMA	**4265**	**451**		**4716**

**Note the HMA total does not match the sum of its LA parts.*

Table 7: Objectively-Assessed Housing Need, Dwellings per annum, 2011-31

	Demographic Need (10 Year Migration Trends)	Affordability Adjustment	Supporting Economic Growth	Objectively-Assessed Need
Leicester	1,538	154		1,692
Blaby	308	62		370
Charnwood	982	49		1,031
Harborough	463	69		532
Hinckley & Bosworth	428	43		471
Melton	140	21	25	186
NW Leicestershire	386	39	56	481
Oadby & Wigston	123	25		148
HMA	**4,368**	**461**		**4829***

** Note the HMA total does not match the sum of its LA parts.*

8.5 The conclusions recognise that there is no need to adjust upwards the assessed need to support economic growth when the demographic and economic-led projections are compared with one another at the HMA level, and that economic growth in individual authorities could therefore be supported by agreeing an alternative distribution of housing provision through the Duty to Cooperate. On this basis, the HMA conclusions do not sum to the total of the figures for individual authorities in the right hand column in Table 6 above, as there is no need for an upward adjustment to support economic growth at the HMA level.

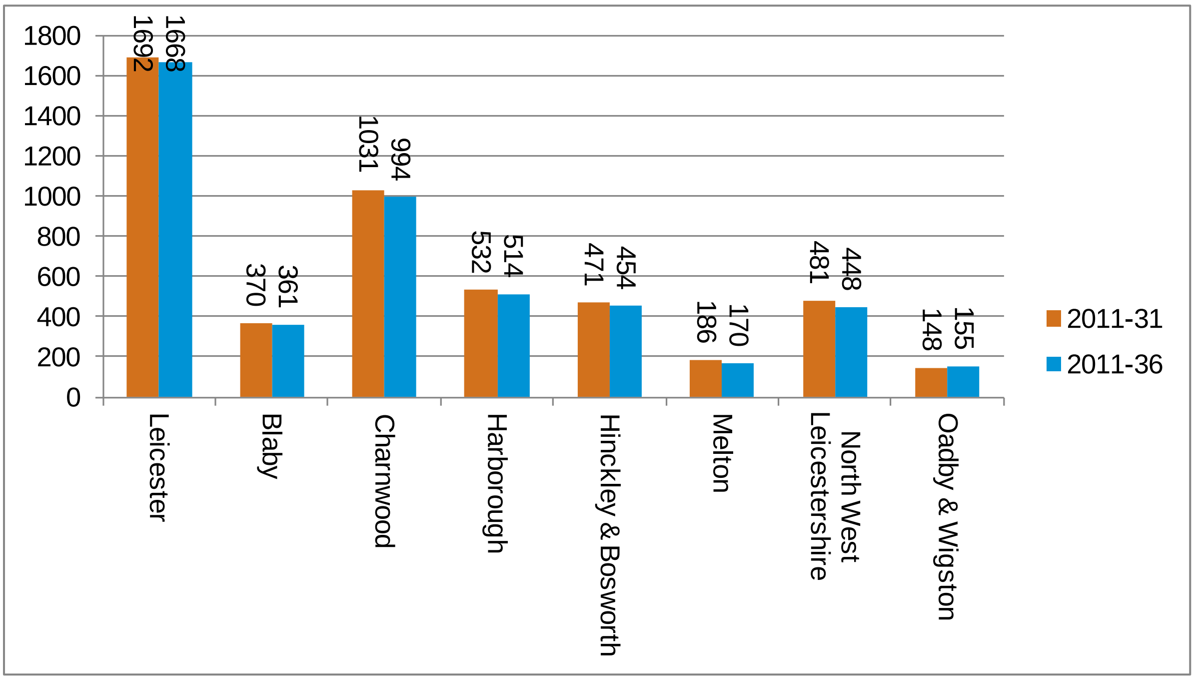
8.6 GL Hearn considers that where an authority is meeting the unmet needs from another, this will support population and workforce growth within the receiving authority's area. On this basis it is important not to double count unmet needs and provision to meet economic growth.

8.7 In the context of considering five year land supply in a development management context (rather than plan-making) in advance of the adoption of local plans, it would be appropriate to take account of adjustments to economic growth in Melton and North West Leicestershire in drawing conclusions on the full OAN for housing within these local authorities.

