

PENDLE LOCAL PLAN CORE STRATEGY

MATTER 4: THE HOUSING REQUIREMENT

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ON BEHALF OF

JUNCTION PROPERTY LTD

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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?

1. The National Planning Policy Guidance (PPG) sets out the way in which objectively assessed housing needs should be derived. It says (2a-015) that the "*starting point*" is the latest CLG sub-national household projections (SNHP). However, it also makes clear that these household projections are not the end of the story. Other factors must be taken into account, including whether "*formation rates may have been suppressed historically by under-supply and worsening affordability of housing*"; employment trends; and market signals.
2. Nathaniel Litchfield & Partners (NLP) produced a Housing Needs Study and SHMA for Pendle and Burnley Councils (CD/04/01). It recommended that the housing requirement for Pendle should be within the range of 280 to 320 dwellings per annum (dpa). The SHMA predated the PPG and 2012-based ONS Sub National Population Projections (SNPPs) which were issued last year. Therefore, NLP on behalf of Pendle Council produced a Housing Update (CD/04/02) in September 2014 which took this new material into account. The Update suggested that the housing requirement for Pendle should be within the range of 250 to 340 dpa. After considering the Update, the Council decided to go forward with a housing requirement of 298 dwellings per annum net for the period 2011 to 2030.
3. In late February 2015, the Government issued the 2012-based SNHPs which identify the household implications of the 2012-based SNPPs. The 2012-based SNHPs identify an

increase of 209 households per annum for Pendle over the period 2011-2031. This is not very different from the NLP figure of 226 per annum which was NLP's interpretation of the implications for household growth of the 2012 based SNPPs. On this basis, we understand that the Council is not proposing any change to the CS housing requirement.

4. The 2012-based CLG household projects are only the starting point to consider housing needs. As the PPG makes clear, these projections are trend-based and only project forward what has happened in the recent past. The PPG says (2a-015): -

"The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future Government policies, changing economic circumstances or other factors might have on demographic behaviour."

5. Two main factors seem to have influenced the relatively low household projection for Pendle in the 2012-based SNHP.
6. The first factor is the impact of the recent economic recession. The 2012-based SNPP and SHNP project forward the trends of the previous 5 years. For Pendle, this was a period of deep economic recession. This is why this projection series is so different from the previous projections which identify much higher rates of population and household growth. It would be a significant mistake to place undue emphasis upon a single trend-based projection, and especially one which has been so influenced by Pendle's recent adverse performance. The big question is whether for planning purposes this adverse performance should be projected forward over the plan period and thereby enshrined in the CS.
7. The second main factor has been the very poor recent performance of Pendle Council in the delivery of new housing. In the six years since 2008 (2008 to 2014), there were only 105 net completions in Pendle. In these circumstances, it is not surprising that the Borough failed to attract in-migrants over this period, and household formation was so low. The impact of this poor performance is shown most markedly in the migration assumptions underlying the 2012-based sub-national projections. Extrapolating forward the recent high rates of net out-migration from the Borough, the 2012-based SNPP are based upon significantly higher rates of out-migration than the 2011-based series: -

	Average Net Migration Per Annum				
	2011-16	2016-21	2021-26	2026-31	2011-31
2011-based	-100	-100	-	-	
2012-based	-275	-200	-280	-300	-263

The very high net loss from the Borough underlying the 2012-based projection series is at fundamental odds with the objectives of the CS.

8. The PPG would support a significant upward adjustment to reflect these circumstances. It (2a-015) says: -

“The household projection based estimate of Council's need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured on past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. As household projections do not reflect unmet housing need, Local Planning Authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.”

9. From the above, it is clear that household formation has been constrained in Pendle by a lack of supply which itself reflects in part the restrictive planning policies which have been pursued by the Council over the past decade. For the avoidance of doubt, the Council's DVS (CD/07/01) confirms that significantly higher levels of residential development would have been possible if market-attractive sites had been released. Paragraph 3.57 states: -

“Until recently the focus for development activity (in the Borough) was the regeneration of small pockets of inner urban deprivation in the M65 Corridor through the HMR programme. This approach, together with tightly drawn settlement boundaries has effectively limited development in the more desirable locations of Barrowford, Earby, Barnoldswick and peripheral areas of Colne. Indeed, it was

asserted at the developer's seminar that if sites were to become available in these settlements then there would be considerable market interest."

