

# **Pendle Borough Council Housing Needs Assessment**

Pendle Borough Council

March 2020

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60507/01/SPM/CR  
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# Executive Summary

## Local Housing Need

The Local Housing Need [LHN] for the Borough as generated by the standard method in the National Planning Policy Framework [the Framework] and Planning Practice Guidance [PPG] generates a figure of 146 dwellings per annum [dpa]. Given the demographic behaviour patterns observed in the Borough identified in the Mid Year Population Estimates [MYPEs], and the alignment between these and the 2014-based Sub National Population Projections [SNPP], there are no significant exceptional circumstances to justify departing from the standard methodology approach as a minimum. However, delivering more than 146 dpa is supported through the Framework and PPG in several ways, and the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of Pendle and the wider area.

In this regard, Lichfields' modelling identified a number of reasons why the Council could consider identifying a higher housing requirement figure in its emerging Local Plan than the LHN generated by the standard method. This included the need to accommodate a sufficient economically-active workforce to address projected economic growth. Should the Council plan for a level of job growth broadly equal to the latest Experian job growth projections (c.1,400 jobs over the plan period), the Standard Method would provide insufficient housing to support the necessary increase in the local workforce. An uplift to 240 dpa for Pendle could be considered by the Council to address this imbalance.

## Affordable Housing Needs

Affordable Housing Need is in the range between 187 and 251 affordable homes per annum between 2019 to 2039 which represents significantly more than 100% of the LHN based on the standard method (146 dpa) and between 77% and 105% of the upper estimate of housing requirement based upon economic-led needs.

It is for the Council to consider the evidence contained in this Housing Needs Assessment when identifying the housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate to address unmet affordable housing needs.

## Type, Tenure and Size of Housing Required

Older households are projected to grow significantly in the Borough over the plan period. This study considered the future projected demographic changes alongside current occupancy patterns to estimate future mix. The M65 Corridor should continue to provide for a mix and range of housing across all sizes. The West Craven Towns and the Rural Pendle sub-area have a higher proportion of older households coupled with a small proportion of smaller properties which could exacerbate 'empty-nesting' and limit a household's ability to move into a more suitable home for their needs. Opportunities should be considered to provide smaller properties in these sub-areas along with some older-person accommodation.

## Sub-Market Areas

Future needs, disaggregated based on the current share of households within the three sub-markets, is not dissimilar to the current distribution of allocations, existing supply, and extant permissions. The M65 Corridor is the focus of future growth; however, it is a challenging market for delivery.

The Council will need to consider how well the identified supply aligns with the identified spatial strategy which underpin the emerging Local Plan and assess how the Council can support the future delivery of homes across the Borough given the recognised challenges which exist particularly within the M65 sub market.

## Needs of Specific Groups

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## **Students**

Due to the distance from the nearest University campus and ongoing construction of Purpose Built Student Accommodation [PBSA] in Burnley, there is no existing supply of or demand for PBSA within the Borough, although this should continue to be monitored.

## **Households and families with children**

Overcrowding is most significant for households and families with children in the social sector. The Council needs to consider how more effective use of existing stock, together with new developments, can help this. Although waiting list data suggests that there is the need for predominantly small units, there is a need for larger affordable homes to address existing problems of overcrowding in the market.

## **Older People**

The number of Pendle residents aged 60 and over is projected to increase by 28% by 2039 and is the only age group expected to grow over this period in the Borough. Different types of accommodation are required to meet their needs and this variety of housing should be considered going forward to ensure a sufficient supply is provided across the various sub-market areas.

## **Disabilities**

Consideration should be given to the number of new affordable homes which meet wheelchair accessible standards. Based on published national data and trends, there is a projected need for 324 wheelchair-adaptable dwellings over the Plan period, or around 14% of the identified future housing need based on the standard method.

## **Self-build and custom housebuilding**

The Council should consider the provision of some self-build plots as part of the overall mix of housing opportunities provided across the Borough. To date there has been relatively limited interest on the Council's self and custom build register.

## **Gypsy and Traveller Sites**

As there are no identified sites of any kind in Pendle; no significant change in the findings of the two GTAA's; no need for additional sites up to 2026 identified in the most recent GTAA; and no response to the consultation exercise from stakeholders suggesting that circumstances had changed, it is considered that there is no basis for additional Gypsy and Traveller site provisions in Pendle Borough over the Plan period.

## Abbreviations

- 1 AMR – Authority Monitoring Report
- 2 APS – Annual Population Survey
- 3 CAGR – Compound Annual Growth Rate
- 4 DPA – Dwellings Per Annum
- 5 DTC – Duty-to Co-operate
- 6 ELR – Employment Land Review
- 7 HCA – Homes & Communities Agency
- 8 HMA – Housing Market Area
- 9 HMRI – Housing Market Renewal Initiative
- 10 HNA – Housing Needs Assessment
- 11 HPA – Households Per Annum
- 12 LAHS – Local Authority Housing Statistics
- 13 LHN – Local Housing Need
- 14 LPA – Local Planning Authority
- 15 LQ – Lower Quartile
- 16 LSOA – Lower Super Output Area
- 17 LTHPD – Long-term health problem or disability
- 18 MHCLG – Ministry of Housing, Communities & Local Government
- 19 MSOA – Middle Super Output Area
- 20 MYPE – Mid-Year Population Estimates
- 21 OBR – Office for Budget Responsibility
- 22 ONS – Office for National Statistics
- 23 PBSA – Purpose-Built Student Accommodation
- 24 PPG – Planning Practice Guidance
- 25 PRP – Private Registered Provider
- 26 SHMA – Strategic Housing Market Assessment
- 27 SNHP – Sub National Household Projections
- 28 SNPP – Sub National Population Projections



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## 1.0 Introduction

### Background

- 1.1 Lichfields has been appointed by Pendle Borough Council [the Council] to undertake a Housing Needs Assessment [HNA]. The overarching objective of the study is to identify future housing growth and local needs across Pendle Borough [the Borough] for the period 2019 to 2035, and to provide the robust and up-to-date evidence upon which the new Local Plan will be developed.
- 1.2 This planned approach to delivering future housing needs will ensure that each community in the Borough has access to the right type of housing in the right place, as well as improving local communities' health and wellbeing. This will ensure new housing provision meets local needs and, if appropriate, wider growth requirements.

### Study Scope

- 1.3 Previous assessments of the local housing market include the first Burnley and Pendle Strategic Housing Market Assessment [SHMA], which was prepared by Fordham Research and adopted in May 2008. A second joint Burnley and Pendle SHMA was produced by Lichfields in 2012, with a Pendle-only update produced in 2015. In light of recent changes to national planning policy and guidance, the Council considered that the most recent of these documents is now in need of review.
- 1.4 The previous studies have concluded that both Pendle and Burnley form part of the same Housing Market Area [HMA] and therefore whilst we are cognisant that Burnley Borough Council is at a different stage of its Local Plan preparation than Pendle Borough Council, this Housing Needs Assessment also considers (without prejudice) the updated housing need for both districts. Burnley Borough Council is not a partner in this commission, although Officers from the Council have been consulted by Lichfields during this HNA's production.
- 1.5 The Study is intended to provide:
- Evidence of the future requirement for both market and affordable housing, using the Standard Method as the starting point, but also quantifying any additional need that may be required to address issues such as future employment growth etc.
  - An appreciation of how housing need and demand translates into different sizes, types and tenures of both market and affordable housing.
  - Additional evidence to determine the need for particular sizes, types and tenures:
    - i families with children;
    - ii older people;
    - iii people with disabilities
    - iv people who rent their homes;
    - v self-build and custom build housing;
    - vi student housing; and,
    - vii gypsies and travellers.
  - Full compliance with the requirements of the Duty to Co-operate [DTC] and reflect the overall need across the joint HMA with Burnley.
  - Disaggregated housing need figures to identify the housing needs for the Borough's three spatial areas (the M65 Corridor; West Craven Towns; and Rural Pendle).

- Evidence on specific local needs down to the level of the Neighbourhood Plan.

## Stakeholder Consultation

- 1.6 Stakeholder consultation is vital for realistic and robust outputs, particularly as the HNA must be defensible at the forthcoming Local Plan Examination in Public [EIP] and planning inquiries. In this situation, significant attention has to be paid to the views of neighbouring local authorities in accordance with the DTC, Registered Providers who operate in the area, and other key stakeholders.
- 1.7 The main neighbouring local authorities (Burnley, Craven and Ribbles Valley) were approached directly by Lichfields in 2019 on an individual basis to establish their relationship with the Borough and to assess whether there was likely to be a need to accommodate any of the housing/employment land requirement of these authorities in Pendle, and vice versa.
- 1.8 Registered Providers [RPs] were also contacted in autumn 2019 to gain a more detailed view of the affordable housing requirements in the Borough, including any key recent changes in the sector, and the needs of specific groups. A number of agents/developers and housebuilders were also contacted by Lichfields over the course of the study. Stakeholders that actively engaged with Lichfields include Calico Homes, McDermott Homes, The Showman's Guild and Beck Developments. Details of this feedback have informed various sections of this report and are highlighted where appropriate in those sections.

## Report Structure

- 1.9 This HNA is structured as follows:
- **Section 2.0:** Local Housing Need [LHN] – the application of the Government's standard methodology to derive an LHN figure for the Borough as a whole. This section includes an assessment of whether exceptional circumstances exist that would justify an alternative approach to be applied.
  - **Section 3.0:** An analysis of the scale of affordable housing need that currently exists in the Borough.
  - **Section 4.0:** Assessment of Local Housing Dynamics, including an overview of sub-area characteristics and housing distribution.
  - **Section 5.0:** In accordance with the Planning Practice Guidance [PPG], an analysis of the type, tenure and size of housing required in the Borough.
  - **Section 6.0:** The Needs of Specific Groups, including families and older people.
  - **Section 7.0:** Summary and Conclusions.

## 2.0 Local Housing Need

### Introduction

- 2.1 The National Planning Policy Framework [the Framework] (as revised on the 19<sup>th</sup> February 2019) states that to determine the minimum number of homes needed in an area, strategic policies should be informed by a Local Housing Need [LHN] assessment, conducted using the standard method as set out in the Planning Practice Guidance [PPG] unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. This section reports the findings of this analysis for Pendle and Burnley.

### Starting Point – Standard Methodology

- 2.2 The Government’s “*Response to the Technical Consultation on updates to national planning policy and guidance*” was published on the same day as the revisions to the Framework and summarises consultation responses and the Government’s view on the way forward<sup>1</sup>. This reinforces the direction of change the Government is following to deliver more homes.
- 2.3 The response to the Technical Consultation in respect of the standard method for assessing housing need:
- 1 Confirms that the 2014-based data will provide the demographic baseline for assessment of LHN;
  - 2 Provides clarification through the PPG that lower numbers generated through the 2016-based Sub-National Population Projections [SNPP] do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and,
  - 3 Reviews the formula underpinning the standard methodology with a view to establishing a new method by the time the next projections are issued.
- 2.4 At present, the standard methodology would result in a local housing need figure of **146 dpa** for the Borough, based on the 2014-based household projections for 2019-2029, which equates to household growth of 1,464 over the 10-year period. The methodology applies no uplift in the Borough, based on the median local workplace-based affordability ratio of 3.65 which is below the value at which an uplift must be applied (4.0).
- 2.5 A similar pattern is observed for Burnley, with the standard methodology resulting in a local housing need figure of **63 dpa**. Again, no uplift is applied, based on the median local workplace-based affordability ratio of 3.99 for Burnley.
- 2.6 The Council’s adopted Local Plan figure is 298 dpa (Policy LIV1), which dates from December 2015 and is less than 5 years old. As per example 1 in paragraph 2a-004-20190220 of the PPG, the cap on LHN is set at 40% above the average annual housing requirement figure set out in the existing policies.
- 2.7 Therefore, the cap calculation is as follows:
- 298 dpa (adopted housing requirement) x 1.4 = 417 dpa.
  - As the adopted Local Plan figure is greater than the minimum annual local housing need figure (146 dpa), no cap is required.

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<sup>1</sup> <https://www.gov.uk/government/consultations/changes-to-planning-policy-and-guidance-including-the-standard-method-for-assessing-local-housing-need>

- 2.8 The starting point for assessing local housing need in the Borough is 146 dpa and will be used as the minimum LHN starting point for the remainder of this report.
- 2.9 Similar considerations apply to Burnley Borough. Policy SP2 of its adopted Local Plan (July 2018) states that over the 20-year period from 2012 to 2032 provision will be made to deliver a minimum of 3,880 net additional dwellings, equating to an indicative average of **194 dpa**. As this is well above the standard method figure of 63 dpa, again, no cap on LHN need be applied.
- 2.10 This approach results in a total LHN of 209 dpa across the HMA, based on the standard method alone.

### **Consideration of a different figure to the LHN generated by the standard method**

- 2.11 The National Planning Policy Framework [the Framework] is clear that this standard methodology is the default approach for calculating local housing need unless there are “*exceptional circumstances*” which could justify an alternative approach which also reflects current and future demographic trends and market signals [paragraph 60].
- 2.12 The Government is clear that the figure derived by the LHN target is intended to be a minimum figure, with justifications to go below this relating to environmental or policy constraints rather than issues over the reliability of the household projections:
- “Local housing need does not represent a mandatory target – it is simply a starting point for planning, and local authorities may either choose to plan in excess of this or to conclude that they are not able to meet all housing need within their boundaries, for example due to constraints such as protected designations and Green Belt, or whether that need is better met elsewhere. This means there is flexibility for local authorities to manage movements in local housing need locally.”* [Ministry of Housing Communities and Local Government [MHCLG] (October 2018): Technical consultation on updates to national planning policy and guidance, page 13]
- 2.13 The PPG states that once a strategic policy-making authority has established a housing need figure, it will need to consider the extent to which it can be met, which presumably factors in the aforementioned policy considerations. **These are therefore outwith the scope of a HNA and are for the Council to consider as part of its plan-making process.**
- 2.14 However, the PPG also sets out that there will be circumstances when a higher figure than that generated by the standard method might be considered. This is because the standard method does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.
- 2.15 Circumstances which might justify an uplift include where<sup>2</sup>:
- *“growth strategies for the area are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
  - *strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or*
  - *an authority has agreed to take on unmet need from neighbouring authorities, as set out in a statement of common ground.*

*In addition, there may also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market*

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<sup>2</sup> PPG Reference ID: 2a-010-20190220

*Assessment (SHMA) are significantly higher than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”*

- 2.16 The PPG also provides guidance on how the housing needs of particular groups relate to the overall housing need calculated using the standard method:

*“The [housing need of particular groups of people] may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.*

*Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:*

- the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- the anticipated deliverability of different forms of provision, having regard to viability.*

*The household projections that form the baseline of the standard method are inclusive of all households including travellers as defined with Planning Policy for Traveller Sites.<sup>3</sup>”*

- 2.17 This suggests that the needs of these household groups should be included within the overall LHN figure. For the purposes of this study however, the needs of individuals living in communal C2 accommodation, such as elderly residents living in Care Homes and students living in halls of residence, have been assessed separately.

- 2.18 Finally, the PPG also requires a calculation to be made of the total annual need for affordable housing, as follows:

*“The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and then converting total net need into an annual flow based on the plan period.*

*The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. **An increase in the total housing figures included in the plan** may need to be considered where it could help deliver the required number of affordable homes.”<sup>4</sup> [Lichfields’ emphasis]*

- 2.19 The reference to uplifting the housing figures in the Plan to help deliver affordable housing need suggests that this is a component part of the calculation of the housing requirement, rather than the local housing need.

- 2.20 The remainder of this chapter addresses each of the aforementioned elements in order to assess whether exceptional circumstances exist to justify uplifting the 146 dpa LHN figure generated by the standard method.

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<sup>3</sup> PPG: ID: 67-001-20190722

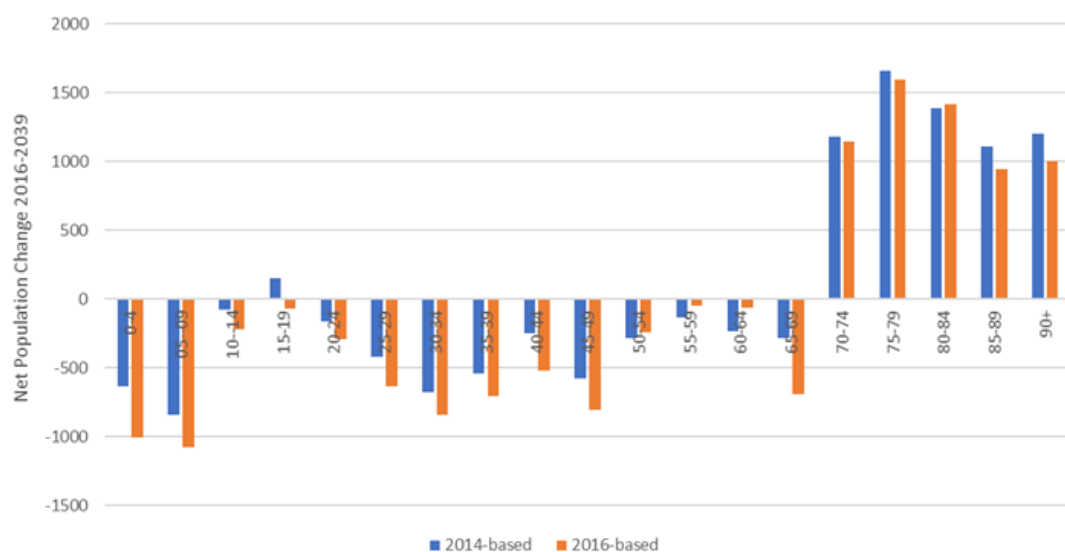
<sup>4</sup> PPG: ID: 67-008-20190722

## Demographic Analysis

### Population Projections

- 2.21 The SNPP estimate the growth in population of all local authorities in England over a 25-year period and are based on the assumption that demographic trends (births, deaths and in/out migration) that were experienced during the preceding 5/6-year period will continue into the future.
- 2.22 The 2016- based SNPP are currently the most up-to-date population projections, published in May 2018. These update the equivalent 2014-based projections. However, as mentioned previously, the 2014-based SNPP are used as the demographic starting point for the assessment of local housing needs in this study, in alignment with the Framework's aim to 'significantly boosting the supply of homes'<sup>5</sup> with the aim of delivering 300,000 new homes by the mid-2020s. As set out in the PPG, *"any method which relies on using the 2016-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method."*<sup>6</sup>
- 2.23 The 2014-based SNPP forecast that the population of the Borough will increase by just 995 people over the period 2019 and 2035 equivalent to 62 persons per annum, or 1.1%. Whilst low, this is still a higher level of growth than is projected by the 2016-based projections which project a decline of 966 people over the period 2019 to 2035 (1.1%), at 60 persons per annum.

Figure 2.1 Components of population change in Pendle Borough 2016-2039



Source: ONS 2014-based SNPP vs ONS 2016-based SNPP

- 2.24 Figure 2.1 illustrates that the pattern of individual age cohorts:
- Indicate a negative growth in all age groups up until 70 years old in both the 2014-based and 2016-based SNPP with the exception of modest growth in those aged 15-19 in the 2014-based SNPP; and
  - Significant growth of older age groups in both the 2014 and 2016-based SNPP projections with the greatest growth in those aged 75 to 79 years.

