

Pendle Core Strategy Examination

Pendle Borough Council

Hearing Statement

Session 4 – Wednesday 15th April 2015

Matter – The Housing Requirement

1. **Is the housing requirement justified taking into account population and household growth projections, including migration and demographic change, market signals and proposed economic growth? Do any recently released figures suggest that the requirement should be amended e.g. DCLG household projections February 2015?**
 - 1.1 The National Planning Policy Framework (NPPF) [CD/12/01] (paragraph 47) identifies that LPAs should use their evidence base to define the full, objectively assessed, needs for both business and housing in their area, and then seek to ensure that their Local Plan meets these needs.
 - 1.2 In this regard, the key housing evidence base documents underpinning the housing requirement are the Burnley and Pendle SHMA and Housing Needs Study (December 2013) [CD/04/01] and the subsequent Pendle Housing Needs Study 2012-based Sub-National Population Projections [SNPP] Update (September 2014) [CD/04/02]. Both reports were completed by Nathaniel Lichfield and Partners (NLP) and focussed on the objectively assessed need (OAN) for housing within Pendle's administrative boundaries.
 - 1.3 In practice, applying the NPPF and the Practice Guidance to arrive at a robust and evidenced housing OAN is a staged and logical process:
 1. The starting point for Local Plans is to meet the full objectively assessed development needs of an area (paragraphs 6, 47 and 156).
 2. Housing need must comprise a level of housing delivery which meets the needs associated with population and household growth, addresses the need for all types of housing including affordable and caters for housing demand (paragraph 159).
 3. Furthermore, a planned level of housing to meet objectively assessed needs must respond positively to wider opportunities for growth and should take account of market signals, including affordability (paragraph 17).
 4. In choosing a housing requirement which would not meet objectively assessed development needs, it must be evidenced that the adverse impacts of meeting needs would significantly and demonstrably outweigh the benefits, when assessed against the policies within the Framework (paragraph 14).
 5. Where an authority is unable to meet its objectively assessed development needs or it is not the most appropriate strategy to do so, it must be demonstrated under the statutory duty-to-cooperate that the unmet need is to be met in another local authority area in order to fully meet development requirements across HMAs (paragraphs 179 and 182).
 - 1.4 It is against these requirements of the NPPF that the Borough's housing need was identified. Based on past trends and the baseline housing, economic and demographic context of Pendle, a number of scenarios were identified. The scenarios were carefully chosen to reflect the alternatives for future growth within the Borough. Each of these scenarios was modelled using industry standard PopGroup demographic modelling software, which draws upon relevant ONS and CLG demographic assumptions.

- 1.5 CD/04/01 sets out the potential scale of future housing need, based upon a range of demographic, housing and economic factors. This evidence was used to help make informed policy choices for future growth.
- 1.6 An explanation of the detailed assumptions and data sources used in the modelling is set out in pages 54-58 and Appendix 1 of CD/04/01. For the majority of the scenarios, the modelling used the latest population projections (the ONS's 2011-based interim SNPP); birth, death and migration rates from the 2010-based SNPP and the CLG's 2008/2011-based household forecast headship rates. Allowances were also made for vacant units/second homes.
- 1.7 The baseline position in the SHMA involved projecting forward a scenario for household formation beyond 2021 which indexes headship rates against the 2008-based household projections post-2021. This essentially assumes that household formation will increase in line with longer term trends. Such an approach is supported by the PAS "Technical Advice Note on Objectively Assessed Need and Housing Targets" (2014) (paragraphs 5.25-5.27) and a number of recent Local Plan Inspector's reports¹.
- 1.8 The modelling demonstrated considerable variation between 13 PopGroup scenarios, with needs fluctuating from a low of 243dpa (Experian Job Growth Scenario H), to a high of 354dpa (Baseline Catch Up Scenario Ac). Alternative demographic-led scenarios, as well as all of the economic-led scenarios, fell between these two 'book-ends'. The past delivery rate (139dpa) and RS figure (190dpa) sat significantly below all of the demographic-led scenarios.
- 1.9 Due to the various factors and assumptions which feed into the assessment of future needs, it was recognised that there was not a single figure which could be definitively identified as objectively assessed development need. This is noted in the former CLG SHMA Guidance which identifies that estimates of need may be expressed as a single number or a range.
- 1.10 On the basis of the SHMA's analysis, it was considered that an objective assessment of housing need and demand for Pendle fell within a range of 280 to 320dpa, equivalent to 5,320 to 6,080 units (2011-2030).
- 1.11 This range incorporated a clear clustering of almost all of the demographic and employment-led scenarios, and demonstrated a closer relationship between the two themes. Although significantly higher than past delivery rate and RS requirements for Pendle, this range robustly balanced the relatively high demographic growth projections and the more aspirational economic projections. It also reflected an uplift to take into account worsening market signals. The SHMA also identified that the objectively assessed need for affordable housing was 672dpa. The justification behind the suggested housing OAN range is set out in further detail in Section 5.0 of CD/04/01.

