

Representations To Pendle Core Strategy Examination On Behalf Of Peel Investments (North) Ltd Matter 4 Statement

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Turley

REPRESENTATIONS TO PENDLE CORE STRATEGY EXAMINATION ON BEHALF OF PEEL INVESTMENTS (NORTH) LTD

MATTER 4: THE HOUSING REQUIREMENT

Issue 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?

It is recognised that the evidence underpinning the CS Housing Requirement has considered a range of alternative scenarios of future housing need in line with the methodology set out within the Planning Practice Guidance (PPG).

The PPG requires the latest Sub-National Household Projections (SNHP) to represent the 'starting point' for assessing need. The latest 2012 base dataset, which were released in February 2015 after the plan was submitted, suggest that 4,017 households will form between 2011 and 2030 at an average rate of 211 per annum. The application of the 6.6% vacancy rate used within the 2014 Housing Needs Study (HNS) would suggest a 'starting point' need for 4,282 dwellings over the plan period, or 225 dwellings per annum. This aligns almost exactly with the 'baseline' scenario presented within the 2014 HNS.

Evidently the housing requirement set out within the CS represents an uplifted level of need from this base 'starting point' reflecting the requirement of the NPPF to boost significantly the supply of housing. This uplift is justified in the context of anticipated likely job growth within the authority as well as analysis of market signals which indicate that as a result of market factors household formation has been suppressed.

The 2014 HNS identifies that a PPG compliant OAN range for Pendle is represented by between 250 – 340 dwellings per annum. The lower end of the range represents a 'modest' uplift from the baseline assessment of need (derived from the 2012 SNPP), which reflects the evidenced worsening trends for certain market signals (paragraph 3.58 of the 2014 HNS). The upper end of the range is based upon the 2011 based interim SNHP (which have now been superseded) but as set out at paragraph 5.30 of the 2014 HNS encompasses all of the economic-led projections with the exception of the ELR past Take Up Job Growth scenario.

Evidently the CS housing requirement falls close to the middle of this range and most closely aligns with the employment-led 'Policy On' scenario within the 2014 HNS. This scenario suggests the need for 298 dwellings per annum in order to support the growth of almost 900 jobs over the plan period. This recognises the implications of the ageing population of the area and the implied need to retain / attract people to the area to a greater extent than seen over recent years.

Whilst it is apparent that the housing requirement has been uplifted from the 'starting point' implied by the latest household projections it is important to recognise in the context of the justifying evidence that it potentially falls short of the full OAN and should therefore be, as recognised in the suggested modification, be treated as a 'minimum' and subject to regular monitoring and potential re-assessment. This is particularly important in the context of:

- Evidenced strong need for affordable housing, including a significant backlog of housing need (as identified within the 2013 SHMA);

- A comparatively pessimistic economic outlook in the context of encouraging national and local indications of job growth; and
- The impact of the recession and in particular rates of development, on trend-based demographic data with this considered further in our response below to Issue 2.

Issue 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?

The trend-based nature of the SNPP and SNHP datasets means, in line with the PPG, that it is important to consider the projected growth trends in the context of market, economic and demographic factors which have impacted upon the historical period upon which they are based.