<sup>5</sup> The Framework (2018) paragraph 59

<sup>6</sup> PPG: ID: 2a-015-20190220

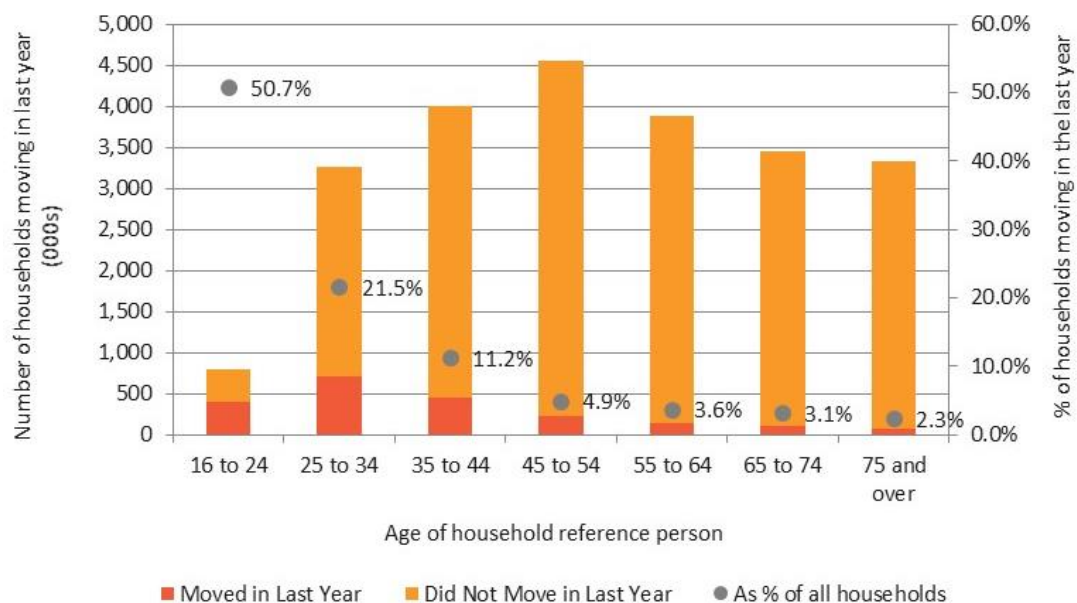
- 2.25 According to the 2014-based SNPPs, the population change in the Borough over the Local Plan period is expected to be driven by natural change. Over the Plan Period it is projected that there will be around 19,300 births in the Borough compared to 14,000 deaths, resulting in a net increase of around 5,300 people. This is offset by net out-migration from the Borough of 4,400 people. Net international migration is expected to contribute 3,400 migrants over the projection period, whilst there is expected to be net out migration of around 6,800 people to elsewhere in the UK.
- 2.26 Both the 2014-based and 2016-based SNPPs suggest that population growth in the Borough will be driven by the over 70s. The 2014-based SNPPs indicate that the number of people aged 20 to 39 will decline by 1,802 (8%) between 2016 and 2039, whilst the number aged 40 to 64 will decline by 1,481 (5%). Unless this is addressed, this could have a negative impact on the local economy unless there are measures implemented to increase the employment rate. In contrast, the number of older residents aged 60 and above is projected to increase by 6,016 (28%) between 2016 and 2039.
- 2.27 It is entirely possible that population growth driven by the over 65s in Pendle could translate into a need for new 3/4 bedroom homes for families, because of 'empty nesting' – i.e. people prefer to grow old in their own homes. Furthermore, it could indicate a requirement for new high quality 2/3 bedroom homes so that older people can downsize by purchasing detached/semi-detached homes for their retirement years, rather than 2/3 bed terraced homes of which Pendle Borough is particularly well stocked.
- 2.28 For example, in an arguably 'perfect' market, older households who under-occupy housing would downsize once they no longer require their family homes (meaning growth in the number of small, older households generates a need for smaller dwellings) which would subsequently allow larger families to optimally utilise the larger housing stock available.
- 2.29 However, the 2011 Census indicates that this is often not the case, with 2.4m households nationally (52.4%) over age 65 having at least 2 spare bedrooms, and just 718,000 (15.9%) occupying housing in line with their 'needs'. This might relate to a lack of sufficient supply of housing products perceived to be attractive to those downsizing, but equally research suggests there is simply a strong preference from many people to remain in their existing home.
- 2.30 Research by the University of York<sup>7</sup> (on behalf of CLG) found that the majority of older households were happy with their home, regardless of the type of property, having invested time and resources into the property, and that any potential issues arising with size or accessibility were not too great to be overcome through adaption. Some also felt that moving would be stressful and overwhelming, and potentially result in the (unwanted) disposal of possessions. Even so, when older households considered the type of housing which would be seen as 'ideal', a minimum of two-bedrooms was seen as essential, as well as sufficient living space e.g. for eating and recreation. In addition, research by the Joseph Rowntree Foundation<sup>8</sup> showed that 85% of larger housing released by older people is released due to death, as opposed to choosing to downsize.
- 2.31 The 2017/18 English Housing Survey [EHS] further supports these findings by showing that older households are the least likely to move, with just 2.3% of households over the age of 75 moving in the previous 12 months. This pattern has been stable at c.2% over recent years, with no indication of changes in the tendency for older people to choose to remain in their homes. By comparison, younger households have a much higher propensity to move, with over half of households aged 16-24 and over a fifth of households age 25-34 moving home each year.

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<sup>7</sup> Housing Choices and Aspirations of Older People (2008) University of York; CLG.

<sup>8</sup> Joseph Rowntree Foundation (2012) Older People's Housing: Choice, Quality of Life and Under-occupation.

Figure 2.2: Demographic characteristics of moving households



Source: 2017/18 English Housing Survey, Table FA4121

- 2.32 These patterns are reflected in the EHS data on household moves by employment status: only 2.9% of retired households moved in the 12 months prior to the 2017/18 Survey, compared to 11.1% of households where the household reference person was employed in full or part time work.
- 2.33 However, Joseph Rowntree Foundation [JRF] research highlighted the potentially misleading nature of the discussion which assumes that older people are holding onto housing and stated that this narrative *“ignores both the lack of housing choice, as well as older people’s psychological and social reasons for staying put”*.
- 2.34 Whilst the reasons are complex, this evidence is also consistent with findings of the Census, which found that nationally, only 3.6% of households over 50 moved in the year prior to 2011.
- 2.35 In addition to the factors identified above, these patterns of households moving are also likely to reflect different households’ satisfaction with their housing. The 2015/16 EHS shows that households which are most satisfied with their housing are those which are:
- 1 Aged 75 and over (96.3% are satisfied or very satisfied with their housing);
  - 2 Own outright (96.4%);
  - 3 Retired (95.7%);
  - 4 Have no dependent children (93.7%); and,
  - 5 Who under-occupy housing (93.8%).
- 2.36 This highlights that older households cannot necessarily be relied upon to free up larger dwellings to the degree needed to meet the needs of future families.
- 2.37 It is evident from this analysis that older households in Pendle are the most likely to:
- 1 Under-occupy housing;
  - 2 Be the most satisfied with their housing; and, as a result; and,
  - 3 Be relatively inactive within the housing market.

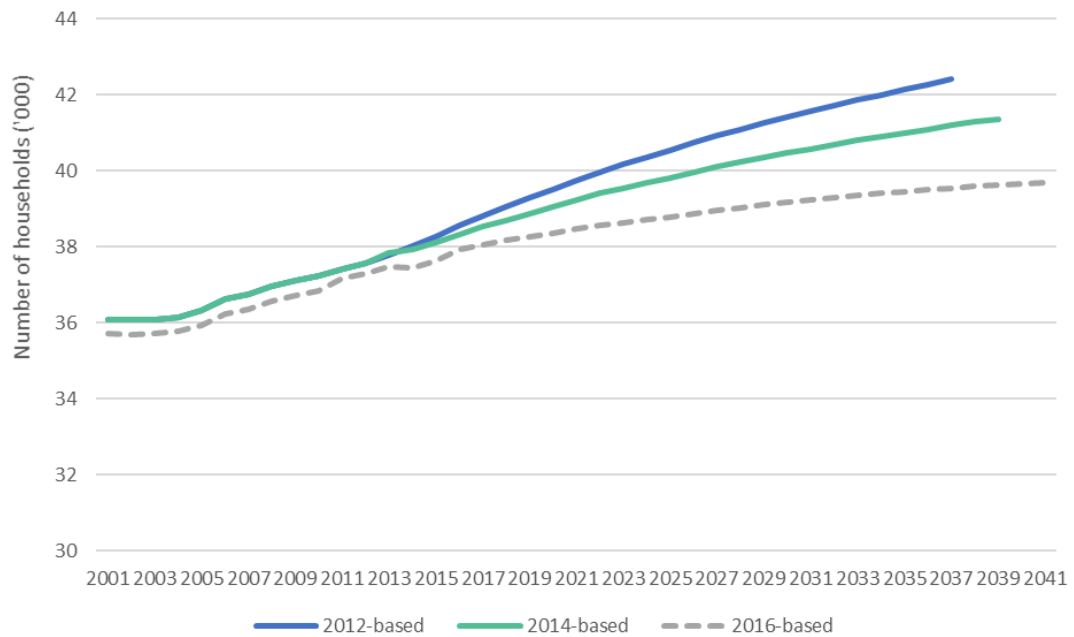


- 2.38 Based on the evidence, it would be unwise to assume that ‘down-sizing’ by older persons in Pendle would unlock an adequate supply of larger dwellings to provide for future generations of families. Although nationally, household growth will be in older and typically smaller households, these households’ needs are already likely to be met in the market through their current housing, with the propensity of older households to move being very low. Some downsizing may inevitably occur, resulting in available stock for other, larger families to occupy but the true impact of this is not expected to be very significant when considered against the anticipated level of increase in the number of older people, given the limited movement of such households. By implication, focusing the future supply upon smaller dwellings on the basis that the majority of future household growth nationally is projected be in older, smaller households is unlikely to meet the requirements of Pendle’s population.
- 2.39 In areas such as Pendle where projected growth includes an increase in the number of older households and family households, the appropriate mix of new housing schemes should reflect current occupancy patterns (particularly of older households, as well as any issues of overcrowding) and the needs of future households (i.e. families). New housing should also be seen in the context of its role in the housing market; housing growth does not directly cater for the net growth in households, rather it provides a mechanism for people to move around within the market and free housing up along the housing ladder. This could mean, for example, a family currently living in a 2-3 bed home might move to a new build 4-bed home, freeing up a 2-3 bed home for a newly forming couple household. Through this, new housing can also help to address overcrowding issues in local areas, where overcrowded households are limited in upsizing due to a lack of larger stock (or stock which is being taken up by smaller households).
- 2.40 This is explored further in Section 5.0 of this HNA.

### **Household Projections**

- 2.41 As a consequence of the downward revisions to the population projections highlighted through the comparison of the 2014 and 2016 based SNPPs, the 2016-based Sub-National Household Projections [SNHP] also resulted in negative revisions compared to the 2014-based SNHP. This was primarily a consequence of two factors:
- The revised (and generally much lower) 2016-based SNPPs upon which the household projections are formulated; and,
  - Key changes to the methodology underpinning the 2016-based household projections.
- 2.42 The 2016-based household projections were the first set of projections to be produced by Office for National Statistics [ONS]. The methodology underpinning the projections included a move to assessing household trends on a shorter time period, back to 2001 compared to the previous projections which utilised a longer trend back to 1971. This change in methodology implied a much sharper decline in formation rates in the shorter term.
- 2.43 There was already a concern that the 2014-based household projections were affected by the suppression of household formation for particular age groups, but the 2016-based projections firmly ‘bakes in’ these problems as a consequence.
- 2.44 Over the 25-year projection period the 2014-based SNHP forecast an average household growth of 138 households per annum [hpa] compared to 71 hpa for the 2016-based SNHP for the Borough. The rate of growth projected by the 2016-based SNHP is considerably lower than both the 2012-based and 2014-based SNHP for the Borough.
- 2.45 The 2014-based projections suggest that by 2039 there will be circa 41,370 households in the Borough; around 1,750 more than the 2016-based SNHP over the same time-period, as shown in Figure 2.3.

Figure 2.3 Household Growth Projections for Pendle Borough



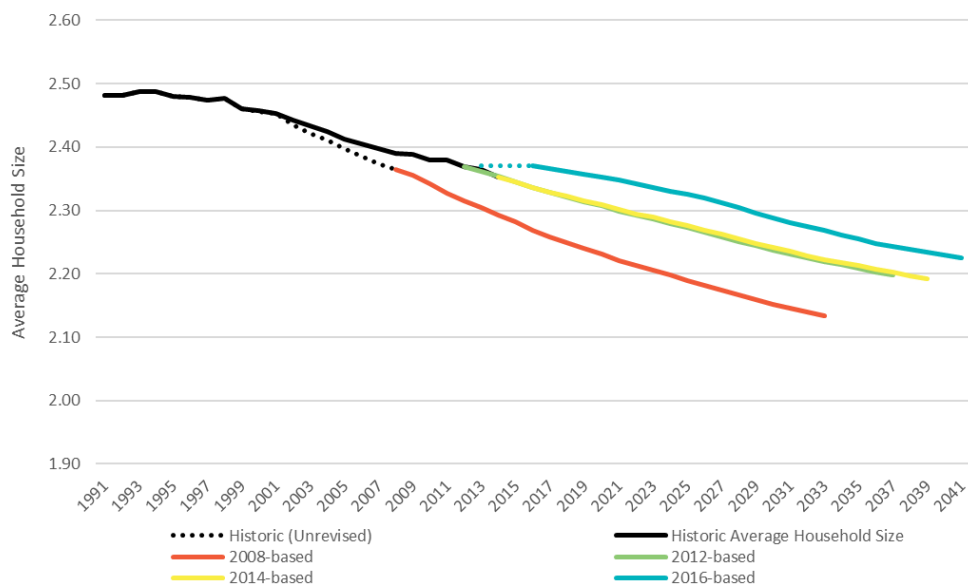
Source: MHCLG 2012/2014-based SNHP/ONS 2016-based SNHP

## Household Formation

2.46

Figure 2.4 shows how the average household size in the Borough has changed historically, compared to successive MHCLG / Office for National Statistics [ONS] projections. It highlights that there has been a steady decline in average household size, with the 2016-based SNHP showing a more pronounced slowing in change in average household size. This has the effect of weakening household growth.

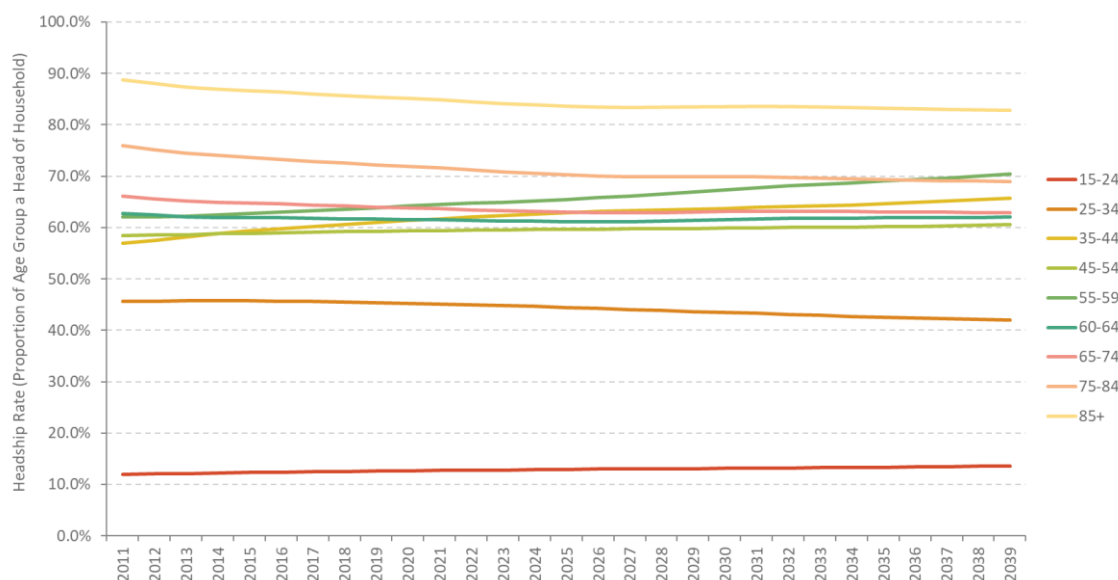
Figure 2.4 Historic and Projected Average Household Size in Pendle Borough



Source: Lichfields analysis based on 2012/2014/2016 based SNHP

- 2.47 The 2014 and 2016-based SNHPs project forward constrained levels of household formation. In order to assess how many homes will actually be required in the Borough over the Local Plan period (2019 to 2035), it is important to consider the extent to which household formation rates might be expected to increase in the future. The 2014-based SNHP anticipates different levels of change in headship rates for different age cohorts, as set out in Figure 2.5.

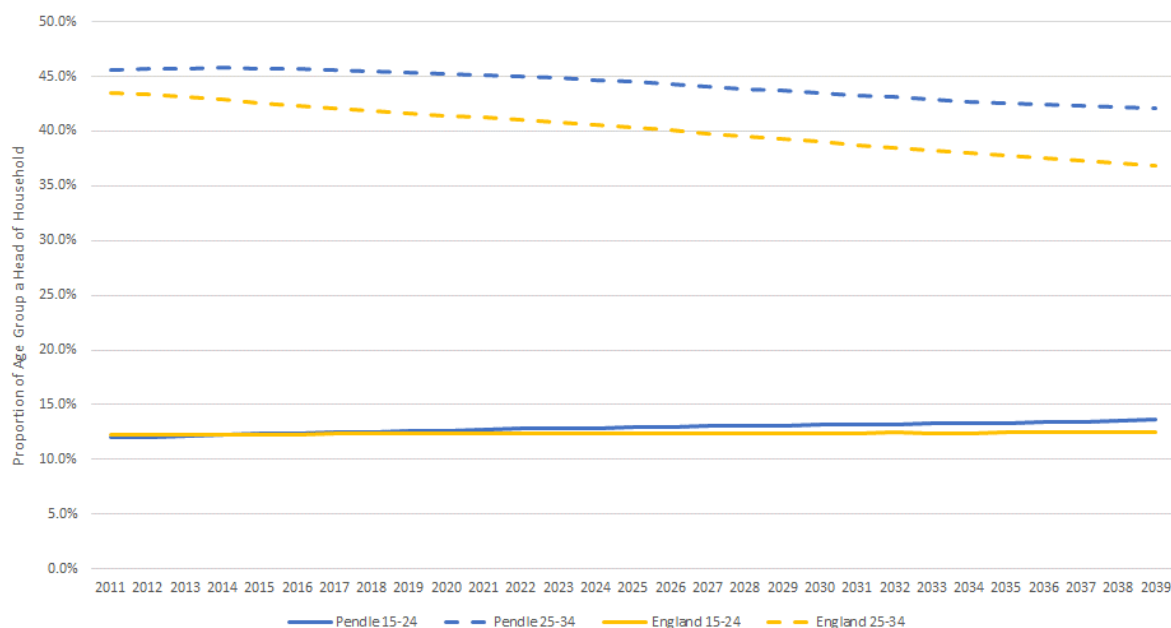
Figure 2.5 Change in Headship Rate by Age Cohort - 2014-based SNHP



Source: MHCLG 2014-based Sub National Household Projections for Pendle Borough

- 2.48 The different household formation rates by age cohort in Figure 2.5 highlights that very few people aged between 15 and 24 are likely to be able to establish their own households, whilst the 25 to 34 age cohort is similarly (and increasingly) likely to face pressures in establishing households. The projection suggests that headship rates amongst 25-34-year olds may actually decrease over the plan period. By contrast, the headship rate is likely to be very high amongst older people (noting that these figures do not include those who live within institutions such as nursing homes).
- 2.49 Figure 2.6 shows the headship rates for the age groups 15 to 24 years and 25 to 34 years for both Pendle Borough and England. It is apparent that the headship rates are significantly higher in the Borough than the national average for 25 to 34-year olds. For 15 to 34-year olds, whilst the headship rate for the Borough is initially lower than the national average in 2011, this changes from around 2015; from then onwards the Borough's headship rate rises above the national average.
- 2.50 Figure 2.6 shows that in addition to being higher than the national average by 2035 headship rates amongst those aged 25 to 34 declined less rapidly in the Borough than nationally.