8.8 In a plan-making context, the higher economic-driven need in Melton and North West Leicestershire could potentially be met through agreeing an alternative distribution of housing provision through the Duty to Cooperate. Against this context the need for above trend in-migration to support economic growth in Melton and North West Leicestershire does not imply a higher housing need at an HMA level and can be addressed by the local authorities working collaborative to agree an alternative distribution of housing provision through the Duty to Cooperate. Any unmet housing need should be calculated based on the demographic need plus affordability adjustment as shown in Table 6.

8.9 Considering the alternative two time periods (2011 to 2031 and 2036), the conclusions on the objectively assessed housing need for individual authorities over this period are as follows:

Figure 6: Objectively-Assessed Need over Different Plan Periods



9 NEED FOR DIFFERENT TYPES OF HOMES

9.1 The HEDNA identifies a range of factors which influence the need for different types of homes. This includes demographic trends, and in particular a growing older population; market dynamics and affordability; Government's ambitions and initiatives to boost home-ownership and self/custom-build development; as well as growth in student numbers and accommodation.

Need for Different Types and Sizes of Homes

9.2 Taking account of demographic trends and how households of different ages occupy homes, the potential for some older households to downsize and issues related to the management of affordable housing stock, the HEDNA identifies that the appropriate mix of homes of different sizes needed in the market and affordable sectors as follows:

Table 8: Recommended Mix of Market Housing of Different Sizes

	1-bedroom	2-bedrooms	3-bedrooms	4+ bedrooms
Leicester	0-10%	20-30%	45-55%	10-20%
Blaby	0-10%	25-35%	50-60%	5-15%
Charnwood	0-10%	25-35%	45-55%	10-20%
Harborough	0-10%	25-35%	35-45%	15-25%
Hinckley & Bosworth	0-10%	35-45%	45-55%	5-15%
Melton	0-10%	25-35%	45-55%	5-15%
North West Leics	0-10%	30-40%	45-55%	10-20%
Oadby & Wigston	0-10%	30-40%	45-55%	5-15%
HMA	**0-10%**	**25-35%**	**45-55%**	**10-20%**

Table 9: Recommended Mix of Affordable Housing of Different Sizes

	1-bedroom	2-bedrooms	3-bedrooms	4+ bedrooms
Leicester	35-40%	25-30%	25-30%	5-10%
Blaby	45-50%	35-40%	10-15%	5-10%
Charnwood	40-45%	20-25%	25-30%	5-10%
Harborough	35-40%	30-35%	25-25%	5-10%
Hinckley & Bosworth	30-35%	35-40%	20-25%	5-10%
Melton	45-50%	30-35%	10-15%	5-10%
North West Leics	30-35%	35-40%	25-30%	5-10%
Oadby & Wigston	35-40%	25-30%	25-30%	5-10%
HMA	**35-40%**	**25-30%**	**25-30%**	**5-10%**

9.3 The HEDNA assesses the need for different affordable housing products taking into account both what households can afford, and the existing supply. It identifies that across the HMA, 20% of the affordable housing need is for intermediate affordable housing (such as shared ownership or equity homes, or low cost market housing) and 80% for social or affordable rented homes.

Table 10: Need for Different Types of Affordable Housing

	Intermediate housing	Social/ Affordable rented
Leicester	19%	81%
Blaby	20%	80%
Charnwood	23%	77%
Harborough	23%	77%
Hinckley & Bosworth	21%	79%
Melton	20%	80%
NWL	20%	80%
Oadby & Wigston	21%	79%
HMA	**20%**	**80%**

9.4 The analysis identified a particular need for social rented housing; although it is recognised that with the inclusion of housing benefit, many of these households would potentially be able to access an affordable rented product.

9.5 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

9.6 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: site allocations, neighbourhood plans and other planning documents. Equally it will be of relevance to housing mix negotiations.

Intermediate Housing and Starter Homes

9.7 Starter Homes are a new housing product introduced by the Housing and Planning Act 2016. They relate to new dwellings available for purchase by eligible first-time buyers (under 40 years old) at a discount of at least 20% of the market value and less than the price cap of £250,000 outside London.[16] The HEDNA identifies that typically an annual income of around £31,500 would be required to access starter homes priced 20% below current housing costs. It identifies a current potential target market of around 6,100 households across Leicester and Leicestershire, many of whom currently rent privately, with a newly-arising need from around 362 households per annum moving forwards. Expressed over the period to 2036, the potential need for Starter Homes is as follows:

Table 11: Need for Starter Homes, per annum 2015-36

	Need for Starter Homes – Per Annum
Leicester	253
Blaby	71
Charnwood	84
Harborough	54
Hinckley & Bosworth	74
Melton	33
North West Leicestershire	55
Oadby & Wigston	29
HMA	654

11.1. GL Hearn concludes that the proposed national 'target' for up to 20% of new homes to be Starter Homes is realistic in an HMA context and that Starter Homes should be provided at a discount of at least 20% to Open Market Value (OMV). However questions do remain about the extent to which such housing is genuinely affordable as the income levels required to access such housing

[16] As currently defined.

are above those typically required to access market housing as currently available (in the private rented sector). If Government provides flexibility of the proportion of homes to be provided as Starter Homes, then the Councils will need to consider the balance between Starter Homes and other forms of affordable housing carefully (particularly noting that those able to afford a Starter Home will already be able to afford market housing within the private rented sector).

11.2. The HEDNA also identifies some overlap between the households who might occupy Starter Homes and existing intermediate housing products, such as shared ownership or shared equity housing. It concludes that for intermediate and Starter Homes, the greatest need is likely to be for 2-bed properties, as shown below.

Table 12: Need for Different Sizes of Stater Homes and Intermediate Housing – Leicester & Leicestershire HMA

	1-bed	2-bed	3-bed	4+ bed
Intermediate/Starter Homes	15-20%	50-55%	25-30%	0-5%

Older Persons Housing Needs

Specialist Housing and Accommodation for Older Persons

9.8 The HEDNA indicates that the number of residents aged over 65 across the HMA is projected to increase by 75% over the period to 2036. As a result of a growing older population and increasing life expectancy, the analysis projects an increase people with mobility problems of around 25,000 by 2036 and an increase of over 11,600 persons with dementia. Some of these households will require adaptations to properties to meet their changing needs whilst others may require more specialist accommodation or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.

9.9 Based principally on the expected growth in population of older persons, the report estimates a need for an additional 11,818 specialist C3 dwellings for older persons in Leicester and Leicestershire over the 2011-36 period. This forms part of the HEDNA's conclusions on the objectively assessed housing need (OAN). The need in different local authorities is shown below. Equal provision (a 50:50 split) between market and affordable housing provision is expected.

Table 13: Need for Specialist Housing for Older People, 2011-36

	Change in population aged 75+	Specialist housing need (@ 170 units per 1,000)	Per annum need (2011-36)
Leicester	13,867	2,357	94
Blaby	7,318	1,244	50
Charnwood	12,972	2,205	88
Harborough	9,301	1,581	63
Hinckley & Bosworth	9,563	1,626	65
Melton	4,672	794	32
North West Leicestershire	7,833	1,332	53
Oadby & Wigston	3,990	678	27
HMA	69,515	11,818	473

9.10 The needs evidence supports the conclusions of the *Leicestershire County Council's Accommodation Strategy for Older People 2016-26*, and *Extra Care Annual Review*, which highlight a need for additional extra care housing provision.

9.11 A need is identified for around 4,322 wheelchair adapted homes is expected (2011-36), equivalent to around 4% of new housing provision.

9.12 Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons. The Leicestershire local authorities should liaise with the County Council as appropriate in this respect.

9.13 GL Hearn recommends that councils should give consideration to how best to deliver the identified specialist housing need, including, for instance, the potential to identify sites in accessible locations for specialist housing or to require provision of specialist housing for older people as part of larger strategic development schemes.

Need for Registered Care Provision

9.14 Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in the HEDNA from that for C3 dwellings (and is separate to the C3 housing OAN).

9.15 The official population projections indicate a net need for 4,542 C2 bed spaces for older persons in the HMA over the 2011-36 period (182 per annum). The assessment, however, should be treated as indicative, and does not seek to set policies for how older persons with care needs should be accommodated.

Student Housing

9.16 All three universities within the HMA – Leicester, De Montfort, and Loughborough – propose to increase overall student numbers in the short-term, although GL Hearn note that there is a level of uncertainty in part related to the potential impact which a changed relationship with the EU and national immigration policies could have.

9.17 The demographic modelling in the HEDNA (based on 10 year trends) expects the population aged between 18-23 to increase by 7,100 (17.4%) in Leicester; 5,200 (25.6%) in Charnwood; but to decline by around 130 persons (-2.4%) in Oadby & Wigston.

9.18 Future population growth within this age cohort is assumed by the HEDNA to occur within the 'household population,' consistent to the national household projection methodology, and is thus included within the calculation of overall housing need (OAN). On this basis it would be reasonable to count development of additional student accommodation against the OAN (or housing requirement figures based on this).