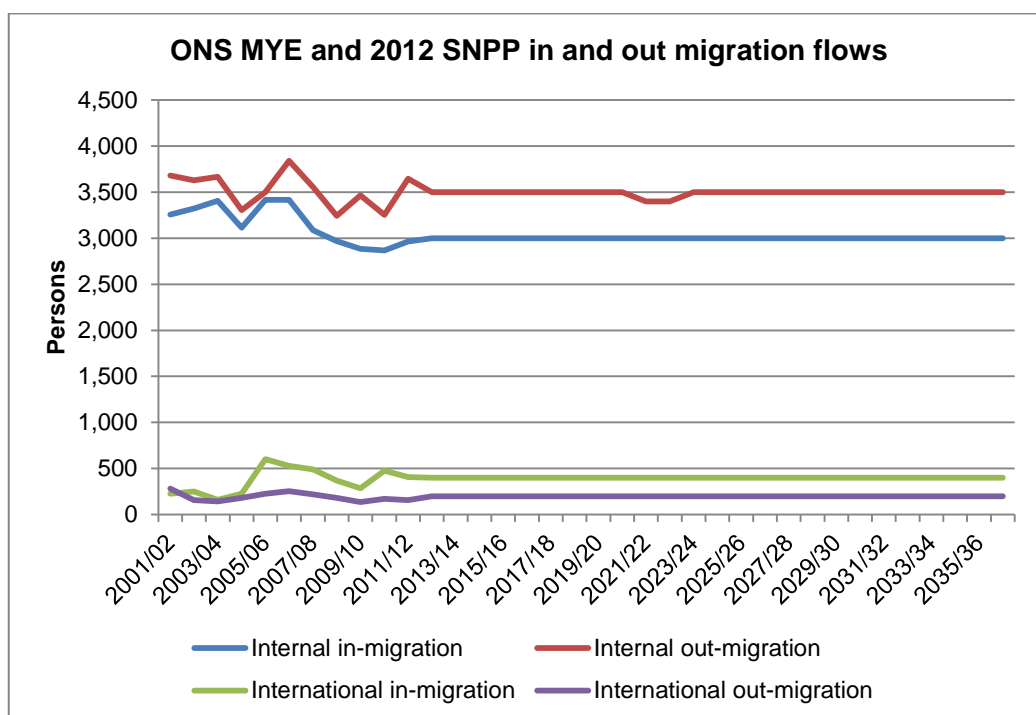
It is apparent from Figure LIV2a 'Past Housing Completions' in the CS that the five years preceding the base date of the 2012 SNPP represent a period in which net housing completions were significantly lower than those seen consistently at the start of the decade. Indeed as the CS recognises whilst prior to 2007/08 gross and net completions consistently exceeded 250 dwellings per annum, net completions between 2007/08 and 2011/12 averaged only 42 dpa.

The implication of this fall in the available supply of new properties is a reduction in the ability for households to move within and into the authority. This is identified at paragraph 2.17 of the 2014 HNS which recognises:

"Whilst the 2012-based SNPP methodological approach to migration may be seen as being statistically sound, in that it uses the most up-to-date data that is internally consistent, it is important to note that much of the background trend data covers a period of time (2007/08 to 2011/12 for internal migration and 2006/07 to 2011/12 for international migration) affected by the recession and unprecedented economic downturn. ONS evidence suggests that the level of internal migration within the UK and net international migration into the UK reduced during the recession, and it is possible that this trend-based evidence may have suppressed future estimates of migration to/from the borough."

The following chart shows historic migration flows (internal and international) into and out of the authority as well as the projected scale of movement under the 2012 SNPP. It is apparent that following the recession Pendle saw a reduction in the number of people moving into the authority from other parts of the UK alongside a slightly smaller reduction in the number of people moving out of the authority. Importantly the 2012 SNPP suggest that whilst the flow of persons out of the authority to other parts of the UK returns to approximately pre-recession trends the flow in is retained largely at the post-recession levels. The result being a projected high net outflow of persons from the authority to other parts of the UK. Whilst this is partially offset by a sustained level of projected net international migration into the authority (seen through the recessionary period) this suggests that the projection assumes a projected demographic trend which has been influenced by the recession.

Figure 1.1: Historic and Projected Migration Flows - Pendle



Source: ONS, 2014

On the basis of evidence of the potential suppression of projected net migration flows for the authority it is therefore important, whilst using the 2012 SNPP as a base starting point for assessing need, a pro-growth approach should be taken requiring a consideration of variant scenarios of population growth based on different historic trends and in the context of economics evidence.

The 2014 HNS presents a scenario based on 10 year or 'long-term' migration trends. This evidently includes demographic trend based data both pre and post the recession therefore providing a projection of need based upon a more representative period of development within Pendle on the basis of historic rates of development. This suggests a need for 271 dwellings per annum (scenario E). The application of a comparable uplift for market signals used to derive the OAN range would, it is assumed, suggest a level of need which is closely aligned to the CS housing requirement. Based upon the presented implied growth in population of Table 4.1 of the 2014 HNS this would also suggest that the proposed CS housing requirement would facilitate a more positive migration profile into the authority than the 2012 SNPP.