Figure 2.6 Headship Rates for 15 to 34-year olds for Pendle Borough and England



Source: 2014-based SNHP/Lichfields Analysis

Table 2.1 Headship Rates for 15 to 34-year olds (2020 to 2035)

	2020	2035	Absolute Difference
Pendle 15-24	12.6%	13.4%	0.8%
England 15-24	12.3%	12.4%	0.1%
Pendle 25-34	45.4%	42.6%	-2.8%
England 25-34	41.6%	37.7%	-3.9%

Source: 2014-based SNHP/Lichfields Analysis

- 2.51 It has been argued elsewhere that the affordability uplift which forms part of the standard methodology for assessing LHN provides some adjustment within the methodology to account for suppressed household formation rates during the recession, but not all. However, the analysis in Table 2.1 indicates that the propensity for younger people in the Borough to form a head of a household is much higher than the national average. As a result, it is considered that in this instance, there are no exceptional circumstances that would justify modelling a partial catch-up rate [PCU] for households aged 15 to 34 in the 2014-based SNHP for Pendle.
- 2.52 That said, it is considered that the 2016-based SNHPs do not underpin the Government's ambition of 'significantly boosting the supply of homes' [§59] and as such the 2014-based SNHPs represent a more reasonable assessment of likely future growth in the context of past trends and likely future change. The 2016-based SNHPs indicate that average household sizes will exceed those in the 2014-based projections, albeit both show a slight slowdown compared to historic trends. It is likely that the ageing population is a key driver of future housing growth across the Borough which is similar to many other parts of the UK.

## Future Housing Scenarios

- 2.53 Based on the trends identified through the demographic and economic assessment of Pendle and Burnley Boroughs, a number of scenarios have been considered to sensitivity test whether any adjustment is required which deviates from the locally assessed need identified by the standard methodology.

- 2.54 The scenarios demonstrate the extent to which the population of the two Boroughs could change over the Plan period and how this change would be translated into households, dwellings, numbers of economically active residents and the number of jobs that might be supported by the local population.
- 2.55 The number of households is translated into dwelling needs through the application of an assumption about the proportion of vacant properties/second homes that are currently recorded in Pendle and Burnley.
- 2.56 Lichfields has modelled each of these scenarios using industry standard PopGroup demographic modelling software. The detailed assumptions utilised in the modelling can be found in Appendix 1.

### **Sensitivities – Assumptions and Approach**

- 2.57 The following sensitivities have been considered. The starting point remains the baseline scenario (A), with various data variables and assumptions applied for each of the subsequent scenarios for the Plan period 2019 to 2035 as follows:
- Scenario A – Standard Method – based on the Government’s LHN methodology 2019 to 2029 (146 dpa for Pendle and 63 dpa for Burnley);
  - Scenario B: Baseline 2014 – a scenario utilising the 2014-based SNPP and headship rates from the MHCLG 2014-based SNHP;
  - Scenario C MYPEs 2018 – a scenario applying the same assumptions as Scenario A but utilising the 2018 Mid-Year Estimates [MYPEs] for Pendle and Burnley Boroughs to adjust the starting point for the latest population position;
  - Scenario D Pendle Experian Baseline May 2013 – this considers the implications of achieving the net job change set out in the Experian baseline forecasts from May 2013 (a reduction of 340 jobs over the period 2019 to 2035) which underpinned the Council’s Employment Land Review [ELR];
  - Scenario E Pendle Experian Baseline March 2019 – this considers the implications of achieving the net job growth set out in the latest Experian baseline forecasts from March 2019 (1,400 jobs over the period 2019 to 2035);
  - Scenario F Pendle Past Trends – projecting forward past job growth trends (a decline of 1,690 jobs over the period 2019 to 2035);
  - Scenario G Pendle Experian Policy On – this considers the implications of achieving the net job growth set out in the Experian Policy On Scenario from May 2013 (506 jobs over the period 2019 to 2035);
  - Scenario H Burnley Experian Baseline June 2017 – this considers the implications of achieving the net job growth set out in the Experian baseline forecasts from June 2017 (1,800 jobs over the period 2019 to 2035);
  - Scenario I Burnley Experian Policy On –this considers the implications of achieving the net job growth set out in the Experian Policy On forecasts from June 2017 (2,875 jobs over the period 2019 to 2035); and,
  - Scenario J Burnley Past Trends– projecting forward past trends (a growth of 1,020 jobs over the period 2019 to 2035).

## Modelling Results

- 2.58 The scenarios use components of population change (births, deaths and migration) to project how the future population, household composition and consequent need for housing will support future employment growth. The headline results for each scenario are outlined below.

### Scenario B: SNHP Baseline

- 2.59 The standard method is based on using the 2014-based SNHP alongside the 2014-SNPP. This results in a household growth of 132 hpa in Pendle and 54 hpa in Burnley between 2019 and 2035. This represents household growth of 186 hpa across the HMA. Taking into account a suitable allowance for vacant and second homes (based on Council Tax data), this translates into a need for **141 dpa in Pendle and 58 dpa in Burnley, a total of 199 dpa**. This level of housing delivery is insufficient to support future jobs growth in either Borough and would result in a reduction of 272 jobs in Pendle and 978 jobs in Burnley.
- 2.60 The summary of the demographic outputs for Scenario B are shown in Table 2.2.

Table 2.2 Summary of demographic outcomes - Scenario B

2019 – 2035	Pendle	Burnley	HMA
Job growth	-272	-978	-1,250
Labour force growth	-289	-988	-1,277
Population change	997	-49	948
<i>of which natural change</i>	<i>4,934</i>	<i>2,869</i>	<i>7,803</i>
<i>of which net migration</i>	<i>-3,937</i>	<i>-2,918</i>	<i>-6,855</i>
Households	2,118	870	2,988
Dwellings	2,257	928	3,185
<b>Dwellings per annum</b>	<b>141</b>	<b>58</b>	<b>199</b>

Source: Lichfields using PopGroup

### Scenario C: Official projections, updated with the 2018 MYPE

- 2.61 As set out above, the latest 2018 MYPE suggest that the population of Pendle and Burnley could be increasing at a slightly faster rate than the 2014-based SNPP anticipated. In addition, population estimates provide and update the age structure in 2018, which can affect household formation patterns over the plan period.
- 2.62 Updating the population base to 2018 using the ONS's 2018 MYPE, the projected housing need over the period 2019 to 2035 is 160 dpa in Pendle, 83 dpa in Burnley, giving a total need of 243 dpa across the HMA. As is the case for Scenario B (SNHP Baseline), this level of housing would result in a significant reduction of 418 jobs across the HMA (although it should be noted that all these losses are in Burnley) and therefore would not support the Borough's aspirations for economic growth.
- 2.63 It should be noted that there were some statistical fluctuations in Burnley's MYPE dataset for this scenario. The maximum MYPE population increase for Burnley between 2014 and 2017 was 234 residents, but between 2017 and 2018 the population increased by 822 residents. This was primarily due to international migration inflow, which increased substantially to 572 in 2018, compared to a maximum of 178 in the four previous years. This resulted in an increase in the population, from 289 in the 2014 MYPE, to 262 in 2015; 389 in 2016, 288 in 2017 and most notably, to around 800 in 2018.

2.64 Pendle's MYPE population exhibits similar, albeit less pronounced, trends. The Borough's population increased by 709 between 2017 and 2018, compared to a maximum annual increase of 590 in the four preceding years. There was a slightly smaller net outflow than previously, but the net international inflow was 760, which is higher than it had been previously.

2.65 A summary of the demographic outcomes under Scenario C are shown in Table 2.3.

Table 2.3 Summary of demographic outcomes - Scenario C

2019 – 2035	Pendle		Burnley		HMA	
Job growth	1		-419		-418	
Labour force growth	1		-423		-422	
Population change	1,498		488		1,986	
<i>of which natural change</i>	5,472		3,423		8,895	
<i>of which net migration</i>	-3,973		-2,935		-6,908	
Households	2,402		1,244		3,646	
Dwellings	2,560		1,327		3,887	
<b>Dwellings per annum</b>	<b>160</b>		<b>83</b>		<b>243</b>	

Source: Lichfields using PopGroup

### Future Jobs-led Change

2.66 Section 6.0 of the Framework focuses on the need for planning policies and decisions to create conditions to help support economic growth.

2.67 Paragraph 81c states that planning policies should:

*“seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment”*

2.68 Ensuring a sufficient supply of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures. Achieving employment growth needs to be supported by an adequate supply of suitable housing.

### Assumptions used in the modelling

2.69 To determine the scale of housing required to support a given level of jobs growth, some assumptions must be made about future economic activity, unemployment and commuting. These assumptions have been modelled as follows:

- **Unemployment** – model-based estimates for unemployment for Pendle and Burnley have been obtained from the Annual Population Survey [APS]. These show that in 2018, the Borough's unemployment rate was 4.4% whilst Burnley's was 5.4%. This rate is lower than in preceding years and has been held constant in the analysis over the period to 2035.
- **Economic Activity Rates** – these rates are applied to the overall population (by sex and each five-year age cohort) to determine how many people are active in the labour market ('active' being either in employment or unemployed and available for work). To project economic activity rates, the modelling uses labour market participation rates published by the Office for Budget Responsibility [OBR] in January 2017. These provide long-term projections at the national level by sex and age, whilst the trends can be applied to local authority areas to provide local projections.

- **Labour Force Ratio** – this comprises the ratio of the number of residents who are economically active in an area to the number of jobs in that area. It therefore implicitly captures both commuting patterns and ‘double-jobbing’ (where one person may occupy more than one job). Applying the economic activity rates to the base population in 2018 (i.e. the MYPEs) gives an estimate of the total labour force as at 2018. This is then compared with the total number of jobs (as given by Experian for Pendle) to create the labour force ratio. In the absence of up-to-date Experian data for Burnley, Total Jobs data from ONS has been used up to 2017, the latest available year to calculate the labour force ratio. The 2018 labour force ratio is a 5-year average from the period 2013 to 2017 and has been held constant from 2018 onwards.
- For Pendle the 2018 labour force ratio of 1.02 has been held constant in the modelling from 2018 onwards, which demonstrates a net out-commute. This means that the Borough is a net exporter of labour. For Burnley, the 2018 labour force ratio is 0.96, indicating that Burnley is a net importer of labour.
- **Other assumptions** – inputs related to births, deaths, migration and household formation are the same as those applied in the demographic scenarios i.e. are taken from the 2014-based SNPP/SNHP but have been updated to reflect the 2018 MYPE. The modelling constrains/inflates migration to a level, which taking account of the profile of migrants moving in and out (plus natural change), produces a labour force sufficient to support forecast job growth, taking account of the ratio of labour to jobs.

#### Scenario D: Pendle Experian Baseline May 2013

2.70 This scenario considers a jobs reduction of 340 jobs in the Borough over the plan period in line with the Experian Baseline projections from May 2013 which underpinned the Council’s previous ELR. This level of jobs decline would result in a housing need of 135 dpa.

2.71 A summary of the Experian Baseline May 2013 economic scenario is set out in Table 2.4

Table 2.4 Summary of demographic outcomes - Scenario D

2019 – 2035	Pendle
Job growth	-340
Labour force growth	-362
Population change	527
<i>of which natural change</i>	5,024
<i>of which net migration</i>	-4,498
Households	2,020
Dwellings	2,153
<b>Dwellings per annum</b>	<b>135</b>

Source: Lichfields using PopGroup

#### Scenario E: Pendle Experian Baseline March 2019

2.72 This scenario considers job growth of circa 1,400 jobs in the Borough over the plan period, in line with the latest Experian Baseline projections from March 2019. In order to support this level of jobs growth, 240 dpa would be needed.

2.73 A summary of the Experian Baseline March 2019 economic scenario is set out in Table 2.5



Table 2.5 Summary of demographic outcomes - Scenario E

2019 – 2035	Pendle
Job growth	1,408
Labour force growth	1,500
Population change	4,645
<i>of which natural change</i>	<i>5,958</i>
<i>of which net migration</i>	<i>-1,313</i>
Households	3,605
Dwellings	3,842
Dwellings per annum	240

Source: Lichfields using PopGroup

**Scenario F: Pendle Past Trends Jobs Change**

2.74 This scenario projects forwards past trends, based on Compound Annual Growth Rates [CAGR] experienced in the Borough between 1997 and 2018 of -0.34% annually, which if it were to continue at a similar rate going forward, would result in a reduction in the number of jobs by circa 1,690 between 2019 and 2035. A decline in the number of jobs would require a modest amount of housing, of just 59 dpa.

2.75 A summary of the past trends economic scenario is set out in Table 2.6.

Table 2.6 Summary of demographic outcomes – Scenario F

2019 – 2035	Pendle
Job growth	-1,690
Labour force growth	-1,800
Population change	-2,437
<i>of which natural change</i>	<i>4,649</i>
<i>of which net migration</i>	<i>-7,086</i>
Households	890
Dwellings	948
<b>Dwellings per annum</b>	<b>59</b>

Source: Lichfields using PopGroup

**Scenario G: Pendle Experian Policy On**

2.76 This scenario considers an increase of 507 jobs in the Borough between 2019 and 2035, based on a Policy On approach being applied to the Experian Baseline May 2013 forecast. This level of jobs growth would result in a housing need of 183 dpa.

2.77 A summary of the past trends economic scenario is set out in Table 2.7.

Table 2.7 Summary of demographic outcomes - Scenario G

2019 – 2035	Pendle
Job growth	507
Labour force growth	540
Population change	2,424
<i>of which natural change</i>	5,315
<i>of which net migration</i>	-2,891
Households	2,745
Dwellings	2,925
<b>Dwellings per annum</b>	<b>183</b>

Source: Lichfields using PopGroup

**Scenario H: Burnley Experian Baseline June 2017**

2.78 This scenario considers an increase of 1,800 jobs in Burnley Borough between 2019 and 2035 in line with the Experian baseline forecast from June 2017, which underpinned the Council's OAN Update (2017). This level of jobs growth would result in a housing need of 186 dpa.

2.79 A summary of the past trends economic scenario is set out in Table 2.8.

Table 2.8 Summary of demographic outcomes - Scenario H

2019 – 2035	Burnley
Job growth	1,800
Labour force growth	1,818
Population change	4,535
<i>of which natural change</i>	3,859
<i>of which net migration</i>	676
Households	2,785
Dwellings	2,970
<b>Dwellings per annum</b>	<b>186</b>

Source: Lichfields using PopGroup

**Scenario I: Burnley Experian Policy On June 2017**

2.80 This scenario considers an increase of 2,875 jobs in Burnley Borough between 2019 and 2035, based on the Experian Policy On forecasts from the OAN Update in June 2017. This level of jobs growth would result in a housing need of 237 dpa.

2.81 A summary of the past trends economic scenario is set out in Table 2.9.

Table 2.9 Summary of demographic outcomes - Scenario I

2019 – 2035	Burnley
Job growth	2,875
Labour force growth	2,904
Population change	6,554
<i>of which natural change</i>	<i>4,191</i>
<i>of which net migration</i>	<i>2,362</i>
Households	3,561
Dwellings	3,798
<b>Dwellings per annum</b>	<b>237</b>

Source: Lichfields using PopGroup

### Scenario J: Burnley Past Trends

2.82 This scenario projects forwards past trends, based on Compound Annual Growth Rates [CAGR] experienced in Burnley Borough between 1997 and 2018 of +0.08% annually, which if it were to continue at a similar rate going forward, would result in an increase in the number of jobs by circa 1,020 between 2019 and 2035. This level of jobs growth would result in a housing need of 146 dpa.

2.83 A summary of the past trends economic scenario is set out in Table 2.10.

Table 2.10 Summary of demographic outcomes - Scenario J

2019 – 2035	Burnley
Job growth	1,022
Labour force growth	1,032
Population change	2,991
<i>of which natural change</i>	<i>3,492</i>
<i>of which net migration</i>	<i>-501</i>
Households	2,191
Dwellings	2,337
<b>Dwellings per annum</b>	<b>146</b>

Source: Lichfields using PopGroup

### Modelling Summary

2.84 A summary of the scenarios assessed for the Borough are presented in Figure 2.7.

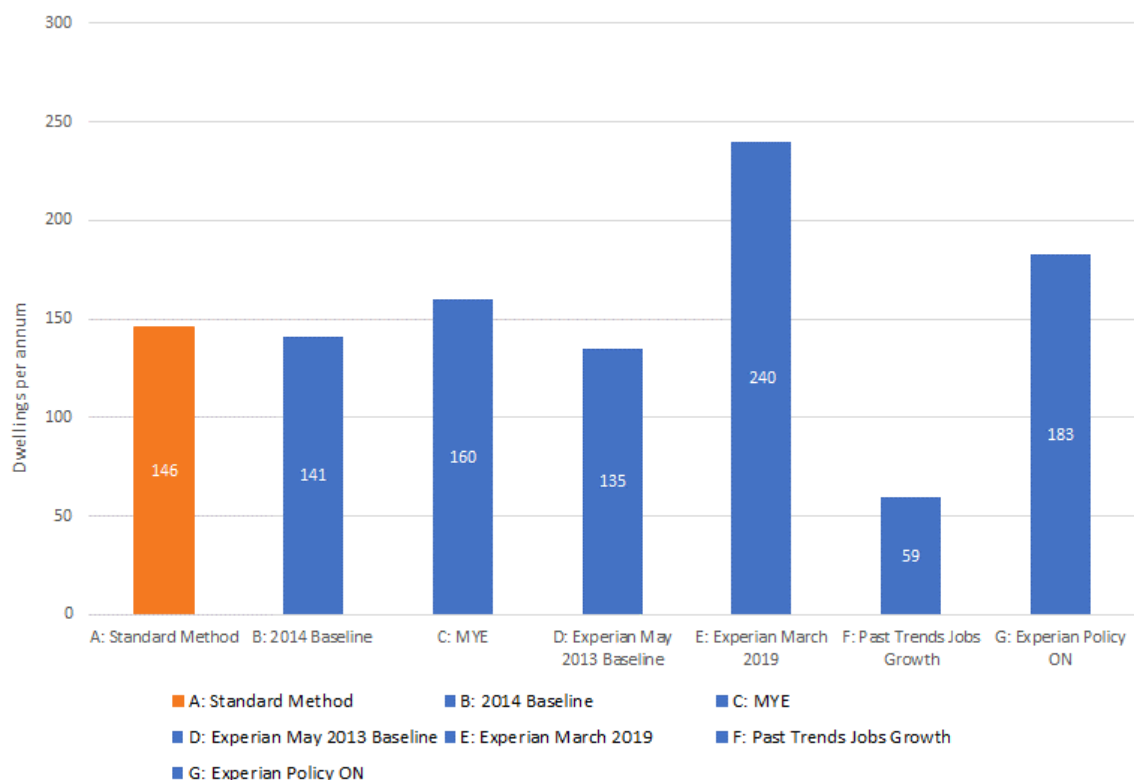
2.85 Compared to the standard methodology minimum starting point of 146 dpa, extending the 2014-based SNPP for the Borough to 2035 (and including a very modest allowance for vacant/second homes) reduces housing need slightly, to 141 dpa. This is because year-on-year population growth in the 2014-based SNPP decreases significantly from around 2025 onwards. Factoring in the latest MYPE would result in a housing need of 160 dpa.