¹See for example the Inspector's conclusions re: Stage 1 Matters of Examination of the South Worcestershire Development Plan 30th (October 2013)

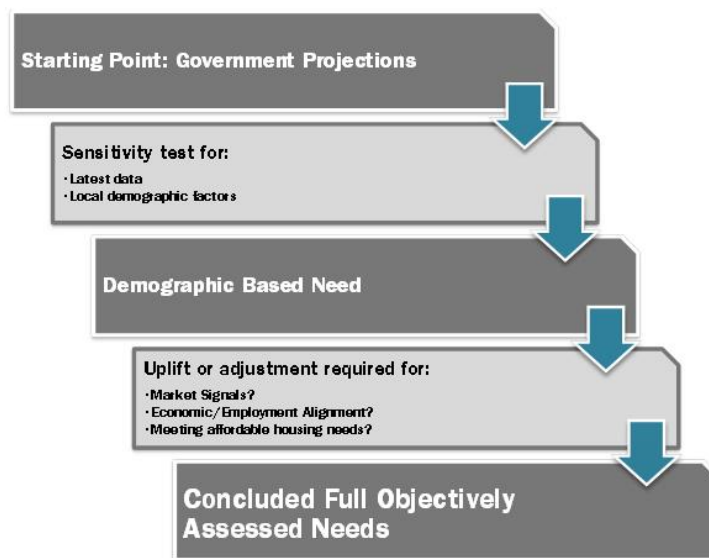
- 1.12 Subsequent to the production of CD/04/01, the 2012-based SNPP was published by ONS in May 2014. NLP produced CD/04/02 to explore the implications of this new data on the scenario modelling work.
- 1.13 Pendle's projected population growth in the 2012-based SNPP, of 2,400 residents (2012-2021), was less than half the level of growth projected by the superseded 2011-based SNPP (+5,000). The latest projections diverge further away from the 2008, 2010 and 2011-based equivalents as time progresses, primarily due to lower levels of births and a reduction in domestic net inward-migration.
- 1.14 Using the latest 2012-based SNPP as the key demographic input to the PopGroup model, NLP re-modelled the scenarios, updating other assumptions relating to unemployment, commuting patterns and vacancy rates.
- 1.15 As set out in Section 4.0 of CD/04/02, the modelling demonstrated a substantial fall in the updated housing needs for most of Pendle's scenarios, particularly for the demographic-led projections, with the updated figures around 77dpa lower than before. The Baseline (Index) Scenario A fell from 303dpa to 226dpa.
- 1.16 The Practice Guidance indicates that once an assessment of need based on household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of housing, specifically land prices; house prices; rents; affordability; rate of development; and, overcrowding.
- 1.17 An appropriate comparison of these should be undertaken and an upward adjustment made where such market signals indicate an imbalance in supply and demand. The more significant the constraints, the larger the additional supply response should be [ID2a-020-20140306].
- 1.18 Section 2.0 of CD/04/01 considered a wide range of market indicators, including house prices, lower quartile house prices and affordability in Pendle. Section 3.0 of CD/04/02 undertook a detailed update of the market indicators outlined in the Practice Guidance².
- 1.19 Overall most housing market signals in Pendle showed signs of improvement and stabilisation since 2008, although a comparison of the Borough with other nearby LAs and England as a whole indicated that it was a mid-ranking authority in terms of the rate of change of house prices and the affordability ratio and a high-ranking authority in terms of change in rental prices. It had also under-delivered housing when set against the previous RS requirements by around 220 dwellings since 2003/04.
- 1.20 On balance, NLP concluded that any adjustment to housing need over and above the demographic starting point should be modest. This is justified on the basis that whilst most of Pendle's market signals exhibited very low levels of stress relative to comparator