10. The PPG (2a-018) says that economic factors may be also a reason to adjust the housing need suggested by household projections. Referring to housing need, it says: -

"Plan makers should make an assessment of the likely change in job numbers based on past trends and the economic forecasts and also having regard to the growth of the working age population."

11. The economic policies of the Pendle CS are based upon a policy of employment growth. This includes significant new employment allocations, including a strategic site at Lomeshaye. To reflect this, the NLP Housing Update includes *"policy on"* employment growth scenarios which suggest housing needs of between 298 and 416 dpa.
12. Finally, the PPG also suggests that the household projection need figure should be adjusted to reflect appropriate market signals. These market signals include severe stress in the Pendle housing market particularly problems of affordability. Based upon the SHMA, the CS itself (10.104) notes that there is a need for an additional 236 affordable dwellings per year which amounts to nearly 79% of the Policy LIV1 requirement. In reality, a need of this scale can only begin to be addressed by a higher housing requirement, and in particular, the allocation of a greater number of market-attractive sites that can deliver affordable dwellings. In line with NLP's Housing Update, we consider an upward adjustment should be made for market signals. Our only potential disagreement with NLP is about the size of that adjustment.

Issue 2: Do the 2012-based SNPP form a reasonable basis for assessing the housing requirement given the extent that they have been influenced.

13. See our response to Issue 1.

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.

14. NPPF paragraph 47 set out the overall Government objective of boosting significantly the supply of housing. Paragraph 159 makes clear that this entails not only meeting

household and population projections but also addressing the needs of different groups in the community and catering for housing demand and the scale of housing supply necessary to meet that demand.

15. We have already highlighted under Issue 1 that the Policy LIV1 requirement will only meet a relatively small proportion of the identified need for affordable housing. This is because most of the sites identified by the SHLAA to meet the requirement are either too small or would not be viable to produce significant numbers of affordable dwellings. For this reason, there is an argument to increase the overall requirement so that more affordable dwellings can be provided.

16. There is considerable latent housing demand in parts of Pendle. However it has not been met in recent years because of the restrictive planning policies which have been applied. If market-attractive sites are made available, this demand would be able to manifest itself. More sites should be made available in areas where there is demand.

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

17. JPL considers that the Council has given insufficient consideration to options for higher growth identified in the SHMA. These options should have been appraised fully by the Local Plan SA, and clear reasons given why they had been rejected. The failure to do so potentially goes to the tests of soundness (NPPF paragraph 182).

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

18. JPL considers that the Policy LIV1 should be expressed as a minimum, allowing for additional releases if justified to achieve other planning objectives such as regeneration. This now appears to be agreed by the Council.

Issue 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?

19. The staggered housing requirement proposed in Policy LIV1 shows housing delivery heavily back-ended within the plan period as follows: -

2011/12 – 2014/15	-	220 dpa
2015/16 – 2019/20	-	250 dpa
2020/21 – 2029/30	-	353 dpa

20. The heavily back-ended delivery programme has no basis in evidence. It is not supported by the SHMA which nowhere concludes that it is necessary or desirable. It also has no support in the population and household projections for the Borough which show that the greatest increases in household formation are likely to occur in the earlier part of the plan period rather than the later. For example, the 2012-based CLG projections show a decreasing rate of household increase whilst Policy LIV1 plans for the exact opposite:

2011 - 2016	-	3.1% increase
2016 - 2021	-	3.1% increase
2021 - 2026	-	2.5% increase
2026 - 2031	-	2.1% increase.

21. Similarly, the greatest need for affordable housing is likely to arise in the earlier part of the plan period.

22. If housing is restricted in the earlier part of the plan period, it will mean that housing needs cannot be met and the economic and regeneration benefits arising from additional housing activity will not be achieved.

23. The only justification given for the staggered housing requirement is the assertion at paragraph 10.36 of the CS that *"until the local economic conditions improve it is anticipated that the levels of house-building in the Borough will remain suppressed."* However, this justification is contradicted by the Council's own evidence base document (the DVS) which makes clear (3.57) that one of the main factors limiting the delivery of housing has been the Council's own planning policies, and in particular, those introduced by the 2006 Local Plan.

Conclusions on the Housing Requirement

24. There are no grounds to reduce the housing requirement from that proposed in the submitted CS of 298 dwellings per annum. There is some basis to consider that a higher housing requirement may be justified to reflect the very poor housing delivery performance of the Council in recent years and to meet affordable housing needs.
25. The housing requirement should not be staggered. There should be a single requirement covering the whole plan period.