2.86 An assessment of the likely future scale of job growth in the Borough has been made using Experian baseline jobs forecasts together with various policy-on scenarios and takes into account different levels of future growth. The Experian baseline May 2013 Scenario D forecasts a decrease of 340 jobs over the plan period, which would result in a need for 135 dpa. Continuation of past trends in jobs growth (or more accurately, decline), represented as Scenario F, would result in a loss of circa 1,690 jobs and a much-reduced housing need of 59

dpa. Both of these scenarios would result in a housing need which is less than that required using the standard method approach and should be disregarded.

- 2.87 However, the Experian baseline (March 2019 Scenario E) projects a much greater level of job growth equal to 1,408 net jobs over the plan period. 240 dpa would be required to support this level of jobs growth. The Experian Policy On Scenario (G), which is lower than the previous scenario as it is based on an older (and much lower) version of the Experian baseline projections, indicates jobs growth of 507 over the Local Plan period, resulting in a housing need of 183 dpa.

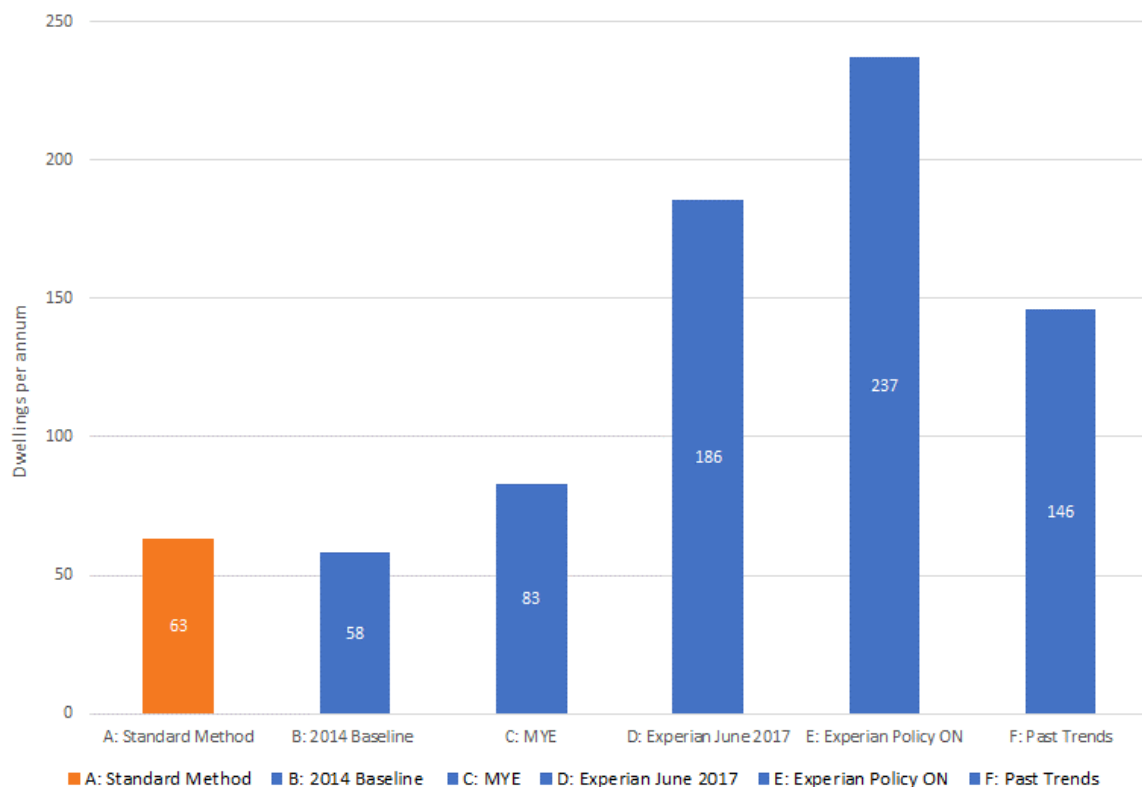
Figure 2.7 Summary of Housing Need Scenarios – Pendle



Source: Lichfields

- 2.88 A summary of the scenarios assessed for Burnley Borough are presented in Figure 2.8. The standard methodology identified a minimum starting point of 63 dpa, whilst the 2014-based SNPP (which includes a very modest allowance for vacant/second homes) results in a housing need of 58 dpa. Factoring in the latest MYPE results in a housing need of 83 dpa.
- 2.89 With regard to economic-led scenarios, the Experian baseline from June 2017 forecasts jobs growth of 1,800 jobs in Burnley Borough over the plan period, resulting in a need for 186 dpa (Scenario H). The Experian Policy On scenario (Scenario I) considers jobs growth of 2,875 jobs in Burnley Borough between 2019 and 2035. 237 dpa would be required to support this level of jobs growth. Continuation of past trends would see a much lower level of jobs growth (1,022 jobs), requiring 146 dpa.

Figure 2.8 Summary of Housing Need Scenarios – Burnley



Source: Lichfields

2.90 The results of the modelling indicate;

- The housing need for Pendle **ranges from 146 dpa** (Scenario A – Standard Method) to **240 dpa** for the Experian March 2019 baseline (Scenario D). Even the upper end of this range is below the current **298 dpa** housing requirement in the Councils adopted Local Plan;
- Burnley's housing need **ranges from 63 dpa** (Scenario A – Standard Method) to **237 dpa** for the Experian Policy On scenario (Scenario E). Burnley Council's current adopted Local Plan figure, of **194 dpa**, sits towards the upper end of this range.
- Taken together, the total housing need for the HMA ranges from **209 dpa to 477 dpa**. This compares with the current HMA housing requirement of **492 dpa**.

### Emerging Housing Requirement

2.91 As set out in the PPG, a local assessment of housing need should be based on the standard method formula to identify the minimum number of homes. However, MHCLG recognises that there will be circumstances where it will be appropriate to consider whether actual housing need is higher than the standard method indicates.

2.92 As summarised in detail above, the standard method figure of 146 dpa is only the minimum starting point for the Borough and should not be taken forward without question. The LHN may require adjusting due to:

- 1 Growth strategies for the area that are likely to be deliverable;
- 2 Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally;

- 3 Where previous housing delivery in an area is significantly greater than the outcome from the standard method; and,
- 4 Where recently-produced SHMAs suggest significantly higher levels of need.

### Demographic-led Needs

- 2.93 The Framework and PPG sets an expectation that the standard method, underpinned by the 2014-based household projections, should be used and that any other method will be used only in exceptional circumstances.
- 2.94 The 2018 MYPE suggest that population growth in the Borough has increased at a slightly higher rate than was originally anticipated in the 2014-based SNPP. This results in an increase in future housing need from 141 dpa to 160 dpa. Given the demographic behaviour patterns observed in the Borough identified in the MYPEs, and the alignment between these and the 2014-based SNPP, it is considered that there are no significant exceptional circumstances to justify departing from the standard methodology approach with no affordability uplift. Therefore, the **146 dpa** generated using the standard methodology is identified as the minimum starting point for assessing the Borough's housing need.
- 2.95 Similarly, the 2018 MYPE suggest that population growth in Burnley Borough has increased at a slightly higher rate than was originally anticipated in the 2014-based SNPP, which would increase the future housing need from 58 dpa (2014-based SNPP) to 83 dpa. Again, given the demographic behaviour patterns observed in Burnley Borough identified in the MYPEs, and the alignment between these and the 2014-based SNPP, there are no significant exceptional circumstances to justify departing from standard methodology approach. Therefore, the **63 dpa** generated using the standard methodology, with no affordability uplift, is identified as the minimum starting point for assessing Burnley's housing need. This equates to **209 dpa across the HMA as a minimum starting point**.

### Economic Growth Strategies

- 2.96 The Framework at paragraph 81c states that planning policies should “*seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*”. This retains the link between integrating economic growth and housing need. There is a clear risk that where the labour force supply is less than the projected job growth, this could result in unsustainable commuting patterns and reduce the resilience of local businesses, resulting in a barrier to investment. This sub-section explores whether, in light of likely future job growth, there is likely to be a knock-on increase in the housing need for Pendle and Burnley Boroughs (above that indicated by the demographic-led generated by the standard methodology).
- 2.97 Ensuring a sufficient supply of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing. The challenge of meeting employment needs is clearly given great importance, and the Framework highlights this by stating that “*significant weight should be placed on the need to support economic growth and productivity*” [para 80].
- 2.98 The Council's Local Plan (adopted 2015) seeks to achieve sustainable growth and diversification of the Borough's local economy. The Vision within the Core Strategy sets out the aspiration to expand the office and business sector in the M65 Corridor, diversifying the economic base and foster growth of the established manufacturing sector. Improvements in education and training

are intended to create a more knowledgeable and skilled workforce, increased entrepreneurial activity and new business opportunities. Furthermore, Strategic Objective 6 sets out the aim to:

*“Strengthen the local economy by facilitating economic growth, particularly where it supports economic diversification and rural regeneration”.*

- 2.99 These aspirations are supported by Policy WRK1 (Strengthening the Local Economy), although no reference to the scale of economic growth is made.
- 2.100 In this context, it is an important part of responding to both the Framework and the PPG that the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of Pendle and the wider area. In particular considering whether ‘actual housing need’ is higher in response to the economic opportunities of the area.
- 2.101 As set out above, the modelling indicates that an LHN in line with the Standard Method figure of 146 dpa for Pendle and 63 dpa for Burnley would result in a reduction of 150 and 744 jobs respectively. This would not support the aspirations to achieve sustainable growth of either Borough’s economy.
- 2.102 These scenarios indicate that an uplift beyond the minimum LHN as assessed through the standard methodology is required if the two Boroughs adopt a strategy to support economic growth which seeks to ensure the labour force does not act on a drag on future economic potential. This would also align with paragraph 81c of the Framework which states planning policies should (amongst other things):
- “seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment”.*
- 2.103 For the Borough, and, based on the most up to date Experian projections, this is considered to equate to **240 dpa** – a reduction on the current 298 dpa figure in the adopted Local Plan.
- 2.104 As for Burnley Borough, the adopted Local Plan identified a housing requirement/target based on Scenario Ei of the 2017 SHMA Addendum (2017 Experian Job Growth plus PCU, of 220 dpa) but with a more positive assumption in respect of vacancies in new stock and small allowance for second homes, totalling 3.5% giving a requirement of 3,880 net additional dwellings which equates to an indicative average of 194 dpa (paragraph 4.2.18).
- 2.105 Applying a similar approach to the selection of job growth scenarios would equate to **186 dpa** (Experian June 2017, Scenario D above). Burnley Borough Council’s Local Plan housing requirement (of 194 dpa), which was independently tested and found to be sound in 2018, therefore remains valid and up to date.

### **Unmet Housing Needs**

- 2.106 The previous SHMAs concluded that Pendle formed a joint HMA with Burnley and as such needs will need to be met across Pendle and Burnley.
- 2.107 Regarding nearby authorities, it is understood that **Ribble Valley** intend to meet their own housing need within their local authority. Ribble Valley adopted their Local Plan in December 2014. The Plan identified a housing requirement of 280 dpa across the Borough. Since the Plan is now 5 years old, it is anticipated that a review of the Local Plan will begin in 2020. Evidence to inform the review is in preparation and a draft Strategic Housing and Economic Needs Assessment [SHENA] was published in September 2019. The report indicates that up to 248 dpa could be required to support Ribble Valley’s jobs growth potential identified through baseline employment forecasts but that the full need for housing lies broadly in line with the 280 dpa previously evidenced and planned for in Ribble Valley.

- 2.108 **Craven** District Council adopted its Local Plan on 12<sup>th</sup> November 2019. The housing requirement identified in the Plan is for the provision of 4,600 net new dwellings between 2012 and 2032 equating to 230 dpa. The housing requirement is intended to be met in full on sites within Craven District.
- 2.109 **Calderdale** Borough Council is currently progressing its Local Plan and recently underwent an Examination in Public. The Inspector's post Hearing letter (dated 16<sup>th</sup> July 2019) outlined her interim conclusions which expressed a concern regarding the housing requirement figure and its alignment with forecasted economic growth. The report "*Modelling the economic implications of the proposed housing requirement*" produced by Turley in 2019 identified a requirement of 1,040 dpa to support the 'policy-on plus transport' economic growth forecast. The Council's revised housing requirement figure largely adheres to these findings but given the complexity and assumptions around modelling, it considered that uncertainty exists about the extent to which these assumptions can be relied on. Therefore, the housing requirement figure reflects the Turley research and modelling for the first ten years of the Plan period based on the 'policy-on plus transport growth' scenario but employs the Turley 'baseline growth' scenario for the final five years of the Plan period. This results in a revised housing target of **997 dpa** (14,950 dwellings over 15 years). Potential additional allocations being consulted upon to provide sufficient supply of housing land.
- 2.110 It is understood that Calderdale Borough Council is not currently requesting that adjoining districts such as Pendle take on some of this need, which is to be met in full within its own boundaries.

### Previous Delivery Levels

- 2.111 Reviewing the Borough's past rate of net housing delivery against the Local Plan's housing requirement of 298 dpa highlights that between 2011/12 and 2018/19, Pendle has delivered 981 homes against a cumulative target of 2,384 – a shortfall of 1,403. The highest net delivery level has been 310 dpa, in 2018/19. Burnley has similarly fallen short of its Local Plan target, albeit at a lower level, delivering 1,141 dwellings over the past 8 years against a target of 1,552, a shortfall of 411. The picture is more positive for Burnley as its net housing delivery has increased significantly over recent years and indeed for the past 4 years it has actually been over-delivering on its Plan target (shown in Table 2.11).

Table 2.11 Net Housing delivery for Pendle and Burnley against Local Plan Targets

	Pendle Borough			Burnley Borough		
	Target	Net Housing Delivery	Difference	Target	Net Housing Delivery	Difference
2011/12	298	61	-237	194	-47	-241
2012/13	298	29	-269	194	14	-180
2013/14	298	63	-235	194	157	-37
2014/15	298	83	-215	194	22	-172
2015/16	298	127	-171	194	208	14
2016/17	298	169	-129	194	201	7
2017/18	298	139	-159	194	335	141
2018/19	298	310	12	194	251	57
<b>Total</b>	<b>2,384</b>	<b>981</b>	<b>-1,403</b>	<b>1,552</b>	<b>1,141</b>	<b>-411</b>

Source: ONS LT122 Net Additional Dwellings by Local Authority District, England 2011/12-2018/19

- 2.112 This level of delivery below the standard minimum does not suggest that there is a substantially greater level of housing need in Pendle compared to that identified by the standard



methodology. Conversely, the standard method figure for Burnley, at just 63 dpa, appears very low compared to the scale of the market capacity, with housing delivery being almost four-times greater than this in 2018/19.

- 2.113 This was reflected in our discussions with local housebuilders. One developer in particular noted that the market was doing well in Pendle despite the ongoing Brexit uncertainty, and they “*had no problem shifting units*”. The problem was identified as getting deliverable sites in the first place and “*turning those sites around*”.
- 2.114 Whilst there had been a perception in the recent past that people had to move out of Pendle to move up the housing ladder, this was seen as an increasingly outdated view and the demand was there for homes of up to around £350,000.

### **Conclusions on the Boroughs’ Locally Assessed Housing Need**

- 2.115 The LHN for Pendle Borough, as calculated using the Government’s standard method, is 146 dpa and, for Burnley, 63 dpa.
- 2.116 The PPG sets out that there is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances. However, the standard method generates a minimum annual housing need figure. It does not produce a housing target, which is for the Council to identify and robustly justify in its Local Plan.
- 2.117 This HNA has provided an overview of the evidence needed for the Council to determine whether it would be appropriate for it to deviate from the 146 dpa LHN figure.
- 2.118 This deviation can generate a higher figure, but in exceptional circumstances, it may be appropriate to target a lower housing requirement. The PPG states where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.
- 2.119 This HNA has considered whether the 2014-based SNPP/SNHP, and more recent MYPE, are robust for the Borough. A range of economic-led scenarios have been considered. Additional employment opportunities could provide one driver for demand for housing in the area as people move to be closer to places of work. Therefore, if the Council seeks to plan for economic growth, then the 146 dpa generated via the standard methodology would provide insufficient housing to fully align with prospective job growth.
- 2.120 Based on this analysis but (in the case of Pendle) using more up-to-date Experian projections, mirroring the approach that was found sound at their respective Local Plan EiP examinations, generates an employment-led housing need of **240 dpa for Pendle and 186 dpa for Burnley (426 dpa across the HMA). This is lower than the cumulative adopted Plan requirements of 492 dpa.**

### 3.0 Affordable Housing Needs

- 3.1 Lichfields has developed a clear methodology to enable a tenure split between intermediate, social rent, affordable rent and Starter Homes. The approach adopted by Lichfields examines the interaction between housing costs and income. An analysis has been undertaken regarding the ability of households with insufficient income to afford access to market housing, and to afford different types of affordable housing.
- 3.2 This element of the HNA draws upon a wide range of existing sources of data to identify affordable housing needs, relating to:
- 1 The local housing market;
  - 2 Market signals, including house prices and affordability issues;
  - 3 The existing stock of affordable housing;
  - 4 Anticipated future changes in the affordable housing stock; and,
  - 5 Current and anticipated future levels of need for affordable housing.
- 3.3 The affordable housing target has been broken down by tenure, size and type. Lichfields also considered the affordable rent model and the ability of households across the Borough to pay up to 80% market rents, as well as the need for intermediate housing and starter homes.
- 3.4 The PPG requires a calculation to be made of the total annual need for affordable housing, as follows:
- “The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.*
- The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. **An increase in the total housing figures included in the plan** may need to be considered where it could help deliver the required number of affordable homes.”<sup>9</sup>*
- [Lichfields’ emphasis]
- 3.5 The reference to uplifting the housing figures in the Plan to help deliver affordable housing need suggests that this is a component part of the calculation of the housing requirement, rather than the local housing need.

### Number of Current and Future Households in Need

- 3.6 This section sets out a calculation of affordable housing need for the Borough in line with the revised PPG. This has informed the assessment of the scale of housing affordability as well as providing an estimate of future affordable housing need.

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<sup>9</sup> PPG: ID: 67-008-20190722

3.7 The basic approach to this is:

<p><b>Total Current Housing Need (gross) to be addressed</b></p> <p style="text-align: center;">Plus</p> <p><b>Total Newly Arising Housing Need (gross per annum)</b></p> <p style="text-align: center;">Less</p> <p><b>Annual Supply of Affordable Housing</b></p> <p style="text-align: center;">Equals</p> <p><b>Net Housing Need</b></p>
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## Background

3.8 Affordable housing is defined within Annex 2 of the Framework as:

*“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers) and which complies with one or more of the following definitions:*

- i *Affordable housing for rent;*
- ii *Starter homes;*
- iii *Discounted market sales housing; and*
- iv ***Other affordable routes to home ownership***, which is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market”.