² The only exception related to land prices, for which there are no readily available and nationally consistent data from the VOA for Pendle

areas, a few, notably the change in the Affordability Ratio and Rents, were on a par, or even slightly higher, than the national rate. Furthermore the Council has under-delivered homes in recent years.

- 1.21 A modest uplift was therefore considered appropriate which was broadly equal to the past under-delivery plus an acceleration of the headship rates from NLP's baseline 'Index' to the 'partial catch up' scenario – an uplift broadly in line with a 10% increase to the Index projection.
- 1.22 CD/04/02 concluded that if the data within the 2012-based SNPP for Pendle had been available to inform the 2013 SHMA [CD/04/01], the annual housing range identified would have been 250–340dpa (4,750-6,460 dwellings 2011-2030).
- 1.23 This was derived on the basis of the staged process set out in Figure 1:

Figure 1 NPPF and Practice Guidance Approach to FOAN



Source: NLP

- 1.24 It is important to take account of the following points in relation to the staged approach to defining the OAN:
 1. The Practice Guidance is clear that the '**starting point**' for establishing the housing OAN is the CLG's latest household projections. In Pendle's case, the 2011-based projections would suggest a figure of **312dpa** (including an adjusted allowance for vacant units/second homes).
 2. Before allowances are made for economic growth and market signals, the appropriateness of an adjustment to the demographic starting point of 312dpa must be considered. NLP considered that an adjustment should be made to reflect higher rates of household formation than assumed within the 2011-based household projections, which is likely to be overly influenced by the recent recession and

economic downturn. However, this was more than counter-balanced by the significant reduction in population growth for Pendle in the 2012-based SNPP. The resultant adjusted Index Baseline Scenario A fell from 303dpa to 226dpa. This addressed demographic needs arising from the more accurate data available regarding natural change and migration.

