



Examination into the Soundness of
Newcastle-under-Lyme's Local Plan.

Matter 4- The Housing Requirement

Matter Statement by Newcastle-under-
Lyme Borough Council

May 2025

1. Introduction

This statement sets out the Council's response to the Inspector's Matters regarding the Housing Requirement in the Local Plan

All documents referenced in this statement are listed in Appendix 1.

Issue 4 - Is the identified housing requirement in table 2 justified and consistent with national policy?

Qu 4.1 Is the housing requirement of 8,000 homes during the 2020-2040 period (policy PSD1) a figure of 400 dwellings per annum (dpa), justified by the Council's evidence? Are the assumptions of the 2024 Housing and Economic Development Needs Assessment and Addenda (ED001) soundly based, particularly in relation to:

a) Identifying a baseline figure;

- 4.1.1 The outcome of the standard method, as of late 2023, was used as a 'minimum starting point' - or baseline figure - in accordance with Planning Practice Guidance (PPG) at the time [ED01, paragraph 3.12]. This equated to 347 dwellings per annum [ED001, Table 3.1]
- 4.1.2 An improving affordability ratio meant that the outcome of the standard method fell slightly to 330 dwellings per annum as of December 2024, when the Local Plan was submitted for examination [The relevant PPG confirms that the outcome of the standard method is frozen for two years - PPG Reference ID 2a-008-20190220].
- 4.1.3 Either figure aligns closely with recent delivery, where the latest Housing and Economic Development Needs Assessment ("HENA") noted that 338 dwellings per annum had been completed between 2014 and 2023 [ED001, Figure 3.1, pg6]. It was mainly for this reason that the HENA found the higher figure to have merit as 'a minimum starting point for Newcastle-under-Lyme' and the same logic would extend to the slightly lower figure [ED001, para 3.21].
- 4.1.4 The HENA found there to be no 'truly exceptional circumstances' that would warrant a figure lower than suggested by the standard method, since the borough did not have a 'significant proportion of elderly residents' – this being an example given in the National Planning Policy Framework ("NPPF") [December 2023, footnote 25] – and there was no more of a deviation from the underlying 2014-based projections than was being seen in many other areas [ED001, Figure 3.4, pg. 9].

b) Forecasts for economic growth;

- 4.1.5 A range of employment forecasts have been reviewed over the last five years, in each of the three studies that have been commissioned by the Council [ED001, ED001a, ED001b]. This approach has accounted for forecasters' evolving views on the potential for job creation in Newcastle-under-Lyme, during an exceptionally turbulent period.

4.1.6 The latest iteration of the HENA envisages 237 jobs being created each year in Newcastle-under-Lyme between 2023 and 2040 [ED001, Figure 4.4, pg. 18]. This sat within a range created by forecasts developed in 2023 by Cambridge Econometrics and Experian, with the latter's forecast given greater weight in blending the two following consideration of their sectoral profile [ED001, pgs. 17-18]. Such a level of job growth was observed as representing a marked improvement on the historic trend, as only 20 jobs per annum had been created on average between 2009 and 2022 [ED001, Figure 4.2, pg. 16].

4.1.7 The previous iteration of the HENA, produced in March 2023, envisaged a slightly lower level of employment growth– circa 207 per annum – based on a midpoint of earlier forecasts from the same providers [ED001a, Figure 4.3, pg. 21]. This was though calculated over a slightly different period (2022-40) and coincidentally would have been almost the same (238pa) if calculated from 2023 onwards [ED001, Paragraph 4.11, pg. 18]. The original Economic Needs Assessment of June 2020 drew upon forecasts produced prior to the pandemic and similarly anticipated a comparable level of job growth, at circa 235 jobs per annum between 2020 and 2037, reinforcing the degree of consistency within an evidence base that has been regularly reviewed [ED001b, Table 8.1, pg. 101].

c) Alignment of jobs and workers; and

4.1.8 The latest HENA presented modelling which estimated the number of jobs that could be supported by the labour force, if housing provision was to align with what was then the outcome of the standard method. This incorporated the latest available population estimates and made reasonable assumptions on the behaviour of the labour force, whereby [ED001, Paragraph 3.18]:

- Unemployment would not fall further from the relatively low level recorded at the time, so as not to unduly rely on this source of labour;
- Economic activity rates would evolve as long forecast by the Office for Budget Responsibility;
- There would continue to be a net out-commute of workers from Newcastle-under-Lyme, as recorded both in 2011 and 2021; and
- A proportion of workers would continue to hold more than one job, in line with the long-term trend in Newcastle-under-Lyme.