3.9 With regards to the incorporation of affordable housing needs into the total housing figures included in Local Plans, the PPG<sup>10</sup> sets out the following:

*“The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”* (Lichfields’ emphasis)

3.10 The PPG therefore sets out that ‘*the total housing figures*’ are about much more than just demographic need and should consider how and whether affordable housing needs can be met. This is in the context that the Framework at para 62 requires LPAs to specify the type of affordable housing required where a need is identified.

3.11 The Barker Mills High Court judgment<sup>11</sup> considered uplifts to OAN to address affordable housing need in the context of a challenge to a Local Plan. The judgment, in the context of a Local Plan process, placed consideration of an uplift for affordable housing into the second of a two-stage process, the first being calculation of LHN and the second being a ‘policy-on’ adjustment (i.e. one that is made through the Local Plan process and thus not part of the LHN). The Jelson judgment<sup>12</sup> is also relevant in this context. In short, in considering the refusal of planning permission for housing, the Inspector in this case (as a matter of planning judgment),

<sup>10</sup> ID 2a-024-20190220

<sup>11</sup> Trustees of Barker Mills Estates & Test Valley Borough Council vs SoS for DLG [2016] EWHC 3028

<sup>12</sup> ‘Jelson Ltd. v Secretary of State for Communities and Local Government, Hinckley and Bosworth Borough Council [2018] EWCA Civ 24’

accepted the need for affordable housing to make up a necessary component of OAN for housing in the council's area, or in the context of the Barker Mill judgment, as part of the first stage calculation of LHN.

3.12 Both of these judgements were issued before the publication of the revised Framework in February 2019 and the further revisions to the Housing and Economic Need Assessment section of the PPG in July 2019. However, the key paragraph of the PPG relating to the need to increase the total housing figures included in the plan where it could help deliver the required number of affordable homes is almost identical to the previous iteration.

3.13 We have therefore included a consideration of addressing affordable housing needs within the LHN, but equally that does not cut across or negate the need for the Council to further consider it as a 'policy-on' factor for the Local Plan housing requirement.

## **Affordable Housing Needs Calculation**

### **Affordability**

3.14 Steps 1.4, 2.2 and 2.3 of the affordable housing calculation refer to the results of an affordability test. Information in respect of local house prices, market rents and household income levels is set out as part of the contextual analysis in Section 2.0. This data has informed an affordability test which estimates the ability of households to afford market housing. In particular:

- 1 Land Registry house price data. Banded house price data was obtained at a postal sector level and amalgamated to reflect the Borough's 3 sub areas. It is acknowledged that the geographical boundaries of postcodes and the sub areas do not accord exactly. A best-fit was made. An assumption regarding average 'entry level' house prices (i.e. the average price households entering the housing ladder at the bottom have to pay) was then made using lower quartile house prices for each of the sub-areas within the Borough as a proxy.
- 2 Due to the lack of up-to-date settlement area data on private rents, an internet search of advertised private sector rental costs was undertaken to identify entry level (lower quartile) rents for each of the sub-areas.

3.15 In order to understand the level of income that would be required to sustain ownership or occupation of such properties, it is necessary to consider how much households can afford to spend on their housing. The former SHMA Guidance from 2007 (superseded by the Framework and PPG but still containing useful context where the PPG is silent) sets out that a household can be considered able to afford to buy a home if it costs 3.5-times the gross household income for a single earner or 2.9-times the gross household income for a dual-income household. However, the PPG does not prescribe exactly how affordability calculations should be undertaken other than to say that access to lower quartile (entry level) market housing is the relevant barometer.

3.16 The household income data utilised for the Borough, obtained from Experian's latest database (using 2017 data), does not differentiate between single earners and dual earners, and as such a 3.5 multiplier is considered appropriate in order to test best-case outcomes. However, the SHMA Guidance is now some 12 years old and the loan-to-income mortgage ratios do not reflect current lending practices. In 2014 the Bank of England's Financial Policy Committee said that it would only allow 15% of new mortgages to be at multiples higher than 4.5-times a borrower's income, in effect 4.5 times as a maximum.

3.17 Lichfields has complemented this with evidence from the Council of Mortgage Lenders<sup>13</sup>, which identifies that in 2016, average loan-to-value ratio for first time buyers in England was 84% with

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<sup>13</sup> <https://www.cml.org.uk/industry-data/key-uk-mortgage-facts/>

an income multiple of 3.61. Although there may be difficulties in newly forming households in being able to secure a 16% deposit, there are options available including Government initiatives such as Help to Buy as well as traditional sources of deposits such as parents. On this basis it is considered a useful sensitivity to test.

- 3.18 In respect of renting, there is no official, or definitive, threshold for how much a household can spend on rent before it is unaffordable. The former SHMA Guidance (2007) set out that a household can be considered able to afford renting on the private market in cases where the rent payable was up to 25% of their gross household income.
- 3.19 However, there is more up to date evidence which suggests that the proportion of gross household income spend on rent may be higher than 25%. For example, data released more recently estimates that the national average is 33% of gross household income (including state assistance) is spent on rent, this increases to 37% without state assistance<sup>14</sup>. Whilst this may reflect current patterns of renting, it is desirable, in considering housing needs, to seek to reduce where practical the amount spent on rent from the current proportion (33%).
- 3.20 These affordability criteria have been applied to the identified rental costs to arrive at an income threshold to support ownership/occupation of entry level market housing (see Table 3.1).

Table 3.1: Income Thresholds for Entry Level Market Housing, Pendle Borough and Sub-Areas

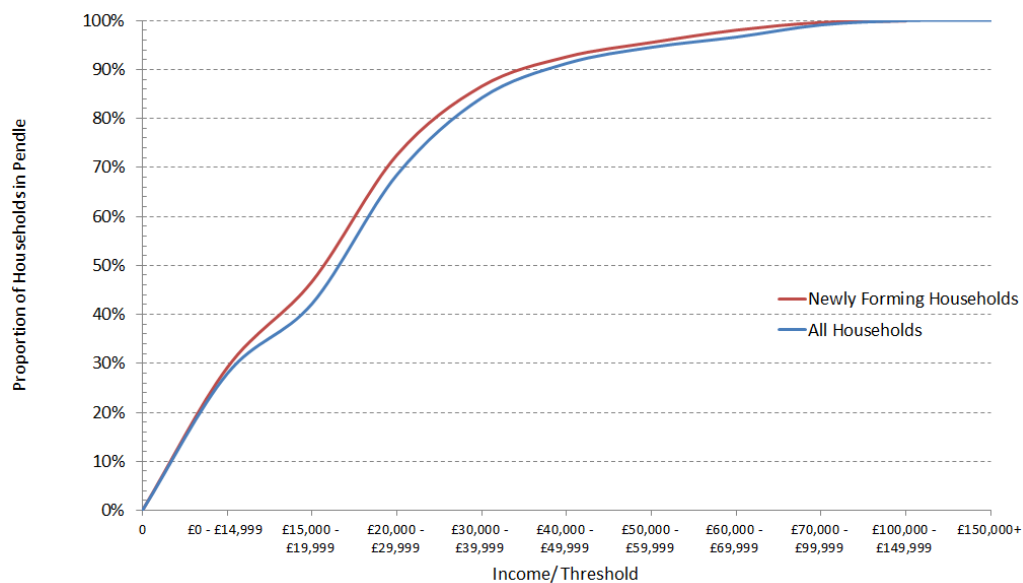
	Market	Product	Cost	Basis	Income Threshold
Pendle Borough	Private Buy	Lower Quartile House Prices	£60,000	3.5 x income (SHMA Guidance 2007)	£17,143
				16% deposit and 3.61 x Income (CML)	£13,961
	Private Rent	Lower Quartile Rental Prices	£400 per week	25% income (SHMA Guidance 2007)	£19,200
				33% income (EHS)	£14,545
M65 Corridor	Private Buy	Lower Quartile House Prices	£50,750	3.5 x income (SHMA Guidance 2007)	£14,500
				16% deposit and 3.61 x Income (CML)	£11,809
	Private Rent	Lower Quartile Rental Prices	£393 per week	25% income (SHMA Guidance 2007)	£18,864
				33% income (EHS)	£14,291
Rural Pendle	Private Buy	Lower Quartile House Prices	£125,000	3.5 x income (SHMA Guidance 2007)	£35,714
				16% deposit and 3.61 x Income (CML)	£29,086
	Private Rent	Lower Quartile Rental Prices	£569 per week	25% income (SHMA Guidance 2007)	£27,312
				33% income (EHS)	£20,691
West Craven Towns	Private Buy	Lower Quartile House Prices	£86,250	3.5 x income (SHMA Guidance 2007)	£24,643
				16% deposit and 3.61 x Income (CML)	£20,069
	Private Rent	Lower Quartile Rental Prices	£428 per week	25% income (SHMA Guidance 2007)	£20,544
				33% income (EHS)	£15,564

Source: SHMA Guidance 2007, CML, English Housing Survey, Land Registry, CACI, VOA and Lichfields' analysis

- 3.21 Lichfields has applied these thresholds to the income distributions for existing households and newly forming households in the Borough (based on data contained within the latest Experian Income data, with a base date of 2017) to identify the proportion of such households that can afford to access Lower Quartile [LQ] market housing based on these scenarios.

<sup>14</sup> MHCLG English Housing Survey 2017/18 – Headline Report, paragraph 1.43

Figure 3.1: Distribution of (gross) household income (2017) in Pendle Borough



Source: Experian and Lichfields analysis

3.22

The income distribution of newly-forming households is different from total households, reflecting their lesser incomes compared to the average<sup>15</sup>. This means that a greater proportion of newly forming households are unable to access market housing than households overall. The PPG, however, sets out clearly that the affordability of housing for newly forming households must be considered foremost, as it is these households that will most likely fall into housing need if their housing requirements are not met in the market. The percentage of both existing and newly forming households unable to afford to buy/rent is set out in Table 3.2.

<sup>15</sup> English Housing Survey 2015 to 2016: housing costs and affordability - Annex Table 2.1: Mean and median income, 2015-16. HRP aged 16-34 have an average weekly income of £718 per week compared to £780 per week for all households, meaning younger newly forming households earn 92% of the all households amount.

Table 3.2: Proportionate affordability for existing and newly forming households for Pendle Borough

	Basis	Income Threshold	Existing Households	Newly Forming Households
Pendle Borough	Buy a LQ Property (£60,000) with 3.5 x Income	£17,143	34.1%	38.3%
	Buy a LQ Property (£60,000) with 16% Deposit and 3.61 x Income	£13,961	26.0%	28.4%
	Rent a LQ Property (£400 p.w.) paying 25% gross income	£19,200	39.9%	44.5%
	Rent a LQ Property (£400 p.w.) paying 33% gross income	£14,545	27.1%	30.2%
M65 Corridor	Buy a LQ Property (£50,750) with 3.5 x Income	£14,500	33.2%	37.0%
	Buy a LQ Property (£50,750) with 16% Deposit and 3.61 x Income	£11,809	27.0%	29.4%
	Rent a LQ Property (£393 p.w.) paying 25% gross income	£18,864	47.7%	53.0%
	Rent a LQ Property (£393 p.w.) paying 33% gross income	£14,291	32.7%	36.2%
Rural Pendle	Buy a LQ Property (£125,000) with 3.5 x Income	£35,714	53.7%	59.4%
	Buy a LQ Property (£125,000) with 16% Deposit and 3.61 x Income	£29,086	41.3%	46.2%
	Rent a LQ Property (£569 p.w.) paying 25% gross income	£27,312	37.7%	42.6%
	Rent a LQ Property (£569 p.w.) paying 33% gross income	£20,691	24.1%	27.8%
West Craven Towns	Buy a LQ Property (£86,250) with 3.5 x Income	£24,643	47.6%	53.4%
	Buy a LQ Property (£86,250) with 16% Deposit and 3.61 x Income	£20,069	35.2%	40.0%
	Rent a LQ Property (£428 p.w.) paying 25% gross income	£20,544	36.5%	41.3%
	Rent a LQ Property (£428 p.w.) paying 33% gross income	£15,564	24.0%	27.4%

Source: Experian and Lichfields analysis

- 3.23 Table 3.2 illustrates that a minimum of 34% of households overall, and 38% of newly forming households, are unable to afford to purchase a house within the Borough. This falls to 26% and 28% respectively if a 16% deposit and a higher income multiplier are factored into the equation.
- 3.24 Looking at private market rents, assuming 25% of gross income is spent on rent, a minimum of 40% of all households are unable to afford to rent in the private market, increasing to 45% for newly forming households. If the proportion of gross income spent on rent is increased to 33%, then 27% of all households can afford to rent on the private market, rising to 30% of newly forming households. Unusually then, due to the comparatively low house prices in the Borough, it is more affordable to buy a house in Pendle than it is to rent privately.

### Stage 1: Current Housing Need Steps 1.1 to 1.4

- 3.25 The first stage of the assessment considers current affordable housing need, also referred to as the 'backlog' (those needs which exist, and are unmet, now). The PPG is clear that an estimate should be made of the number of households who lack their own housing or who cannot afford to meet their housing needs, in the open market. The PPG<sup>16</sup> provides an indication of the types of housing that should be considered unsuitable which are set out below:
- Homeless households;
  - Households in priority need, who are currently housed in temporary accommodation;
  - Overcrowded housing;
  - Concealed households;

<sup>16</sup> ID 2a-020-20190220

- Existing affordable housing tenants in need; and,
  - Households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.
- 3.26 Under the Homelessness Reduction Act (2018) the Council received approximately 313 applications between April 2018 and December 2018<sup>17</sup>. Of these, 234 households were assessed as being owed a duty, of which 125 were threatened with homelessness<sup>18</sup>, and the remaining 109 were identified as being homeless<sup>19</sup>.
- 3.27 Over those three quarters for which comparable data is available from MHCLG (to December 2018), the Council secured accommodation for 6+ months for 60 households under the prevention duty, of which 37 moved to alternative accommodation and 23 stayed in their existing accommodation<sup>20</sup>. Furthermore, over the same time period, the Council secured accommodation for 43 households identified as homeless under the relief duty (14 of which were secured accommodation in the Private Rented Sector and 16 in the Social Rented Sector)<sup>21</sup>.
- 3.28 Although potentially not including all households in need of housing, the housing waiting list is the starting point for estimating what the need and demand for affordable housing is. If all households on the waiting list and in priority need were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the housing waiting list.
- 3.29 Therefore, it is considered that the components of affordable housing need are most appropriately represented by those identified on the waiting list as a best-case proxy. These components include:
- Those in need and within a reasonable preference group for affordable housing (e.g. homeless households and overcrowded households);
  - Currently concealed households; and,
  - Other groups in need.
- 3.30 Discussions with Calico Homes indicated that homelessness was less of an issue for either Burnley or Pendle than elsewhere in the sub-region. In 2018 Calico Group opened a new £3.5m well-being facility to provide support for homeless and vulnerable people and improve their employability. Called Gateway, and located on Mitre Street Burnley, the facility has 26 rooms and four direct access rooms, offering a settled environment for residents to make positive changes to plan for their future and improve their way of life. Partly as a result of this facility, Calico suggested that there are few, if any, homeless residents currently on the streets.
- 3.31 Data from the B-with-Us Housing Register for July 2019 identifies a total of 1,601 applicants currently in an active or suspended state on the B-with-us Housing Register who have chosen Pendle as their preferred area to move to. 265 of those applicants (17%) have indicated that they already reside in a socially rented property.
- 3.32 Of the 1,601 applicants in Band 1-4, 138 households' applications are in a suspended state, which reduces the figure to 1,463. Of this latter figure, 959 are assessed as being in 'priority need' (Band 1-3). 197 are already living in social housing, hence the total number of households

<sup>17</sup> MHCLG (May 2019): Live Tables on Homelessness – Initial Assessments Tables

<sup>18</sup> Prevention duty owed applies when the Council is satisfied that an applicant is threatened with homelessness and is eligible for assistance to help the applicant secure that accommodation.

<sup>19</sup> Relief duty owed applies when the Council is satisfied that an applicant is homeless and eligible for assistance and must therefore take reasonable steps to help the applicant secure accommodation for at least six months.

<sup>20</sup> MHCLG (May 2019): Live Tables on Homelessness – Prevention Duty Tables

<sup>21</sup> MHCLG (May 2019): Live Tables on Homelessness – Relief Duty Tables



in priority need, who have active applications and are not already living in social housing, totals **762**.

Table 3.3 Current Backlog of Housing Need in Pendle Borough

Component	Households	Source
<b>Net Estimate of Current Housing Need (Backlog)</b>	<b>762</b>	Active Applicants in priority bandings not already living in social housing – B-With-Us July 2019

- 3.33 Households in unsuitable housing already living in affordable housing are therefore excluded from the calculation at Step 1.4. Although these households do have a housing need, this could be addressed via a transfer within affordable housing (e.g. by transferring an overcrowded household living in social rented to a larger social rented house). This transfer would result in their existing home becoming available for someone else in need. Thus, these households do not contribute to the net requirement for affordable housing and in turn when these households move, this does not contribute to net supply.
- 3.34 Although existing households in need already occupying affordable housing are excluded from the affordable housing calculation, it is noted that they do still have a requirement for the right type of affordable housing to become available to meet their needs. If an appropriate unit does not become available (e.g. due to shortage of supply of a specific type or size of unit) then these households will remain in need, despite not contributing to a net need requirement. New affordable housing provision provides the opportunity to focus on the size/type of provision to balance affordable housing mix, as explained in Section 4.0.

## Stage 2: Future Need steps 2.1 to 2.3

- 3.35 Future housing need is split into two components. The PPG<sup>22</sup> sets out firstly that “*the process will need to identify the minimum household income required to access lower quartile (entry level) market housing*”. This could be either through purchasing a dwelling or renting privately. Secondly, existing households falling into need to be considered as part of future affordable housing needs.

## New Household Formation (Step 2.1)

- 3.36 The PPG<sup>23</sup> recommends that gross household formation should be used as the measure of newly forming households, as opposed to net household growth which takes into account household dissolution. This is required to ensure that household dissolution is not double-counted in the calculation, once as a net loss of households and potentially again as a re-let of the house they may have occupied. However, gross household formation is typically much higher than net rates and may represent an overestimate of the amount of households seeking new housing in each year within the Borough. This is limited to households forming who are under the age of 45, which is consistent with the former SHMA Guidance (Annex B) which notes that after 45 years of age, household formation rates ‘plateau’.
- 3.37 For the purposes of considering future newly forming households, the 146 dpa LHN incorporating the MHCLG 2014 based household projections have been used in line with the standard methodology (i.e. Scenario A in Section 2.0).

<sup>22</sup> ID 2a-021-20190220

<sup>23</sup> ID 2a-021-20190220

Table 3.4 Gross newly forming households Pendle Borough 2019 to 2034

	No. newly forming households annually (gross) 2019 to 2034
Pendle Borough	649

Source: MHCLG 2014 based household projections, Mid-Year Population Estimates and Lichfields analysis

- 3.38 This output of future housing need should be treated with caution. Such gross estimates may include people that form several different households over the period at different stages of their life; but does not account for their previous household no longer existing (i.e. two single person households becoming a couple and moving in together).