3. The next stage involved testing whether an upward adjustment was necessary to this figure in response to **worsening market signals** – essentially building more homes to dampen down rising house prices, rents, affordability ratios and other indicators of a housing market under stress.
4. The Practice Guidance states that a worsening situation in any of six key housing market signals (which also includes past development rates) could justify an increase to the demographic figure. Across the various market indicators Pendle performed better than the national average on most of them, suggesting limited housing market stress, although there were some issues concerning change in rents and the affordability ratio. Furthermore, the past under-delivery of housing in recent years has also been factored into the analysis.
5. The extent of the uplift is essentially a judgement, but should be set at a level which could reasonably be expected to improve affordability. It was NLP's judgement that, balancing the various key market indicators (with most indicating very limited levels of market stress in Pendle Borough), a modest upward adjustment would be necessary. This was equal to the past rate of under-delivery plus an increase in the headship rates from the Indexed approach to the partial catch up (broadly equal to a 10% increase from the Index baseline, or 24dpa). Such an uplift aligns with recent Inspector's interpretations of what might constitute a 'modest' uplift to a demographic starting point (see for example the Uttlesford³ and Eastleigh⁴ Local Plan Inspector's reports).
6. At the top end of the range, CD/04/02 recommended that the CLG (Interim) 2011-based Household Projections (312dpa, or around 340dpa (rounded)) be used, incorporating a similar 10% uplift to allow for adverse market signals and past under-delivery should be applied. This is on the grounds that the Practice Guidance requires the CLG household projections to comprise the 'starting point' for identifying housing OAN, even though their continuing validity was thrown into question due to the substantial divergence between 2011-based (interim) SNPP upon which they are based, and the more robust 2012-based SNPP which supersedes them.
7. There was also a need to deliver a realistic level of housing that provides for the economic needs of Pendle Borough. A range of 250-340dpa would be sufficient to sustain a level of job and household growth that would incorporate Past Trend Jobs Growth (Scenario G), the Policy On job growth projections (Scenario I) and is significantly in excess of the Experian projections (Scenario H) for Pendle.
8. The range is below the ELR Past Take Up Job Growth (416dpa, falling to 323dpa/348dpa if commuting patterns are ameliorated/vacancy rates reduced) but this was seen as an outlier when considered against other economic and demographic scenarios in order to identify a realistic range of projections that represented OAN.

³Examination of the Uttlesford Local Plan: Summarised conclusions of the Inspector after the Hearing Session on 03/12/14

⁴Examination of the Eastleigh Local Plan: Preliminary conclusions on Housing Needs and Supply and Economic Growth (Post Hearing Note 2) 28/11/14

The exclusion of outliers is a valid approach when identifying OAN according to a number of Inspector's Local Plan EIP reports, including that of Lichfield District⁵.

9. Furthermore, given the assumptions applied by PBC to translate the past take up of employment land into potential job growth (which are, by necessity, complex and subject to a wide margin for error⁶) the 2,936 job growth figure underpinning this scenario should be treated with a considerable amount of caution. For example, although past take up in Pendle averaged c.2.98ha 2000/01-2012/13⁷, ONS Job Density data indicates that job growth in the Borough was broadly neutral over the same period, suggesting that much of the growth related to expansion of existing premises or relocations of existing companies (with no net job growth).
10. The Council's target also assumes that all of this land will come forward over the Plan period, which may not be the case. In addition, some of the industrial sites are located on the Burnley/Pendle border where they will perform a more strategic function and attract workers from outside Pendle. The actual level of job growth within Pendle is likely to be less than the headline figure and therefore needs to be treated with caution.
11. Finally, the 250-340dpa range is significantly in excess of the past delivery of housing in the Borough (132dpa) and so accords with the Government's requirements for LPAs to do 'everything they can' to boost the supply of housing.

1.25 In summary, the overall housing OAN is 250-340dpa. However, when the Council considered how this should be translated into a housing requirement for the Core Strategy it was important to take account of the affordable housing needs, (recognising that these were identified on a different evidential basis, with the data focussing on household's ability to pay, rather than demographic change and economic growth). CD/04/02 identified an affordable housing OAN of 672dpa over the next five years. In determining whether the provision of such a level of housing would be realistic, consideration was given to a variety of actors including deliverability and viability.

1.26 In determining the housing requirement figure from the OAN range consideration was given to the different scenarios and how these fitted with the Council's strategy for the development and growth of the borough. The Council has adopted a Jobs and Growth Strategy [CD/05/03] which has been developed with the LEP in line with the LEP Economic Plan [CD/05/07]. This seeks to positively influence economic growth and to alter the decline in jobs forecast in the Experian local based job forecasting model. The policy-on economic growth scenario (Scenario I) represented a much higher level of growth in both jobs and homes than has previously been delivered and was at the higher end of the range at 298dpa. This figure represents the most appropriate level of housing to meet the growth from both the demographic and economic scenarios.