4.1.9 This process suggested that housing provision in line with the standard method would enable the creation of around 167 jobs per annum in Newcastle-under-Lyme, between 2023 and 2040. This was fewer than the 237 jobs per annum envisaged, following consideration of two up-to-date forecasts, such that there would be a risk of imbalance between jobs and workers if only the minimum need suggested by the standard method was met.

d) Assumptions of housing requirements arising from economic growth.

4.1.10 The HENA applied the assumptions outlined above to estimate the number of homes that could be needed in Newcastle-under-Lyme to support the forecast creation of 237 jobs per annum [ED001, pg21]. This aimed to establish whether more homes than

suggested by the standard method will be needed to align the number of resident workers with the number of jobs being created in Newcastle-under-Lyme.

- 4.1.11 The modelling suggested that exactly 400 dwellings per annum would be needed to support this higher level of job growth, assuming that such a level of housing provision – beyond the minimum need suggested, both then and now, by the standard method – would allow Newcastle-under-Lyme to attract and / or retain more working age residents [Figure 5.2 and Table 5.1 of ED001, pg. 22-23].
- 4.1.12 The number of households formed by the population in this scenario – and indeed in all those modelled – was estimated through the application of headship rates derived from the official 2014-based household projections, which continued to underpin the standard method at the time. Adjustments were made to these headship rates to allow for a recovery in younger household formation, so as to offset an implicit and increasingly negative assumption about younger residents’ ability to form households that has long been raised as an issue with these projections [ED001b, para 3.29, pg 15].
- 4.1.13 Households were finally converted into dwellings – in line with best practice – through the application of a vacancy rate, derived from Council Tax data (1.8%) [ED001, Para 2.24 of Appendix 1, pg. 6].

Qu 4.2 In relation to Affordable Housing Needs, is the identified need for 278 dpa been based on robust, up-to-date information?

- 4.2.1 This need for affordable housing was identified in the Housing and Economic Needs Assessment Update (HENA) of March 2023, being based on data that was supplied by the Council a month earlier [ED001a, para 7.6, pg. 45]. While this is acknowledged to now be over two years ago, the 2024 HENA produced in the interim did check a number of the key inputs [ED001, pg. 26-30]. It noted growth in the number of households on the housing register but equally expected less of a new need to arise each year, not only due to rising earnings but also because newly available evidence was suggesting that fewer existing households were falling into need from other tenures. With the use of newer data also allowing the assessment to look ahead from 2023 rather than 2022 [ED001, para 5.18 and footnote 64], it was concluded that the annual need for affordable housing was unlikely to have grown in the year to April 2024, when the latest HENA was completed [ED001, para 5.19, pg. 29].

How has this been considered in the overall housing requirement?

- 4.2.2 The HENA did advise the Council to consider the prospective delivery of affordable housing in selecting a housing requirement, while reiterating that there is a 'complex relationship between market and affordable housing' which requires the application of 'planning judgement' in doing so [ED001, Para 5.23].
- 4.2.3 The Housing Topic Paper sets out how affordable housing needs have been considered and whether the housing requirement should be increased from the standard method (or local housing need) figure of 347 [ED031, 5.19-5.23, pg. 31]. There is a need to apply caution in terms of the relationship between affordable housing need and planned delivery. This is because many households identified as having a need will already be living in housing so providing an affordable option does not lead to an overall net increase in housing. It is also important to consider the role and contribution of the private rented sector towards meeting need for subsidised housing for rent. The private sector role in provision of subsidised housing for rent contributes to addressing the need and it is not necessary for the Plan to address absolute affordable need. The figure of 278 identified in the HENA is not expressed as a target. This is because the amount of affordable housing that can be delivered is limited by the amount that is viable to provide for. It is not appropriate to set the local plan housing requirement at a level to provide for affordable housing need in full. However, the local plan proposes to set the housing requirement above LHN based on the preferred HENA economic growth scenario which will deliver a higher quantum of affordable housing in comparison to the standard method.