### **Those unable to rent or buy (Step 2.2)**

- 3.39 This stage of the assessment undertakes an affordability test. Information in respect of local house prices, market rents and household income levels has informed the test which estimates the ability of households to afford lower quartile market housing. The affordability test has been calculated by identifying the costs of entry level (lower quartile) market housing, the costs of which have been obtained from the Land Registry address level data<sup>24</sup>, as well as private rental costs obtained from a search of rental properties advertised online during the third quarter of 2019.
- 3.40 As set out above, drawing upon the review of current house prices and private rental values, lower quartile prices for a house (price paid by local authority year ending July 2019) and a rental property have been used as indicators of the entry price to market housing. Such houses are widely available within the Borough and such values are relatively typical of smaller properties on the market, ideal for newly-forming households seeking to move into a first property.
- 3.41 The income distribution of newly forming households is different from total households, reflecting their lesser incomes compared to the average<sup>25</sup>. This means that a greater proportion of newly forming households are unable to access market housing than households overall. The PPG, however, sets out clearly that the affordability of housing for newly forming households must be considered foremost, as it is these households that will most likely fall into housing need if their housing requirements are not met in the market.
- 3.42 The percentage of both existing and newly forming households unable to afford to buy/rent is set out in Table 3.2. This ranges from 26.0% to 34.1% of existing households being unable to buy an LQ property, rising to between 28.4% and 38.3% of all newly forming households not being able to afford to buy. Unusually for a study of this kind, it is more affordable to buy than to rent a property in the private sector due to the comparatively low house prices in the Borough.
- 3.43 In addition, Step 2.3 uses secondary data for the number of households who move to a new house each year (based on past trends) to estimate the number of existing households falling into need annually. Using data for the number of people actually moving (from the Land Registry and CORE data) provides a good indicator of need, as it shows actual moves; whereas the B-with us Housing Register only provides an indication of intentions to move.

<sup>24</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsnationalgeographiesquarterlyrollingyearhpssadataset15>

<sup>25</sup> English Housing Survey 2015 to 2016: housing costs and affordability - Annex Table 2.1: Mean and median income, 2015-16. HRP aged 16-34 have an average weekly income of £718 per week compared to £780 per week for all households, meaning younger newly forming households earn 92% of the all households amount.

3.44 Existing households falling into need is therefore based upon an analysis of recent trends of movements from the private sector into the social sector as a proxy for existing households falling into need. These figures were averaged from CORE data over the past 3 years.

3.45 In summary, the components of the future affordable housing need for the Borough are set out in Table 3.5.

Table 3.5 Future Affordable Housing Needs for Pendle Borough

Component	Pendle Borough		Source/Calculation
	3.5 x Income	16% Deposit and 3.61 x Income	
Newly forming households (Gross per annum)	649		LHN 146 dpa based on the standard methodology
% unable to rent or buy in the private market	38.3%	28.4%	Lichfields' Affordability Modelling
Newly forming households unable to afford market housing (per annum)	249	185	Newly forming households (Gross per annum) unable to rent or buy in the private market
Existing households falling into need (annual average)	225		CORE 2015/16 to 2017/18 (284 in 2015/16, 215 in 2016/17 and 176 in 2017/18).
<b>Estimate of Future Housing Need (p.a.)</b>	<b>474</b>	<b>410</b>	Newly forming households unable to afford market housing (per annum) + Existing households falling into need (annual average)

Source: MHCLG 2014-based Household Projections, CORE Data and Lichfields analysis

3.46 Sub-Area data is provided in Table 3.6. As the number of newly forming households and existing households falling into need is only available at a Borough-wide level, it has been assumed that these will be split proportionately in line with the current number of households based in each sub-area (as recorded in the 2011 Census).

Table 3.6 Future Affordable Housing Needs by Sub-Area

Component	Pendle Borough		M65 Corridor		Rural Pendle		West Craven Towns	
	3.5 x Income	16% Deposit and 3.61 x Income	3.5 x Income	16% Deposit and 3.61 x Income	25%	33%	25%	33%
Newly forming households (Gross per annum)	649		435		100		115	
% unable to rent or buy in the private market	38.3%	28.4%	37.0%	29.4%	42.6%	27.8%	41.3%	27.4%
Newly forming households unable to afford market housing (per annum)	249	185	161	128	42	28	47	31
Existing households falling into need (annual average)	225		151		35		40	
<b>Estimate of Future Housing Need (p.a.)*</b>	<b>474</b>	<b>410</b>	<b>310</b>	<b>277</b>	<b>77</b>	<b>62</b>	<b>87</b>	<b>71</b>

Source: MHCLG Household Projections, MHCLG Local Authority Live Table, CORE Data and Lichfields analysis

\*Balanced to sum

- 3.47 Once again, these outputs of future affordable housing need should be treated with caution. As noted previously, utilising gross estimates of household formation may include people that form several different households over the period at different stages of their life; but does not account for their previous household no longer existing.

### **Stage 3: Affordable Housing Supply steps 3.1 to 3.8**

- 3.48 This Section estimates the existing and forthcoming stock of affordable housing using the approach set out in the PPG. It also examines housing stock that can accommodate households in housing need. The information is required in order to calculate net affordable housing requirements. The model considers both current affordable housing stock (including how much of this is available) as well as the level of future annual new supply.

### **Current Affordable Housing Stock Steps 3.1 to 3.5**

- 3.49 The PPG<sup>26</sup> sets out the current components of housing stock used to accommodate current households in affordable housing need as well as future supply:
- Affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
  - Suitable surplus stock (vacant properties);
  - Committed supply of new (net) affordable units (number and size); and,
  - Identifying units to be taken out of management (demolition or replacement).

- 3.50 The PPG states that the first three components are to be added together, and the number of social housing units to be taken out of management deducted, to equate to the total affordable housing stock that is available.

### **Affordable Dwellings occupied by Households in Need (Step 3.1)**

- 3.51 The purpose of Step 3.1 is to identify the number of affordable dwellings which become available but are occupied by households in housing need. Thus, this step considers transfers within the affordable housing stock. The movement of these households (within affordable housing) will have a nil effect overall in terms of housing need. These households have already been netted off at Stage 1 of the calculation and the figure for this step is therefore zero.

### **Surplus Stock (Step 3.2)**

- 3.52 A certain level of voids are normal and allow for transfers and works to properties. The former SHMA Guidance (page 48) noted that a social housing vacancy rate in excess of 3% (and properties which are vacant for considerable periods of time), should be counted as surplus stock.
- 3.53 An analysis has been undertaken utilising vacancy level data. This indicates a social housing vacancy level of 0.9% in 2017.<sup>27</sup> Therefore, as the current vacancy rate is below the 3% rate recommended by the former SHMA guidance, a surplus stock rate of zero has been included within the model.

### **Committed Supply of New Affordable Housing (Step 3.3)**

- 3.54 The former SHMA Guidance (page 118) states that this step of the model should utilise information about new social rented and intermediate affordable dwellings which are

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<sup>26</sup> ID 2a-022-20190220

<sup>27</sup> MHCLG Data: Table 100 (2018) and Table 615 (2018)

committed at the point of assessment. The Local Authority Housing Statistics [LAHS] data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing is available in the Council's latest Authority Monitoring Report [AMR] for 2017/18. This indicates that **188** units of affordable housing are in the pipeline from outstanding permissions. In reality; there will also be affordable supply coming from other sources including Registered Providers, most notably Together Housing Group who have a pre-eminent role in the Borough after taking over the Council's housing stock (as Housing Pendle). This suggests that potentially, there is a considerable amount of affordable housing currently in the development pipeline.

Table 3.7: Total Supply of New Affordable Units

	Pendle
Supply of New Affordable Housing (Committed Supply) 2017/18	188

Source: PBC (2019:) 2017/18 Authority Monitoring Report [Indicator HS06, pages 98-99]

### Units to be taken out of Management (Step 3.4)

- 3-55 The former SHMA Guidance (page 119) states that this stage should “*estimate the numbers of social rented or intermediate affordable housing units that will be taken out of management.*” This includes properties which are planned to be demolished or redeveloped (with a net loss of stock).
- 3-56 There have been demolitions of affordable housing units in recent years. However, according to the Council's 2017/18 AMR, from 2014/15 onwards the loss of dwellings has been negligible. Demolitions have almost stopped following the end of a number of housing regeneration projects in Nelson, Colne and Brierfield. In 2018/19 the final few properties in the Bradley Area Action Plan are scheduled to be demolished. From 2019 onwards the Council has confirmed that no further demolitions of social housing stock will take place.

### Total Affordable Housing Stock Available (Step 3.5)

- 3-57 Table 3.8 sets out these current components of supply in the Borough.

Table 3.8: Current Supply of Affordable Housing in Pendle Borough

Component	#	Source
Step 3.1 (Affordable Dwellings Occupied by households in need)	0 <sup>28</sup>	B-With-Us Housing Register July 2019
PLUS Step 3.2 (Surplus Stock) - Vacant but available for letting	0	
PLUS Step 3.3 (Committed Supply of New Affordable Housing)	188	
MINUS Step 3.4 (Units to be taken out of management) - Vacant but not available for letting	0	PBC AMR 2017/18
<b>EQUALS Step 3.5 Current Supply of Affordable Housing</b>	<b>188</b>	

Source: PBC / B-With-Us

### Future Affordable Housing Supply steps 3.6 to 3.7

- 3-58 The final part of the calculation relates to an analysis of the level of likely future affordable housing supply coming forward, which takes into account future annual supply of social housing

<sup>28</sup> See paragraph 3.51

re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels).

- 3.59 Social re-lets data has been obtained from 3 years-worth of CORE data (for 2015/16 to 2017/18) - the continuous recording of lettings and sales in social housing in England published by MHCLG. The data obtained for this component is set out in Table 3.9.

Table 3.9: Future Annual Supply of Social Re-lets for Pendle Borough

	Social re-lets
2015/16	287
2016/17	238
2017/18	249
<b>Average</b>	<b>258</b>

Source: 2015/16 -2017/18 CORE Data

- 3.60 Data for intermediate housing sales is only available from CORE for 2012/13 and 2013/14 and suggests that no intermediate units came up for re-let or sale during those 2 years. We have included an annual average of 0 as a proxy for intermediate affordable housing supply going forward.

### Estimate of Net Affordable Housing Need

- 3.61 Bringing the above elements together the analysis can calculate net housing need. This is done on an annual basis over the whole plan period, and as such it will be necessary to convert the backlog of need into an annual quota based upon the period which this backlog will be addressed. It is a point for any Local Plan's housing trajectory to set out how and when the backlog of affordable housing need will be delivered in the plan period. However, for the purposes of an LHN calculation, an average figure over the Council's 20-year plan period will still match the total affordable housing need over the plan period (even if this is addressed fully in the first 5 years). Table 3.10 sets out the calculation of net annual affordable housing need using the B-with-us Housing Register.

Table 3.10 Pendle Borough Affordable Housing Need Calculation

Stage and step in calculation	Notes	3.5 x Income	16% Deposit and 3.61 x Income
Stage 1: Current Need (Gross)			
1.1 Homeless households and those in temporary accommodation	B-with-us Housing Register (excluding those already in social housing)	762	
1.2 Overcrowding and concealed household			
1.3 Other Groups			
1.4 Total current housing need (gross)	1.1 + 1.2 + 1.3	762	
Stage 2: Future Need			
2.1 New household formation (gross p.a.)	Under 45s only, based on 146 dpa LHN	649	
2.2 Proportion of new households unable to buy or rent in the market	Unable to afford LQ house prices, based on Experian Income data	38.3%	28.4%
2.3 Existing households falling into need	MHCLG Local Authority Live Table CORE data past 3 years to 2018	225	
2.4 Total newly arising housing need (gross p.a.)	(2.1 x 2.2) + 2.3	474	410

Stage and step in calculation	Notes	3.5 x Income	16% Deposit and 3.61 x Income
<b>Stage 3. Affordable Housing Supply</b>			
<b>Current Supply</b>			
3.1 Affordable dwellings occupied by households in need	B-With-Us Housing Register		n/a
3.1 Annual quota (2019-2039)			n/a
3.2 Surplus stock (Vacant but available for letting)	MHCLG Tables 100 and 615		0
3.3 Committed supply of affordable housing	PBC AMR 2017/18		188
3.4 Units to be taken out of management (Vacant but not available for letting)	PBC as at July 2019		0
3.5 Total affordable housing stock available	3.1 (annual) + 3.2 - 3.4		<b>188</b>
<b>Future Supply</b>			
3.6 Annual supply of social relets (net)	MHCLG Local Authority Live Table CORE data 3-year average to 2018		258
3.7 Annual supply if intermediate housing available for re-let or resale	MHCLG Local Authority Live Table 2012/13 and 2013/14		0
3.8 Annual supply of affordable housing	3.6 + 3.7		<b>258</b>
<b>Net Annual Affordable Housing Need</b>	<b>1.4 - 3.5 (annualised) + 2.4 - 3.8</b>	<b>251</b>	<b>187</b>

Source: CCC, Local Authority Live Tables, CORE Data and Lichfields analysis

- 3.62 This illustrates that net annual need based on current data over the period 2019 to 2039 amounts to **between 187 and 251 affordable dpa** (dependent on the income multiplier/deposit used). This reflects gross household formation and therefore does not account for household dissolutions, with the implication that needs are likely to be 'worst case' under this approach as it could include some double counting. This compares to the 286 dpa affordable housing figure identified in the previous 2013 SHMA.

## Type of Affordable Housing

- 3.63 The purpose of this section of the report is to establish the relative need between social rent, affordable rent and intermediate affordable housing within the overall affordable housing need figure. This exercise has examined the interaction between housing costs and household income. Starter homes are also now included in the definition and considered in further detail below.

- Social Rent** – CORE Social Housing lettings (Private Registered Provider [PRP] owned<sup>29</sup>) – Rents and charges 2016/17. Average weekly rent by dwelling in the Borough is £72.70, rising to £75.10 including charges, or £3,905 per annum.
- Affordable Housing for Rent** - This is defined in the Framework Annex 2 as “rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below market rents”. Market rents are established earlier in the report to be £400 per month, or £4,800 per annum, 80% of this means affordable rent can be no more than £3,840 per annum.
- Intermediate housing** – This is included in the revised February 2019 version of the Framework as “housing provided for sale that provides a route to ownership for those who

<sup>29</sup> “unless it is otherwise stated, Private Registered Provider data normally represent all housing association owned dwellings and other Registered Providers apart from local authorities, and Local Housing Companies.” <https://www.gov.uk/guidance/definitions-of-general-housing-terms>

*could not achieve home ownership through the market” [Annex 2 Glossary]. It includes shared ownership, relevant equity loans, other low-cost homes for sale and rent to buy. This is less detailed than the previous definition of Intermediate housing in the 2012 version of the Framework, which defined it as follows: “Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.”*

On the basis of the earlier definition, this type of housing must be more expensive than social rent (established to be £3,905 per annum) and not include affordable rent. As per the above affordable needs calculation, the average market rent is £4,800 per annum and any household that cannot afford this is in housing need. Although it is plausible that some people in affordable housing need could afford both affordable rent and intermediate housing, there is a clear gap between housing costing more than £3,905 and £4,800 which could be filled by more intermediate properties. This is cross-checked against the cost of share-to-buy properties currently available in the Borough below.

- 4 **Starter Homes** – these are homes sold to first-time buyers aged between 23 and 40 years of age, at a discount of at least 20% of the market value, with a cap of £450,000 in London and £250,000 in the rest of England. They have been a part of Government proposals since 2014, and the first homes were due to begin construction in 30 local authorities in 2017<sup>30</sup>. This is taken to include discounted market sales housing (of at least 20% below market value) for the purposes of the Table below, although clearly discounted housing is not necessarily age limited as is the case with starter homes.

Indicative monthly housing costs for starter homes have been identified using lower-quartile market values for new build houses at a cost of £127,995<sup>31</sup>, with a 20% discount and the purchaser paying a 5% deposit (reducing the mortgage cost to £97,276). Monthly mortgage costs are calculated based on 3.5% interest rate mortgage on the equity. On this basis, mortgage costs are assumed to be £491.84 per month, or £5,902 per annum.

Table 3.11: Annual Rents and Costs

	Cost (Per annum)
Lower Quartile Rental Prices	£4,800
Lower Quartile Home Ownership	£3,640
Social Rent	£3,905
Affordable Rent	£3,840
Intermediate Housing (incl. shared ownership)	£3,906 to £4,799
Starter Homes	£5,902

Source: CORE 2016/17, VOA and Lichfields’ analysis

## Intermediate Housing

3.64

To understand the current average cost of shared ownership properties in the Borough, the listings from [www.sharedtobuy.com](http://www.sharedtobuy.com) has been obtained. At the time of writing (September 2019) there are currently no shared ownership properties on the market in either Pendle or Burnley. The nearest shared ownership properties on the market are located in Whalley and Clitheroe, in Ribbles Valley Borough, which, although in East Lancashire, arguably has a very

<sup>30</sup> “Green light for construction of thousands of new Starter Homes” – UK Government press release

[www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes](http://www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes)

<sup>31</sup> House Price Statistics for Small Areas (HPSSAs) Dataset 16. Lower quartile price paid for administrative geographies (newly built dwellings). Figure relates to LQ price paid for new build terraced properties, as no comparable figure is available for flats/maisonettes for the Borough



different and much stronger housing market area than its near neighbours to the east. Of greater relevance is the new development at Lyndon Park in Great Harwood, Hyndburn, around 6km to the south-west of the Borough. This is a much more similar housing market to Pendle, with shared ownership properties currently on the market as follows:

- 3-bed house at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £89,998 (full price £179,995) with a £4,500 minimum deposit. The cost breakdown equates to a monthly rent of £206; service charge of £45, and an estimated mortgage payment of £451 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £702, or **£8,424 annually**.
- 2-bed semi-detached bungalow at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £79,998 (full price £159,995) with a £4,000 minimum deposit. The cost breakdown equates to a monthly rent of £183; service charge of £45, and an estimated mortgage payment of £401 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £629, or **£7,548 annually**.
- 2-bed semi-detached house at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £73,998 (full price £147,995) with a £3,700 minimum deposit. The cost breakdown equates to a monthly rent of £170; service charge of £45, and an estimated mortgage payment of £371 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £586, or **£7,032 annually**.
- 3-bed semi-detached house at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £87,998 (full price £175,995) with a £4,400 minimum deposit. The cost breakdown equates to a monthly rent of £202; service charge of £45, and an estimated mortgage payment of £441 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £688, or **£8,256 annually**.
- 3-bed detached house at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £93,998 (full price £187,995) with a £4,700 minimum deposit. The cost breakdown equates to a monthly rent of £215; service charge of £45, and an estimated mortgage payment of £471 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £731, or **£8,256 annually**.
- 4-bed detached house at Lyndon Park, Great Harwood: This property is on the market from a 50% minimum share for £146,998 (full price £293,995) with a £7,350 minimum deposit. The cost breakdown equates to a monthly rent of £337; service charge of £45, and an estimated mortgage payment of £717 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £1,099, or **£13,188 annually**.

3.65 Notwithstanding the fact that the above development is located in nearby Hyndburn and not Pendle, it is clear that even the lowest payment in the examples above, of £7,032 annually for a 2-bed semi-detached house, is well above the affordable rent and LQ rental prices and suggests that it is unlikely that even smaller shared ownership properties could meet the needs of some who fall between affordable rent and average LQ market rents.

3.66 This reflects the lack of desire to deliver such properties as expressed by a number of social housing providers in the Borough. Calico Homes suggested that whilst they were trying to increase the amount of shared ownership properties in Pendle and Burnley, they were struggling to achieve this aim as there was a general lack of understanding of the benefits of the product, and there was also a degree of social stigma around it. Because house prices are so low in Pendle it is difficult for developers to get the value they need, and residents prefer to buy outright.