1.27 The OAN range provided in the HNS update [CD/04/02] was between 250 and 340dpa. However, the 340dpa figure was based on the CLG (interim) 2011 Household Projections which in turn were based on out-of-date population projections. This would bring into

⁵Report on the Examination into the Lichfield District Local Plan: Strategy (January 2015): "it excluded 'outliers' such as Housing Growth Scenarios F and G which produced housing requirements that were inconsistent with the majority of other scenarios which clustered around the 400-460dpa range. This is a reasonable approach" [§83]

⁶For example, PBC made various assumptions concerning employment densities and plot ratios – relatively minor adjustments to these assumptions (i.e., by reducing the densities attributed to B2 industrial uses, currently set at 1 job per 44sqm), could have a significant impact on the number of jobs likely to be generated by a development.

⁷Pendle ELR (2014): Table 5.1

question the continued validity of the top end of the range. Further detail on the impact of the recently release household projections is provided below:

- 1.28 The Practice Guidance states that wherever possible, local needs assessments should be informed by the latest available information. Local Plans should be kept up-to-date; whilst a meaningful change in the housing situation should be considered in this context, this does not automatically mean that housing assessments are rendered outdated every time new projections are issued [ID: 2a-106-20140306].
- 1.29 CD/04/02 was completed before the release of the 2012-based SNHP on 27/02/15. This latest data replaces the 2011-based (interim) SNHP equivalents and is generally considered to be more robust than its immediate predecessor. Further information from the Census 2011 has become available and has been incorporated into the 2012-based projections where possible – building on the approach used for the 2011-based projections⁸.
- 1.30 A comparison of the latest household projections against the previous projections for Pendle is set out in Table 1.

Table 1 Household Projections Comparison

	2012-based Household Projections				2013-2033		2012-2021	
	2012	2037	2012-2037	Annual H'holds	2008-SNHP	2012-SNHP	2011-SNHP	2012-SNHP
Pendle*	37,576	42,408	4,832	193	250	204	289	241

Source: CLG 2012 SNHP / CLG 2011 (Interim) SNHP/ CLG 2008 SNHP

* Note – the time periods changed to align across the various SNHPs

- 1.31 NLP has not been able to model the implications of the 2012 SNHP as the full dataset has not been released by CLG. That said, comparing the past household projections provides a useful indicator of the possible implications of the 2012 SNHP. The latest projections indicate annual household growth of 193 households from 2012 to 2037, or 211 households between 2011 and 2030. The latest projections are significantly lower than the previous 2008 based projections and the 2011 (Interim) projections.
- 1.32 However, when applying a similar allowance for vacant units (6.6%) as with NLP's earlier modelling, the resultant dwelling requirement, of 226dpa 2011-2030, is identical to NLP's Index Baseline figure (Scenario A). Whilst the full modelling exercise cannot be completed at the time of writing and NLP are unable to conclude on the full implications of the latest household projections, this would lend weight to the conclusion that NLP's work, and the identified housing OAN, remains robust.
- 1.33 A more detailed note on the likely implications of the 2012-based SNHP on Pendle's housing OAN will be submitted under separate cover to the Local Plan Examination.

⁸ DCLG, Household Projections 2012-based: Methodological Report, February 2015

2. Do the 2012-based SNPP form a reasonable basis for assessing the housing requirement given the extent that they have been influenced by low completion rates in recent years?