10 EMPLOYMENT LAND NEEDS

10.1 The HEDNA considers the need for B-class employment land across the Functional Economic Market Area.

Office and Industrial Uses

10.2 The assessment models the need for B1 and B2 floorspace on the basis of full-time equivalent employment growth arising from the Planned Growth Scenario. This is based on modelling which relates the 21 sectors in the economic forecasts to use classes and takes an average employment density (sq.m floorspace per job) to estimate net growth in floorspace. It then makes assumptions on plot ratios and includes a 'margin' (equivalent to 5 years' past take-up) to take account of potential error margins in the modelling, provide a choice of sites and flexibility of supply. Set alongside this the assessment runs need projections based on past gross completions of B1 and B2 floorspace, and small scale B8 floorspace (< 9,000 sq.m). Key assumptions within the modelling are summarised below:

Table 14: Overview of Modelling Assumptions

Scenario	Key Assumptions
Labour Demand	• Net growth in jobs in Planned Growth Economic Scenario • Employment densities (sq.m per FTE job) from HCA Employment Densities Guide: 3rd Edition • Plot ratio assumptions of 2.0 for B1a/b offices in Leicester, and 0.35 elsewhere; with a ratio of 0.42 for B1c and B2 uses. • Margin based to provide flexibility of supply based on 5 years' past take-up (gross completions).
Past Completions	• Projection of past gross completions based on local authority monitoring data.

10.3 These scenarios show a need for between 177 – 215 ha of land for office development (use classes B1a and B1b). For office floorspace, the labour demand and completion trend scenarios should be considered together as providing an appropriate range for future provision. The scale of need in Leicester is particularly influenced by the assumed plot ratio of 2.0, and a higher level of provision could be required should lower density development (with greater car parking provision) be delivered.

10.4 For industrial floorspace, there trends to be a poor correlation between past employment and floorspace trends, whereby job numbers have fallen but floorspace numbers have not necessarily (influenced by capital investment and productivity improvements). The Planned Growth Scenario envisages that manufacturing GVA grows strongly (1.7% pa GVA growth 2015-36) and on this basis it is appropriate to plan for additional manufacturing floorspace. The HEDNA concludes that greater weight should therefore be given to the completions trend for B1c/B2 floorspace.

Table 15: Gross Forecasts (Hectares) for B1 Office and B2 Industrial Uses, 2011-36

	B1a/b		B1c/B2	
	Labour Demand Scenario	Completions Trend	Labour Demand Scenario	Completions Trend
Leicester	6.8	2.6	-19.7	45.0
Blaby	47.7	46.8	5.2	18.5
Charnwood	40	17.2	6.23	25.6
Harborough	23.7	17.1	0.11	28.0
Hinckley & Bosworth	34.3	13.1	-0.11	17.0
Melton	10.1	22.6	5.57	26.3
NW Leicestershire	50.3	55.9	-10.98	4.1
Oadby & Wigston	1.6	1.7	-15.8	0.0
FEMA	**214.5**	**177.0**	**-29.5**	**164.5**

Table 16: Gross Forecasts (Hectares) for B1 Office and B2 Industrial Uses, 2011-31

	B1a/b		B1c/B2	
	Labour Demand Scenario	Completions Trend	Labour Demand Scenario	Completions Trend
Leicester	6.3	2.1	-13.2	36.0
Blaby	45.2	37.4	6.1	14.8
Charnwood	37.3	13.8	7.7	20.5
Harborough	21.3	13.7	1.3	22.4
Hinckley & Bosworth	31.9	10.7	3.1	13.6
Melton	9.5	18.1	5.5	21.1
NW Leicestershire	45.5	44.7	-8.4	3.3
Oadby & Wigston	1.2	1.4	-14.8	0.0
FEMA	**198.3**	**141.8**	**-12.7**	**131.7**

10.5 These should be regarded as minimum figures. The quantitative analysis does not take account of the potential 'replacement' demand for employment floorspace arising from the loss (planned or otherwise) of poorer quality existing employment floorspace, including through residential or mixed-use redevelopment/ conversions. The potential need for replacement provision for occupied premises which are expected to be lost through redevelopment should be considered taking account of local employment land evidence which considers the quality of existing sites and floorspace provision.