## Suggested Affordable Housing Split

- 3.67 Information on household income has been obtained from Experian, which provides the number of households with a household income in £10,000 income bands. The income data is gross household income from all sources including earnings, benefits and investments.
- 3.68 The analysis seeks to estimate the number of households unable to afford market housing, intermediate housing, affordable housing and finally social housing. This assumes that a household does not spend more than 29% (a mid-point of the two affordable housing need scenarios modelled above so there are not multiple income outcomes for each housing type) of their income on rent (or for intermediate/starter home properties, combined mortgage/rent payments at the mid-point of 3.55-times income).

Table 3.12 Monthly Rents and Costs

Measure	Cost p/a	Income required (at 29%)	% of newly forming households who cannot afford	Split of households in need	Indicative % Split
Lower Quartile Rental Prices	£4,800	£16,552	36.5%	-	-
<b>Lower Quartile Home Ownership</b>	<b>£3,640*</b>	<b>£14,197*</b>	<b>26.4%</b>	-	-
Affordable Rent	£3,840	£13,241	26.8%	73.5%	75%
Social Rent	£3,905	£13,466	27.3%	1.2%	
Intermediate Housing	£3,906 to £4,799	£13,470-£16,548	27.3%-36.5%	25.2%	25%
Starter Homes	£5,902*	£27,402*	67.9%	-	

Source: Experian and Lichfields analysis

\*calculated on the basis of 3.55-times salary (halfway between 3.5 and 3.61)

- 3.69 Table 3.12 shows that in theory, affordable and social rent are more affordable than intermediate homes in the Borough, and that because market housing is comparatively inexpensive, it is cheaper to buy an LQ house on the open market than it is to rent, even in the social sector (in the event that a mortgage can be obtained).
- 3.70 However, clearly the situation is considerably more complicated than this; with some social products falling between different income thresholds if they deviate from the average. In practice however, there is very limited difference between affordable rented and social rented properties and in any case recent structural changes at a national level – including the curtailing of capital/grant funding for social housing, with a move to revenue funding of affordable rent products through housing benefit – means there is a move away from social rented towards affordable rented tenure provision. In essence, the Government has introduced measures to facilitate the provision of affordable rented properties at the expense of social rented dwellings.
- 3.71 The analysis in Table 3.12 shows that to afford a lower quartile market rented property at £4,800 per annum, a household would require a yearly income of £16,552. This is affordable for 63.5% of newly-forming households, meaning that unless they have access to extensive savings, equity or another form of income, 36.5% of newly-forming local households are theoretically in need of some form of social housing if they are unable to obtain a mortgage to buy an LQ house on the open market.
- 3.72 To afford intermediate housing, a household income of between £13,470 to £16,548 would be required; for affordable rent an income of up to £13,241 per annum is needed and to afford social rent, a household would need a household income of £13,466. When looking at the household incomes of newly forming households, 27.3% cannot afford social rented property prices; this actually decreases slightly to 26.8% who cannot afford the marginally less expensive

affordable rent properties whilst between 27.3% and 36.5% of newly forming households would not have sufficient income to afford an intermediate property.

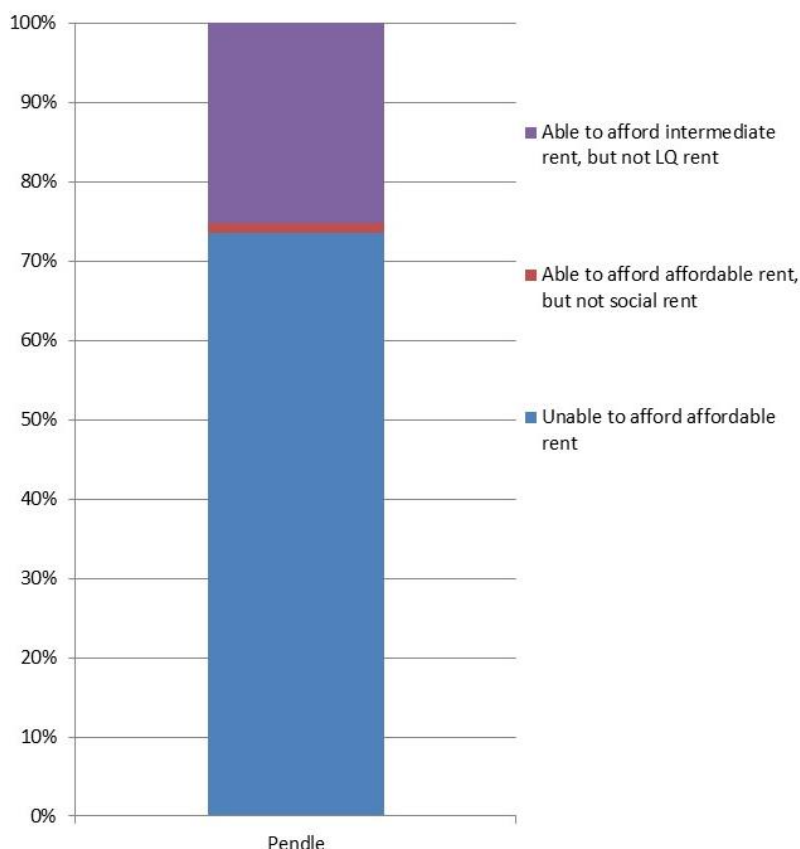
3.73 Figure 3.2 shows that of all those newly forming households who cannot afford market housing:

- 73.5% cannot afford Affordable Rent;
- a further 1.2% can afford affordable rent but not social rent; and,
- a further 25.2% can afford social and affordable rent, but not intermediate housing.

3.74 Whilst the need for social and affordable rents have been assessed separately, in reality these needs should be combined for the purposes of considering tenure mix. New housing is currently rarely built to be occupied at traditional social rented levels; homes currently let at social rent levels tend to be legacies of historic local authority housing stock. New housing stock which is rented at below-market rent levels tends to be provided as affordable rented housing (i.e. up to 80% of market rents), provided as part of mixed market-affordable developments, with local housing allowance making up any difference in cost which a household cannot afford.

3.75 **Therefore, on the basis that in practice there is very limited difference between affordable rented and social rented properties, the split of affordable housing need is presented as circa 75% social/affordable housing and circa 25% intermediate housing.**

Figure 3.2: Affordability (2017) in Pendle Borough



Source: Experian and Lichfields analysis

3.76 This exercise evidences that it is reasonable that shared ownership properties could meet the needs of some who fall between affordable rent and average lower quartile market rents, albeit

there may be some overlap between those who can afford affordable rent and a cheaper shared ownership property.

- 3.77 The previous SHMA noted that there has been limited use of intermediate tenure property in both Pendle and Burnley Boroughs due to a combination of the low house prices, relatively low rates of development more generally and the reliance on Housing Market Renewal Initiative [HMRI] programmes in the past. MHCLG records suggest that this situation is unchanged for the Borough – over the past 10 years, just 35 intermediate properties have been completed, and just 5 in the past 3 years<sup>32</sup>. As noted above, discussions with agents and social housing providers suggests that this is unlikely to change for the foreseeable future, as there remains a general lack of understanding amongst local residents as to the benefits of shared ownership as a tenure. Nevertheless, it remains an increasingly popular form of tenure elsewhere in Lancashire, with 237 units completed in 2017/18 and offers significant benefits to occupants by providing them with a financial stake in the property. As noted in the previous SHMA, the tenure is also often preferred by housebuilders as it is cheaper to deliver and has less of an impact on the marketability of the adjacent open market housing.

- 3.78 **Therefore, whilst it will require a shift in delivery and the Council/Registered Providers to market this form of tenure to demonstrate its benefits to future residents, it still has the potential of providing an attractive and viable form of affordable housing to meet local needs.**

- 3.79 Finally, and as indicated in Table 3.12, Starter Homes are likely to be less affordable than private rented properties in the Borough. If applied to the Borough (assuming a 20% discount on LQ new homes of £127,995, plus a 5% deposit), Starter Homes would be accessible to households with an income of over £27,402 per year (based on the 3.55 income multiple). This would be accessible to just 32% of newly-forming households, as new build housing in Pendle tends to attract a substantial premium above the existing housing stock (often small terraced properties with a backyard rather than a garden) that comes onto the market. Therefore, even with starter homes, around two-thirds of newly forming households in the Borough would still be unable to afford to buy, with many of these households being in the private rented sector.

### **Affordable Housing Needs – Influence on the Housing Requirement**

- 3.80 Total affordable needs are in the range of between 187 and 251 affordable homes per annum between 2019 to 2035. This is greater than the locally assessed need based on the standard method (146 dpa). If the housing need were to be increased to 240 dpa (the latest Experian 2019 Scenario E), the total identified affordable housing need could not be addressed at the current identified affordable need of 30%. The lower need of affordable housing need could be addressed at 78% but the upper end would require over 100% of the identified LHN to be delivered as affordable.
- 3.81 The PPG is clear 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. In Pendle the likely delivery is a notional 30%, which is considerably lower than being able to meet affordable needs. Whilst the full affordable locally assessed need equates to between 623 and 837 dpa (187/251 @ 30%), in practice it is extremely unlikely that this level of housing delivery will ever be achieved in Pendle, which has averaged 27 net affordable dpa over the past 15 years to 2017/18.

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<sup>32</sup>MHCLG (2019): Table 1007C: Additional units of intermediate affordable housing provided by local authority area – Completions 1991/92 – 2017/18

- 3.82 The PPG<sup>33</sup> suggests an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.
- 3.83 In line with the approach envisaged by the Framework, the affordable housing needs are an important component of the overall need for housing and the Council should seek to use its planning policy to maximise delivery of affordable housing given the scale of need identified.
- 3.84 An additional uplift would go some way towards meeting the high level of affordable housing need identified for Pendle.
- 3.85 In terms of the scale of any uplift, the Local Plan Expert Group [LPEG], in its Report to the Secretary of State for Communities and Local Government in March 2016, recommended various changes to the PPG with the remit of considering how local plan-making could be made more efficient and effective. Although very limited, if any, weight can be given to the LPEG approach given that it is not policy or endorsed by Government, it is at least helpful in seeking to understand what an appropriate response might be to define the influence of market signals and affordable housing needs. LPEG recommended changes to the preparation of SHMAs and determination of housing need.
- 3.86 With regard to affordable housing need in the preparation of SHMAs and determination of housing requirements, the report proposed that where the total number of homes that would be necessary to meet affordable housing need is greater than the adjusted demographic-led Objectively Assessed Housing Need [OAHN], then this figure should be uplifted by a further 10%. The 10% uplift was intended to provide a streamline approach that removes judgement and debate from the process of setting OAHN (as opposed to what might be the most accurate under current PPG).
- 3.87 Whilst a 10% uplift could also be appropriate in this instance, it is nevertheless for the Council to consider the evidence contained in this HNA when identifying the housing requirement. This would need to support the strategy underpinning the emerging plan and determine whether an uplift beyond the standard method is appropriate.
- “Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point”<sup>34</sup>.*

## Summary

- 3.88 The range of scenarios gives a range of affordable housing needs for the Borough of between 187 and 251 affordable dpa, equivalent to between 77% and 105% of the upper estimate of housing requirement based upon economic-led needs. The extent to which affordable housing could be delivered at such proportions will need to be the subject of viability testing, but it is clear that there is a significant affordable housing need in the Borough and at current likely delivery (notionally 30% reflecting current policy) there needs to be consideration by the Council of whether increasing planned provision could help to address a greater proportion of affordable housing needs.

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<sup>33</sup> 2a-024-20190220

<sup>34</sup> 2a-015-20190220

## 4.0 Local Housing Dynamics

- 4.1 The Framework states that within the overall housing requirement for their area, strategic policy-making authorities should be prepared to set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations:

*“Where it is not possible to provide a requirement figure for a neighbourhood area, the LPA should provide an indicative figure, if requested to do so by the neighbourhood planning body. This figure should take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the LPA” [paragraph 66]*

- 4.2 The PPG provides a broad overview of how a housing requirement figure should be set for designated neighbourhood areas<sup>35</sup>:

*“The NPPF expects most strategic policy-making authorities to set housing requirement figures for designated neighbourhood areas as part of their strategic policies. While there is no set method for doing this, the general policy making process already undertaken by local authorities can continue to be used to direct development requirements and balance needs and protections by taking into consideration relevant policies such as the spatial strategy, evidence such as the Housing and economic land availability assessment, and the characteristics of the neighbourhood area, including its population and role in providing services. In setting requirements for housing in designated neighbourhood areas, plan-making authorities should consider the areas or assets of particular importance (as set out in paragraph 11, footnote 6), which may restrict the scale, type or distribution of development in a neighbourhood plan area.”*

- 4.3 Within this broad context, Lichfields takes the following considerations into account to provide an indicative breakdown of potential housing need in each neighbourhood area<sup>36</sup>:

- **Assessment of neighbourhood populations**, based on 2011 Census data on the number of households as a starting point to determine each sub-area’s ‘fair share’ of housing need. This is amalgamated into the three identified sub-markets in Pendle – M65 Corridor, West Craven Towns and Rural Pendle;
- **Analysis of services within and the role of each sub-area** based on the Sustainable Settlement Study (2008), the most recent data available from the Council; and
- **The availability of land in each settlement/sub-area**, based on information contained within the Council’s Housing Delivery Action Plan (August 2019).

- 4.4 There are a number of local housing dynamics which require consideration by the Council in terms of how the identified LHN could be disaggregated spatially including;

- Local housing market sub-areas and neighbourhood characteristics;
- Neighbourhood Plans; and,
- Availability of land.

- 4.5 It is not the role of this study to consider the availability of land going forward. However, it is possible to set out some of the local housing dynamics which need to be considered when identifying the future spatial strategy and how future housing needs are met.

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<sup>35</sup> PPG Reference ID: 41-101-20190509

<sup>36</sup> Census 2011 LSOA data has been used to provide the closest fit to the 3 sub-market areas identified in the Borough

## Assessment of Sub-Area's Households

- 4.6 The current distribution of households could be used as a starting point to distribute out what each sub-area's 'fair share' of housing need would be. The distribution based on the current share of households is not dissimilar to the current distribution of housing allocations as set out in Policy SDP3 of the Council's adopted Local Plan Core Strategy (December 2015), which is based on the settlement hierarchy and distributes 70% of housing in the M65 Corridor; 18% in the West Craven Towns, and the remaining 12% in Rural Pendle.

Table 4.1 Population of Pendle Borough, at sub-area level - Census 2011

	All categories: Dwelling type	Household spaces with at least one usual resident	% of all households	Share of 146 dpa	Share of 263 dpa
West Craven Towns	7,375	6,974	18.7%	27	49
M65 Corridor	25,616	24,214	64.8%	95	170
Rural Pendle	6,392	6,160	16.5%	24	43
<b>Total</b>	<b>39,383</b>	<b>37,348</b>	<b>100.0%</b>	<b>146</b>	<b>263</b>

Source: Census 2011/Lichfields analysis

- 4.7 Unsurprisingly, this would see the populous M65 Corridor as the focus of future development which aligns with existing supply and extant permissions. However, further consideration will need to be given to this future split depending on the future spatial strategy which underpins the emerging Local Plan.

## Sub Area Characteristics

- 4.8 The Council published its Sustainable Settlement Study in 2008. Although it is now over 10 years old, the study still provides a useful summary of the settlements across the Borough and neatly summarises the nature and characteristics of the three sub-market areas. This, combined with the Council's Housing Delivery Action Plan (August 2018), provides an indication of the future availability of land.

### M65 Corridor

- 4.9 Nelson, Colne, Brierfield and Barrowford are all recognised as key settlements within the Borough. Nelson and Brierfield are a continuation of the urban area and constitutes the largest settlement in the Borough, with the Council offices being located in Nelson. Nelson (including Brierfield) and Colne are identified in the adopted Pendle Local Plan Part 1 Core Strategy (adopted December 2015) as Key Service Centres, whilst Barrowford is identified as a Local Service Centre.
- 4.10 We note from speaking with a variety of local developers that the M65 Corridor in Pendle is less attractive for the volume housebuilders than the surrounding rural areas. In particular, brownfield land in the vicinity of the larger settlements is often hard to develop, with constraints, low values and sales rates. Grant / Gap funding is often required to move forward on complex inner urban brownfield sites, otherwise sites are often unviable and will not come forward. It is generally the smaller developers who are more able to take on the complex inner urban sites in Pendle which may not work for the larger volume housebuilders.
- 4.11 Nelson has a range of services including a Health Centre, Pendle Community Hospital, a number of primary schools, two secondary schools and Nelson and Colne College which provides further education provision. Nelson and Colne College is located on the boundary between Nelson and Barrowford.

- 4.12 Colne is located at the eastern end of the M65 Corridor sub market, near the end of the M65 motorway.
- 4.13 The Housing Delivery Action Plan highlights that almost 70% of future supply with and without planning permission is contained within this sub-market area. This is unsurprising, given that this sub-market has been the focus for housing in the existing Core Strategy with the intention of supporting the regeneration objectives of the Borough.
- 4.14 However, the low levels of past housing delivery since the recession and the lack of progress towards delivery of the strategic allocation at Trough Laithe suggests the market conditions are challenging within this sub-market.
- 4.15 However, housing delivery has taken place in Colne, Reedley and Spring Mill all of which are within the M65 Corridor sub-market.

### **West Craven Towns**

- 4.16 Barnoldswick and Earby are the two main settlements which form the West Craven Towns sub-market. Barnoldswick is the larger of the two settlements and is the third largest town in Pendle. It has a number of key services and employers which led it to be recognised as a Key Service Centre in the Borough's adopted Core Strategy, with the intention being that it will provide the focus for future growth in the Borough and accommodate the majority of new development. Earby is identified as a Local Service Centre in Policy SDP2 of the adopted Core Strategy, with the intention being that it will play a supporting role to the Key Service Centres and accommodate levels of new development to serve a localised catchment.
- 4.17 Both Barnoldswick and Earby have a number of services including health provision, retail and leisure and education. This is as a consequence of the role they play in servicing surrounding areas.
- 4.18 The Housing Delivery Action Plan identifies that this sub-market has around 20% of the future housing land supply, both in terms of land with and without planning permission. Therefore, there is future capacity to support housing delivery in this sub-market. Housing has recently been brought forward at Salterforth Mill near Barnoldswick.
- 4.19 This sub-area also shares some characteristics with Craven District and the Yorkshire Dales to the north and east and comprises part of the transitional HMA between this more affluent area and Pennine Lancashire.

### **Rural Pendle**

- 4.20 This sub-market covers the wider rural area of the Borough, with four main settlements of Fence, Foulridge, Kelbrook and Trawden (identified in the adopted Core Strategy as Rural Service Centres) which provide a wider role in terms of service provision and have the greatest capacity for sustainable growth to support their current role.
- 4.21 Between them, the four main settlements in this sub-market have nearly 10% of identified housing land, both in terms of sites with and without planning permission. This reflects the fact that these settlements have less significant environmental constraints compared to other parts of rural Pendle and provide a wider role as rural service centres.

### **Neighbourhood Plans**

- 4.22 The Framework at paragraph 65 recognises the need for strategic policies to set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the



patter and scale of development. In Pendle there are a number of Neighbourhood Plans which will need to be considered:

- Barrowford
- Colne
- East Colne and Villages
- Kelbrook and Sough; and,
- Trawden Forest.