- 2.1 Following the submission of CD/04/01, the demographic data which underpinned NLP's modelling work was updated by ONS. This new data, the 2012-based SNPP, replaces the 2011-based (interim) SNPP equivalents. The latest projections are based on the 2012 mid-year population estimates published in June 2013 (which are themselves rolled forward from the 2011 mid-year population estimates and ultimately the 2011 Census) and a set of underlying demographic assumptions regarding fertility, mortality and migration, based on local trends.
- 2.2 As with previous projections, the 2012 based SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. However, unlike the 2008-based and 2010-based SNPPs, the 2012-based projections took into account information from the 2011 Census.
- 2.3 The data is also considered to be more robust than its immediate predecessor, the 2011-based (interim) SNPP, as this assumed a continuation of the estimated trends in fertility, mortality and migration as used in the 2010-based SNPP. The trends from the 2010-based projections were used because a revised historic data series was not available to update the assumptions.
- 2.4 As such, the ability of the 2012 SNPP to incorporate not only the 2011 Census, but also updated demographic assumptions concerning fertility, mortality and migration, makes it significantly more robust for the purposes of demographic modelling.
- 2.5 In this regard, they can be considered to provide the best estimates of the future population of English regions and local authorities available when CD/04/02 was prepared.
- 2.6 Furthermore, Bob Garland from DCLG stated prior to the release of the 2012 based SNPP that *"the same methodology is being used as for the 2011-based projections. This means that the ONS 2012-based population projections (already published at local authority level) provide a good initial indication of likely household growth to feed into local authorities' assessment of housing requirements"*.
- 2.7 The Practice Guidance is clear that the latest projections represent the 'starting point' for identifying objectively assessed housing need. However, it also states that:
- "Plan makers may consider sensitivity testing specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest ONS population estimates"*. [ID: 2a-017-20140306]
- 2.8 As noted above, NLP modelled a wide range of scenarios including adjusting migration rates on the basis of short and long term trends and accelerating headship rates to overcome recessionary influences.
- 2.9 It is considered that the use of the 2012-based SNPP to inform the housing requirement is wholly justified and forms a reasonable basis for assessing Pendle's housing OAN. Appropriate uplifts have been applied to the figures to take account of some worsening market signals. A wide range of scenarios were modelled to sensitivity test the baseline Index approach and the resultant 250-340dpa range takes these considerations into account.

3. Is the housing requirement justified taking into account the need for affordable housing and homes for different groups, the demand for housing and the need to boost significantly the supply of housing?

3.1 The 250–340dpa housing OAN range identified in CD/04/02 encompasses the CLG 2011 based (Interim) Housing Projections, all demographic-led scenarios and the Past Trend Job and Experian economic-led scenarios. As noted above, it incorporated an uplift to the demographic starting point in the order of 10% to address moderately worsening market signals (including past under-delivery and worsening affordability ratios).

3.2 CD/04/01 provides a detailed analysis of affordable housing need in Pendle. It also examines the type of accommodation most appropriate to meet this need, and the requirements of specific household groups as specified in the Practice Guidance. The report concludes that the annual gross affordable housing requirement for Pendle is 672 dwellings over the next five years. This figure represents Pendle’s affordable housing OAN.

3.3 In terms of how this has influenced the overall housing requirement figure, the Practice Guidance advises that:

“...the total affordable housing need should then 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 housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.” [Para 2a-029-20140306]

3.4 The NPPF suggests that having identified the OAN for affordable housing, the Local Plan should meet this need subject to the constraints referred to in paragraphs 14 and 47. Both paragraphs refer to the need to be consistent with other policies set out in the NPPF, with paragraph 14 stating that:

“Local Plans should meet OAN with sufficient flexibility to adapt to rapid change, unless:

- Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework, taken as a whole; or*
- Specific policies in this Framework indicate development should be restricted”.*

3.5 Furthermore, the NPPF requires that Local Plans should be “*aspirational, but realistic*” (paragraph 154). Delivering 672 affordable dpa at a rate of 40% overall would indicate a requirement of 1,680dpa. This is more than ten-times higher than the delivery level that has been achieved in recent years (132dpa) and is significantly in excess of what could realistically be delivered in what is a weak housing market area.

3.6 The Practice Guidance states that: “*Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical scenarios, only future scenarios that could be reasonably expected to occur*”⁹. In light of this the Council considers that it would not be reasonable or in any way achievable to expect such an increase in housing delivery, to meet the affordable needs, to occur.