Need for B8 Warehouse/ Distribution Floorspace

10.6 The Leicester and Leicestershire authorities are strategically located at the centre of the UK and see strong demand for logistics/ distribution floorspace. The HEDNA shows strong market demand for additional development. Traditional forecasting approaches used in employment land studies are ill-suited to modelling needs for large-scale B8 development (defined as units of over 9,000 sq.m/ 100,000 sq.ft) for a range of reasons including as employment densities can vary significantly and that there is a weak correlation between net growth in jobs and floorspace/ land requirements.

10.7 A more appropriate approach to forecasting demand for this sector is to consider requirements for replacement provision (given that warehouses typically have a 25-35 year lifespan, and a shift towards increasing scale of facilities which provide economies of scale) together with provision associated with expected growth in traffic volumes. Demand forecasting has been provided by MDS Transmodal in the 2014 Leicester & Leicestershire Strategic Distribution Sector Study. This has recently been reviewed and the forecasts confirmed as remaining reasonable. These show the following forecast minimum gross land requirements for strategic B8 development to 2036:

Table 17: Need for Strategic B8 Distribution Development, 2011-36

Year	to 2031	to 2036
Replacement build ('000 sq m floorspace)	1,260	1,643
Growth Build ('000 sq m floorspace)	185	244
Total ('000 sq m floorspace)	**1,445**	**1,886**
Land required (ha)	**361**	**472**

Source: MDS Transmodal

10.8 Alongside the strategic warehouse/ distribution forecasts, the HEDNA has sought to quantify land requirements for smaller warehouse/distribution activities (units of less than 9,000 sq.m), based on projecting forward past trends in completions. This results in a need for 446,000 sq.m of additional B8 floorspace, and a requirement for a further 117 ha of land to 2036.

Table 18: Need for Floorspace and Land for Distribution Units of under 9,000 sq.m

	Floorspace (sq.m)		Land (Ha)	
	2011-31	**2011-36**	**2011-31**	**2011-36**
Leicester	60,872	76,090	15.2	19.0
Blaby	39,749	49,687	9.9	12.4
Charnwood	42,220	52,775	10.6	13.2
Harborough	30,102	37,628	7.5	9.4
Hinckley & Bosworth	63,343	79,178	15.8	19.8
Melton	54,794	68,493	13.7	17.1
North West Leicestershire	67,071	83,839	16.8	21.0
Oadby & Wigston	15,212	19,015	3.8	4.8
FEMA	**373,364**	**466,705**	**93**	**117**

10.9 The Planned Growth Scenario does not specifically take into account proposed major distribution schemes in Harborough District which are being considered through the planning process albeit that at a housing market area level growth in logistics/ distribution employment of 6,200 (2031) to 6,800 (2036) is forecast. This compares to potential growth in distribution employment of around 3,100 jobs which might arise from the 'Growth Build' element of the MDS Transmodal forecasts for strategic B8 development. Taking into account some potential additional jobs growth in smaller warehouse facilities, the HEDNA analysis shows that at a HMA level, major potential schemes such as those proposed in Harborough District are not expected to result in employment growth over that already considered in the Planned Growth Scenario forecasts.

10.10 However future decisions on locations for new strategic distribution development may require some reconsideration of the distribution of housing need/ provision by the Leicester and Leicestershire local authorities through the Duty to Cooperate.

Conclusions on Employment Land Need

10.11 The following summary table draws together the various locally specific need for employment land. In addition to that set out in the table below the local authorities will also have to seek to meet the need from strategic B8 uses.

Table 19: Employment Land Needs (Ha)

	2011-2031			2011-2036		
	B1a/b	B1c/B2	Small B8	B1a/b	B1c/B2	Small B8
Leicester	2-6	36	15	3-7	45	19
Blaby	37-45	15	10	47-48	19	12
Charnwood	14-37	21	11	17-40	26	13
Harborough	14-21	22	8	17-24	28	9
H&B	11-32	14	16	13-34	17	20
Melton	10-18	21	14	10-23	26	17
NWL	45-46	3	17	50-56	4	21
O&W	1	0	4	2	0	5
FEMA	**142-198**	**132**	**93**	**177-215**	**165**	**117**

Source: GL Hearn, 2016

10.12 Please note that in Table 19 the range for the FEMA B1a/b need does not sum to the cumulative minimum and maximum range for each local authority. This is because the source of the minimum and maximum figures for each local authority varies depending on the outcome of the labour demand scenario and completions trends (see Tables 15 and 16). Whereas the range shown for the FEMA reflects the total for each scenario. Numbers may also not add up due to rounding.