Based on the thresholds and requirements in Policy HOU1, will affordable housing needs be met?

- 4.2.4 As noted in the response above, the figure of 278 identified in the HENA is not a target. For major applications, the provision of affordable housing at the thresholds set out in Policy HOU1: Affordable Housing will contribute to meeting affordable housing requirements and provide for viable and developable schemes in the Borough. A large contribution of development anticipated through the Local Plan is through proposed allocations which will support the delivery of affordable homes in the Borough.

How will the “Golden Rules” in the NPPF2024 impact upon affordable housing provision in the Plan?

- 4.2.5 In line with the transitional arrangements set out in the 2024 NPPF, the Plan and its evidence base has been prepared and examined under the previous December 2023 version of the NPPF.

4.3 Does the requirement adequately recognise the impact of housing need arising from strategic employment allocations? What assumptions have been made in relation to this?

- 4.3.1 The Council is proposing to allocate two strategic employment sites, at Junction 16 of the M6 (AB2) and adjacent to Keele University (KL15).
- 4.3.2 Both were considered in the latest HENA. Chapter 7 addresses the potential impact on housing needs that could arise from the allocation of one or several strategic sites [ED001, para 7.1 - 7.16, pgs 56 – 60].
- 4.3.3 This concluded that there would likely be sufficient headroom in the labour force that would result from providing 400 homes per annum to service a strategic site, at least initially, such that an uplift was not required. This assumed that:
- The jobs created on such a site would not all be additional to a forecast that envisaged 237 jobs being created each year thus markedly improving upon the past trend, which had seen only 20 jobs created annually on average since 2009. This was a possible reflection of the forecasters' optimism that the borough has an opportunity to play a more strategic role in sectors such as logistics [ED001, Figure 7.2, note that 'transport and storage' sector is taken to represent logistics].
 - Any additional need for labour, and thus housing, would be expected to arise only gradually towards the end of the plan period according to the Strategic Employment Sites Assessment undertaken by Aspinall Verdi [ED002]. One of the sites now proposed to be allocated (KL15) was understood from this work to be further from delivery, having new leadership, and while it was acknowledged that construction on the other (AB2) could begin in 2027/28 it was still felt that it would be 'well beyond 2030 before the site is fully occupied and making its full demand for labour' [ED001, para 7.7]. This has since been reinforced by a Statement of Common Ground agreed with the site promotor, which expects all units to be completed 'about 7.5 years' after allocation [EX/SCG/05].
 - Most newly created jobs would be filled by people living outside of Newcastle-under-Lyme, in line with the stated expectations of those promoting each of the sites that were being considered by the Council [ED001, pg. 59]. This would naturally serve to reduce the scale of any additional housing need generated in the borough.
- 4.3.4 The HENA did though advise the Council to closely monitor the availability of labour if it did indeed allocate a strategic site, so that a different approach could be taken, if necessary, when it comes to review the Local Plan [ED001, para 7.16]. This will be even more important with the Council having proposed two allocations, rather than the single 'strategic site' that it was felt could be serviced with a requirement for 400 dwellings per annum [ED001, para 7.1]. It should be noted that the factors outlined above still apply,

particularly in respect of the delivery of the strategic sites, expected in the middle to end of the Plan period.

- 4.3.5 The monitoring framework in appendix 1 of the Local Plan [CD01, pg. 174] includes indicators such as the delivery of employment land supply [MF01] and the delivery of sites in the Local Plan [MF14] to monitor the delivery of sites in the Plan to inform any future plan update.

4.4 Does the figure take account of potential expansion at Keele University What assumptions have been made in relation to the on-going housing needs of the student population?