3.7 Policy LIV1 sets the housing requirement at 298dpa, with Policy LIV4 including an overall aspiration to deliver 40% affordable housing. These policy choices have been made on the basis of seeking to deliver a realistic and appropriate level of affordable housing, balancing

⁹Practice Guidance 2a-003-20140306

the significant viability challenges across much of the Borough and a desire to avoid the adverse impacts that could arise from seeking a higher, but ultimately undeliverable, target¹⁰.

- 3.8 The Practice Guidance states that once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. The needs of different groups should also be identified, which includes the private rented sector (PRS), people wishing to build their own homes, family housing, housing for older people and households with specific needs¹¹. CD/04/01 outlines how the needs for all types of housing in Pendle have been assessed. The overall housing need, covering all types of residential units, is set out in Sections 6.0, 7.0 and 8.0 of CD/04/01.
- 3.9 In conclusion, the 298dpa housing requirement set out in Policy LIV1 is significantly higher than the previous RS housing requirement for Pendle, is more than double the level that has been consistently delivered in the past and as such represents an aspirational housing requirement that would significantly boost housing delivery in the Borough whilst taking into account the high level of need for affordable dwellings, and housing for different groups. As such, the proposed housing requirement is in accordance with the NPPF and is aspirational but economically realistic.

4. Have the options for higher growth identified in the SHMA been fully considered, including their potential impacts?

- 4.1 The Strategic Housing Market Assessment (SHMA) [CD/04/01, Chapters 3 and 5] used a number of different growth scenarios to establish the Objectively Assessed Need (OAN) for housing for the the borough. In defining the OAN range a number of the scenarios were discounted as not being realistic and could not reasonably be expected to occur. This is in line with the National Planning Practice Guidance (NPPG) (ID: 2a-003-20140306) which states that *"assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur"*.
- 4.2 This discounting process included looking at the higher growth scenarios, for example the scenario which was based on past take up rates of employment land (Scenario J) and the likely job and population growth which would occur should such trends continue. Although the past ELR take up rate forms the basis of the employment land requirement, this historic take up rate has not translated into the level of jobs growth modelled in Scenario J. Scenario G models a past jobs trend housing requirement which is significantly lower than Scenario J and identifies the difficulties in modelling the housing requirement based on the ELR past take up rate. Paragraph 5.26 (points 3 and 4) and paragraphs 5.27-5.29 of the SHMA explain that this scenario is founded on a comparatively high level of job growth which results in a high dwelling requirement. However, calculating the job growth from the land take-up rate relies upon a number of complex assumptions regarding plot ratios, employment densities and vacancy rates. The SHMA indicates that it is therefore difficult

¹⁰The total affordable housing need should also be reviewed in the context of its likely delivery [PPG Para. 2a-029-20140306] – see, for example, the Durham County Council Inspector's Interim Views on the County Durham Plan §41

¹¹2a-02120140306

to relate this economic growth to the OAN for housing. On this basis the SHMA considers that the scenario is not realistic or appropriate in terms of defining the OAN or housing requirement.

- 4.3 The SHMA defined the OAN range for Pendle as being between 280 and 320dpa. However, with the publication of the 2012-based Sub-National Population Projections (SNPP) the Housing Needs Study update report [CD/04/02] provided a revised range of between 250 and 340dpa. Within this range four of the scenarios were chosen as potential housing requirement figures. These four scenarios represent realistic options for the amount of housing needed in the borough. These options were assessed through the sustainability appraisal process [CD/01/02, Appendix 1] to ascertain the potential impacts. This included assessing scenarios at the upper end of the range therefore testing the higher growth scenario.
- 4.4 Through a combination of the SHMA and SA process the higher growth scenarios have been sufficiently tested for their appropriateness and potential impacts.