This highlights that whilst the 2012 SNPP forms the basis for the assessment of need, the proposed housing requirement represents a more positive picture of population and household growth than that influenced by a recent period of reduced completion rates. In line with the NPPF and the PPG this adjustment is critical in ensuring that projected need is not constrained by recent trends impacted by a specific set of economic and market conditions. As set out in our answer to Issue 1 the scale of adjustment represented by the CS housing requirement is potentially relatively modest and will therefore require careful monitoring to ensure that needs within the authority are not constrained as a result of policy and to ensure an NPPF compliant approach is adopted.

Issue 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?

As we have set out in our response to Q1 we recognise that the CS housing requirement represents an uplifted position against the 2012 SNHP.

The 2013 SHMA identifies a net annual need for 672 affordable dwellings per annum in Pendle for the 5 years from 2013. This takes into account the need to address an accumulated backlog need for 734 affordable dwellings over this five year period but also, importantly, an implied per annum newly arising need of 525 dwellings per annum.

In line with the PPG the identification of this scale of affordable housing need requires consideration as to the implications for uplifting the overall housing requirement in order to assist in the provision of affordable housing through the development of market housing. Whilst the CS housing requirement represents an uplifted position above the 2012 SNHP the 2014 HNS suggests an OAN range up to 340 dpa. Evidently provision of a higher level of housing would potentially make a greater contribution to addressing the calculated need for affordable housing. In this context in line with our response to Q1 the CS housing requirement must be considered as a 'minimum' requirement.

According to Figure LIV2a of the CS Pendle has only seen net completions exceed the CS housing requirement in two years since 2003/04. This suggests that provision at or exceeding the proposed requirement would represent a boosting of supply, and in particular recent levels of completions, in the authority.

Overall it is therefore apparent that factors such as the need for affordable housing and the importance of boosting supply are important points used in the justification for the CS housing requirement. The evidence assembled, however, does suggest that the full need for market and affordable housing could be notably higher than that accommodated through the CS housing requirement. On this basis it is vital that the requirement be considered as a minimum figure and that updated evidence of increasing need through the early years of the plan is used to review the policy approach as appropriate.

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

As set out in our response to Issue 1 the 2014 (HNS) and the preceding 2013 SHMA both identify a range of OAN which includes levels of need which exceed that planned for within the CS through the housing requirement.

The evidence is clear in identifying that providing for higher levels of development has potential positive implications in that it has the potential to support higher levels of employment growth and to address more fully evidenced significant needs for affordable housing.

This reinforces the importance of considering the CS housing requirement as a minimum figure which will need to be monitored in the context of updated and new evidence. Updated evidence of, for example, stronger job growth and/or worsening affordability would suggest the justification for seeking higher levels of housing provision in order to ensure that the borough's potential is not constrained and the needs of its communities are met in full.

Issue 5: Is there sufficient flexibility built into the housing requirement?

We recognise the aim of the suggested modification to Policy LIV1 is to clearly express the requirement as a 'minimum'. This accords with our representations to the Pre-Submission Draft of the CS and will ensure an improved level of flexibility as required within the NPPF.

It is, however, recognised that the CS housing requirement, on the basis of the evidence presented within the 2014 HNS, will only support a limited growth in the local economy. The 2014 HNS also presents a number of variant employment-led scenarios based upon evidence within the ELR which suggest a higher potential level of job growth. This should be considered in the context of an increasingly positive economic outlook and the context of the NPPF and would suggest that the underpinning level of job growth assumed as being supported by the CS housing requirement may represent an overly pessimistic approach. Evidence that insufficient growth of the available local labour supply is stifling economic growth would need to be acknowledged through monitoring of the appropriateness of the housing requirement.

Issue 5: 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?

Peel does not have any specific comments to make on this issue at this stage.