- 4.4.1 The modelling that generated the figure of 400 dwellings per annum allows for a fixed number of residents to be living not in private households but in communal accommodation, such as student halls of residence [ED001, para 2.21/2.22 of Appendix 1]. This is drawn from the 2021 Census so implicitly assumes that there will be no change in the number living in such accommodation, relative to that point.
- 4.4.2 It also implicitly allows for students living in private households, with their moving into and out of Newcastle-under-Lyme additionally recorded as migration and thus informing broader assumptions that are made in the modelling of future demographic growth.
- 4.4.3 The HENA of March 2023 did acknowledge the ambition of Keele University to have 16,000 students by 2030, and 19,000 by 2040, but it made no explicit allowance for such an increase [ED001a, Para 8.33-8.34]. There remains no guarantee that these ambitious targets can or will be attained, and there is also uncertainty around the future funding outlook for Universities more generally, how many students will actually need accommodation, and in what form. The Council will maintain an active dialogue with the University to understand the needs of its students and identify any additional housing pressures that may arise [ED001a, paras 8.33 and 8.34, pg. 73] for any future updates to the Local Plan. In respect of allocations, the Local Plan supports two allocations at the University (KL13 & KL15) which include the provision of student accommodation directly on campus, which should add resilience to the needs of the University, if and when this arises.

4.5 Does the figure take adequate account of the needs of elderly residents and specialist housing?

- 4.5.1 The figure is underpinned by demographic modelling which estimates how every age cohort, including the older population, could change in size if this much housing is delivered. It therefore allows for a 23% increase in the number of residents aged 65 and above, between 2023 and 2040 [ED001, Table 5.7, pg. 31]. Paragraphs 5.24 to 5.30 discuss the needs of older people as a specific group [ED001].
- 4.5.2 Most older people are assumed to live in private dwellings, in line with trends recorded by the Census, and this means that their needs are included in the figure of 400 dwellings per annum. The HENA does though explain that some of those aged 75 and above could need specialist accommodation such as sheltered or extra care housing, assuming – like the original HNA of 2020 – that around 17% will need this form of accommodation [ED011b, paragraph 7.21, 17% equals 170 per 1,000, which is the sum of the specified rates of different forms of specialist accommodation (125+20+25)]. Provision of the 43 units estimated to be needed each year can be taken to meet the reported need for dwellings, as this would accommodate individuals that would otherwise be assumed to need more conventional homes [ED001, Table 5.9].
- 4.5.3 The figure of 400 dwellings per annum does not, on its own, capture all the need for bedspaces in communal accommodation such as care homes. The modelling assumes that this will grow with the elderly population, generating a separate and additional modest need for 16 additional bedspaces per annum which is referenced in the draft Local Plan [ED001, para 5.29 and CD01, Para 7.37]. The Council will treat this as a separate need in monitoring its housing land supply. There are also policy requirements, in Policy HOU 2, criteria 4 [CD01, pg. 33] and Policy HOU5 (Specialist Needs Housing) [CD01, pg. 37] that provide a policy context for the delivery of housing mix and the direct provision of schemes in the Borough.

4.6 Should there be a housing requirement for designated neighbourhood areas within the Plan? (paragraph 66 in the NPPF) If so, what should this be?

- 4.6.1 As set out in the supporting text to policy PSD3 [CD01, para 5.23, pg18], the Council will provide an indicative requirement housing figure if requested to do so by a neighbourhood planning body. The figure will take account of factors such as the latest evidence on local housing need, the population of the neighbourhood area and the policy approach of the Local plan, until superseded. Paragraph 5.23 in the Local Plan expressly acknowledges and addresses the NPPF.

2. Appendix 1 – List of Reference Documents

A. The Council's evidence for the housing requirement is set out below.

B. National Policy:

- National Planning Policy Framework (2023 and 2024)
- National Planning Practice Guidance

C. Government Regulations and Acts:

- Town and Country Planning Act
- Planning and Compulsory Purchase Act 2004

D. Newcastle-under-Lyme Local Plan Submission / Examination Documents

- Final Draft Local Plan [CD01]
- Housing and Economic Needs Assessment (2024) [ED001]
- Housing and Economic Needs Assessment (2023) [ED001a]
- Housing and Economic Needs Assessment (2020) [ED002]
- Strategic Employment Sites Assessment (2024) [ED002]
- Strategic Housing Sites Assessment (2023) [ED002a]
- Plan Strategy Housing Topic Paper [ED031]
- Plan Strategy Employment Topic Paper [ED032]
- NBC and Indurent Statement of Common Ground [EX/SCG/05]