5. Is there sufficient flexibility built into the housing requirement?

- 5.1 Policy LIV1 sets out the housing requirement for the plan period (2011-2030). It states that where evidence of need or demand is identified additional dwellings will be provided. This adds flexibility to the housing requirement, recognising that there may be changes in the amount of housing needed during the plan period. The policy also indicates that where evidence shows that there has been a significant change to the housing requirement an early review of the plan will be considered.
- 5.2 The monitoring and delivery table at the end of the policy includes a number of trigger points relating to the delivery of the housing requirement. Monitoring during the plan period will help to determine whether any adjustment needs to be made to the housing requirement or delivery mechanisms.

6. Is the stepped approach to housing delivery justified? Will it fully meet the need and demand for housing in the early years of the plan?

- 6.1 It is important that the Core Strategy sets out an approach to the delivery of new housing which is realistic and achievable, taking into account the current economic circumstances, which are very challenging in the Borough and across East Lancashire. Policy LIV1 includes a stepped approach to housing delivery, with Table LIV1a setting out the Council's expected delivery rates for different periods of the plan. However, these figures are expressed as minimum expectations and would not restrict housing coming forward at an increased rate should the market improve. Paragraphs 10.34-10.37 explain the need for the stepped approach and this is supplemented by further details below:
- 6.2 Monitoring data [CD/02/03a&b] shows that the number of housing completions in the last few years has been low. This has been the consequence of the economic recession and the

Housing Market Renewal programme, which saw the clearance of a number of properties leading to negative completion rates in some years. Although there is a stock of existing planning consents in place and there is some activity on-site, the housing market in Pendle is still fragile. Delivery rates are still suffering from the poor market conditions. The Development Viability Study [CD/07/01] shows that there is an issue with site viability in parts of the borough and this is restricting the number of sites that can come forward in the short term.

- 6.3 Furthermore, people looking to buy a house are still facing problems accessing finance and/or securing a sufficient deposit. This is having a direct impact on the demand for new housing and consequently the rate at which developers are building new properties is low.
- 6.4 The proposed housing requirement figure represents a significant step change for Pendle when compared to the requirements in the previous plan period - increasing from 190dpa to 298dpa.
- 6.5 In order to meet the higher requirement there will need to be an increase in the supply of housing land. The SHLAA has been updated to ensure that there are sufficient sites to meet the requirement over the five years and full plan period. Some of these sites are now being progressed through the planning system. However, it will take time to get a sufficient stock of consents in place to enable the delivery of the housing requirement and there is always a lag time between granting planning permission and completing dwellings on the ground.
- 6.6 The Council has introduced the stepped approach to take account of:
- previous low delivery rates;
 - Pendle's fragile housing market;
 - challenging viability issues;
 - uncertainty over the economic recovery; and
 - the lag-time between granting consent and the completion of new dwellings.
- 6.7 This approach aims to ensure that new dwellings are delivered in a timely manner but recognises that there are factors which may impede delivery in the short-term. Past monitoring data shows that higher delivery rates have been achieved in better economic times. The majority of past delivery has also been achieved on brownfield sites. The SHLAA now identifies a range of sites including viable green field sites. These sites will take time to deliver but will significantly increase build rates over what is currently being achieved. As the economy improves the delivery rates will also improve reflecting the rates set out in the policy.
- 6.8 In terms of meeting need and demand for housing in the early years of the plan, clearly the market will only deliver what can be sustained in terms of the demand. The development industry and housing market need time to react to the increased housing requirement and the plan needs to take account of the economic conditions and set out an appropriate approach to delivery. This may mean that there is a delay in meeting the full housing needs

of the borough in the early years of the plan. However, simply increasing the number of sites will not immediately deliver housing as there would still be a lag time before the units would be delivered. This is evident at sites such as Windermere Avenue and Trough Laithe (Strategic Site) where there is already developer interest. The identification of further sites at this time may lead to an oversupply of dwellings later in the plan period.