4.23 The only Neighbourhood Plan which has been ‘made’ is Trawden Forest (July 2019). It recognises the need for some good quality housing development in keeping with the characteristics of the current villages. The Neighbourhood Plan identifies 5 housing site allocations, and an overall need for 96 dwellings over the Plan period (2011-2030). As 29 houses had been completed at 31<sup>st</sup> March 2017, with a further 28 homes with extant planning permission, this leaves a need for 39 houses for the period from 1st April 2017 through to 2030 of 39 houses.

4.24 The progress of the other emerging Neighbourhood Plans will need to be considered going forward.

## Availability of Land

4.25 The Housing Action Plan (2019) highlights the potential future supply across the Borough. This is shown in Table 4.2.

Table 4.2 Potential Housing Yield by Sub-Market

	Sum of net total	% of net total
M65 Corridor	3,918	60%
Rural Pendle	1,279	19.6%
West Craven Towns	1,324	20.3%
Borough Total	6,521	~

Source: PBC Housing Delivery Action Plan (2019)

4.26 This highlights that the majority of future land supply is located within the M65 Corridor area which as previously identified is a less attractive market area than the surrounding areas and could impact on future delivery. The Housing Delivery Action Plan highlights there is a greater supply of future housing land compared to need. However, it acknowledges there are a number of delivery challenges across the Borough which require consideration to ensure new housing is brought forward. The issues include:

- Access to development finance;
- Scheme viability;
- The structure of development companies and delivery vehicles;
- The right choice of sites;
- Overcoming developer inertia; and,
- Infrastructure provision.

4.27 These issues will need to be addressed to ensure housing delivery supports the spatial ambition for the Borough.

5.0

## Type, Tenure and Size of Housing Required

5.1

In addition to establishing the overall scale of housing needed, the Framework requires plan-makers to also consider the need and demand for different types of housing. Section 2 concluded that overall, the level of housing need is between 146 dpa and 263 dpa in the Borough. Section 3.0 concluded that the affordable housing need is between 187 dpa and 251 dpa.

5.2

This section sets out an appropriate mix in terms of size (number of bedrooms) and tenure (affordable rent or intermediate), as well as how this might vary between the sub-areas within the Borough.

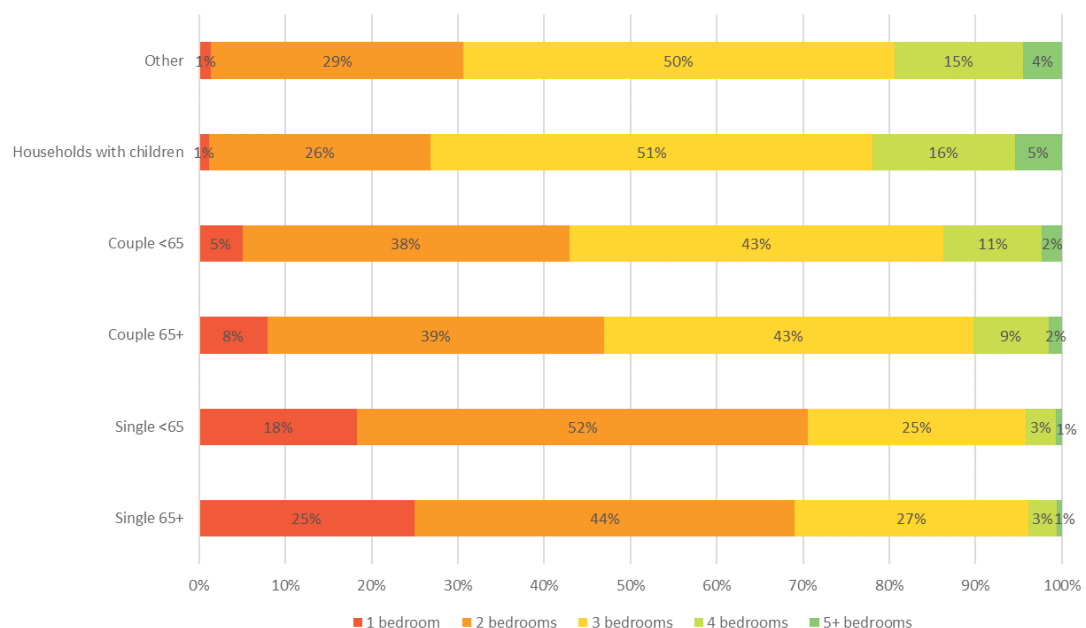
### Housing Size and Type

#### Current occupancy patterns

5.3

In the open market, households typically do not strictly occupy housing in line with their 'needs', or their household size. This is because households are free (within their financial means), to buy or rent property in line with what they want, rather than what they might be considered to 'need'. Households may wish to have additional space generally or for a specific purpose, e.g. for working from home. Growing families may also live in housing with a view to having more children, or older couples may live in the family home even after their children have left (often referred to as 'empty-nesting').

Figure 5.1 Number of Bedrooms by Household Type



Source: Census 2011

5.4

Figure 5.1 shows how different household types in the Borough occupy housing (as per the 2011 Census). It shows that both young and older single person households are most likely to occupy 2-bedroom properties and greater proportions of these household groups occupy 3-bedroom properties than 1-bedroom properties. One quarter of single person households aged 65+ occupy 1-bedroom properties, compared to 18% of single person households aged less than 65. Older couples are significant under-occupiers in the market, only 8% of them living in 1-

bedroom homes compared to 11% living in 4 or 5-bedroom homes. This may indicate that older single person households (for example widows) may be more inclined to downsize than couples, perhaps due to maintenance required for larger homes.

- 5.5 Couples under 65 are also significant under-occupiers in the market; only 5% of these households occupy 1-bedroom properties, compared to 13% occupying 4 or 5-bedroom properties. These households could either be young families looking to have children or older couples still living in the family home. As expected, household with children primarily live in larger homes, although a significant proportion (27%) still live in 1 or 2-bedroom homes, suggesting that there could be some overcrowding in certain sectors of the market.
- 5.6 Other types of households include student households and families with non-dependent children, which explains why these types of households occupy a higher proportion of large housing.
- 5.7 In a perfectly functioning 'ideal' market, the housing stock would be used most efficiently to ensure that households which under-occupy housing do not block larger households from accessing larger homes, leading to overcrowding. At present in the Borough (the same pattern as seen nationally) there is a co-existence of small households living in large homes, and large families living in small homes. This demonstrates why net growth in the number of smaller households (i.e. single and couple households) does not necessarily translate into a need for smaller housing units, unless for example there are specific measures targeted at encouraging downsizing and movement within the market.

## Future Need

- 5.8 In assessing future household growth by type, the MHCLG 2014-based SNHP for the Borough have been used to align with the LHN approach. The Stage 2 projections provide a breakdown of the projected change by age and type of household. This can be compared with the Census information to show, if current occupancy patterns were to continue, what the need for different sized housing would be.
- 5.9 Table 5.1 shows the change in projected household type between 2019 and 2035 in the Borough, according to the 2014-based SNHP. These figures do not include an allowance for dwelling vacancies and refer only to households. Furthermore, as set out in Section 2, the overall LHN for the Borough is 146 dpa, which is slightly above the household projections, in order to address market signals. This does not include any provision for affordable housing and economic growth needs, which would boost the figure still further. For the purposes of this assessment we have assumed that the profile of need will remain the same (i.e. pro-rata) even if the overall housing provision is different to that shown in the projections.

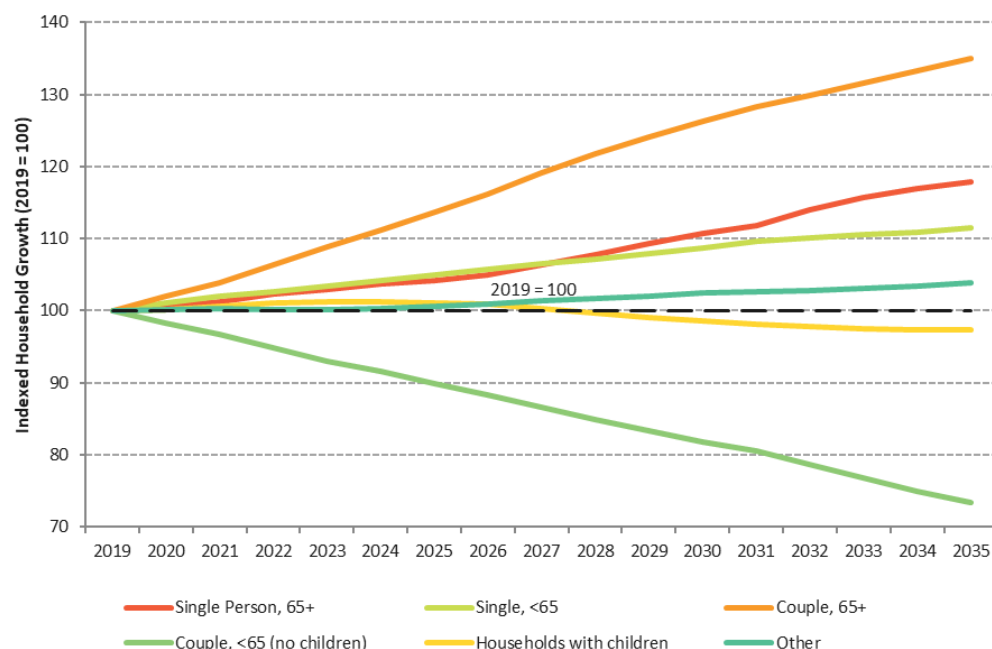
Table 5.1 2014-based Household Projections by Type- Pendle Borough

	2019	2035	Net Change
Single Person, 65+	5,272	6,217	+945
Single, <65	7,661	8,539	+878
Couple, 65+	4,834	6,525	+1,691
Couple, <65 (no children)	4,818	3,535	-1,283
Households with children	11,553	11,246	-307
Other	4,749	4,934	+185
<b>Total</b>	<b>38,887</b>	<b>40,996</b>	<b>+2,109</b>

Source: DCLG Stage 2 2014-based SNHP

- 5.10 The numbers of all household types except couples under 65 and households with children are expected to increase in the Borough up to 2035. The greatest increase will be seen in couple households over age 65, which will increase by 1,691, whilst the number of older single person households will increase by 945. The number of single people aged below 65 will also increase, by 878. The number of couples aged below 65 without children is projected to decrease by 1,283. It is expected that there will be a decrease of 307 in the number of families with children, although this will remain the largest group in the Borough, representing 27% of all households in 2035.
- 5.11 In line with wider trends, older households will see the fastest growth in the Borough, with couples aged 65+ increasing by 35.0% and single people aged 65+ increasing by 17.9% by 2035, as shown in Figure 5.2. Growth in single people households aged under 65 is more modest at 11.5%, though still significant. There is a notable decrease (26.6%) in the number of couples aged below 65 with no children.

Figure 5.2 Indexed Household Growth by Type - Pendle Borough



Source: Lichfields based on MHCLG 2014-based SNHP

- 5.12 Taking the change in different types of households from the 2014-based SNHP (Table 5.1) and applying current occupancy patterns from the Census 2011 as set out in Figure 5.1 results in an estimated mix of housing as shown in Table 5.2. This refers to the broad overall need and does not relate to any specific tenure, area (these are considered in more detail below) or site typology. It also does not attempt to take into account how future policy changes (for example, to encourage downsizing), social changes or economic changes might affect how households occupy housing.

Table 5.2 Estimated overall need/demand by size and recommended mix for Pendle Borough

	1-bed	2-bed	3-bed	4+-bed
Estimated need/demand	22%	49%	27%	2%

Source: Lichfields based on MHCLG/ONS

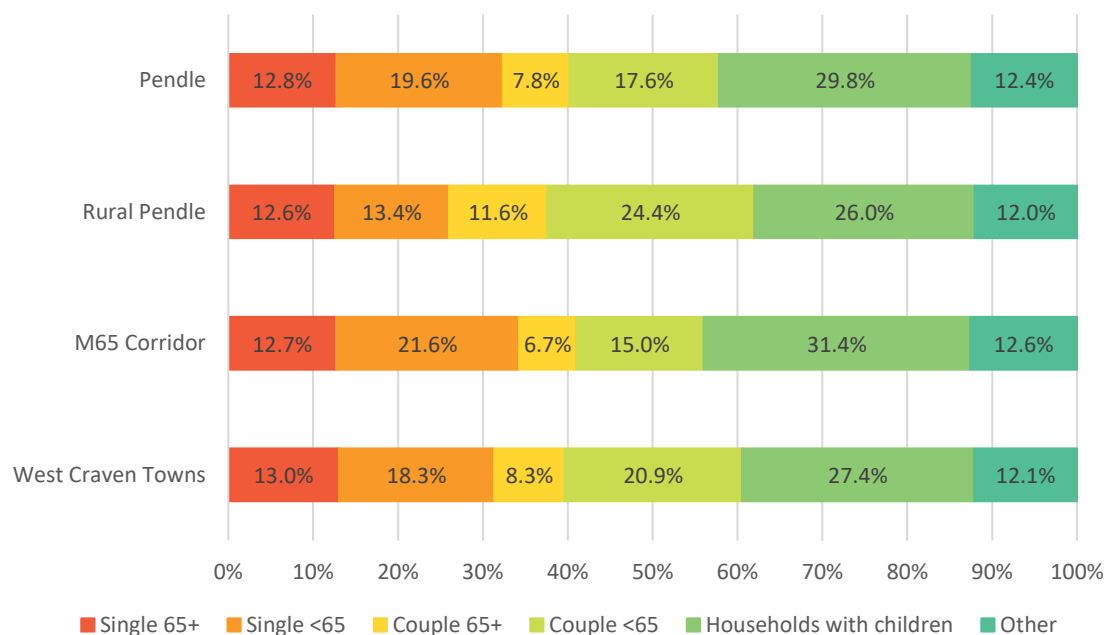
## Future need by sub-area

5.13

Figure 5.3 shows the difference in household profile in each of the three main sub-areas in the Borough. Detailed breakdowns by Lower Super Output Areas [LSOA] are provided in Appendix 2. Figure 5.3 shows:

- 1 There is a high degree of similarity across the three sub-areas which are all broadly representative of the Borough itself.
- 2 The M65 Corridor has a relatively low proportion of single older person households (12.7%) compared to the Borough average but has the highest proportion of single person under 65 households (21.6%). This sub-area has the lowest proportion of older couples (6.7%), which is slightly below the Borough average.
- 3 In Rural Pendle sub-area, couples of all ages make up a higher proportion of households (11.6% for older couples and 24.4% for couples aged under 65) than in the other sub-areas or the Borough average.
- 4 Households with children make up the greatest proportion of households in all sub-areas and across the Borough, but the greatest proportion of these households is found in the M65 Corridor (31.4%).

Figure 5.3 Household Profile by Sub-Area (2011)



Source: Census 2011

5.14

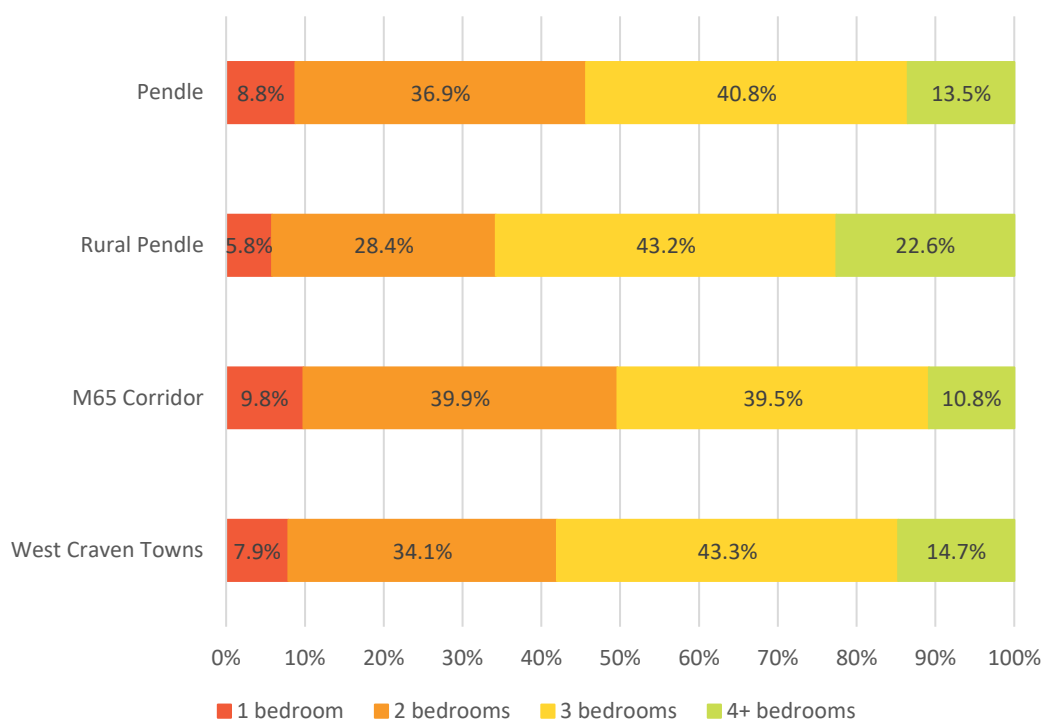
The difference in household profile is also reflected in the existing housing stock, as shown in Figure 5.4. The trends across the M65 Corridor and West Craven Towns sub-markets are broadly comparable with the Borough average. In both Rural Pendle and West Craven Towns, larger properties account for a greater proportion of dwellings (65.8% and 58.0% respectively) compared to the M65 Corridor where they account for only 50.4%, which is below the Borough average.

5.15

The greatest proportion of 4+ bedroom houses are found in Rural Pendle (22.6%) compared to 14.7% in West Craven Towns and 10.8% in the M65 Corridor. Rural Pendle has a slightly higher proportion of older people households (21.3%) compared to the M65 corridor (19.4%) which

together with the data on property size, indicates empty-nesting and under occupation of larger properties by elderly couples whose children have moved out. This could be exacerbated by the small proportion of 1-bedroom properties (5.8%) in Rural Pendle compared to the proportion in the M65 Corridor (9.8%). This may reflect the fact that the M65 Corridor has the largest proportion of single-person households.

Figure 5.4 Housing Mix Profile by Sub-Area



Source: Census 2011




5.16

On the basis of the above, the following suggestions are made when considering the housing mix provided across different sub-areas:

- The household and housing mix profiles of the M65 Corridor are similar to the Borough average. This area has a greater proportion of 1 and 2-bedroom properties than the other sub-areas. A range of household types are present but single person households are slightly over-represented. Future housing growth in this area should therefore provide a range of accommodation across all sizes.
- Rural Pendle has the highest proportion of older people, particularly couples, but a relatively small proportion of small properties. This may exacerbate the trend of empty-nesting and it would be reasonable for this sub-market to provide more smaller properties or older-person accommodation, enabling older people to downsize and free up larger dwellings for families to move into (Rural Pendle sub-market currently has a smaller proportion of families with children than is the case in the M65 Corridor or West Craven Towns).
- Like Rural Pendle, the West Craven Towns, have a higher proportion of couples than the Borough average, but have relatively few smaller properties. Therefore, it would be reasonable for this sub-market to provide more smaller properties for the same reasons as the Rural Pendle, freeing up some of those larger properties for families with children.

- 5.17 Table 5.3 summarises the above findings, demonstrating how the overall mix provided in the sub-market areas is likely to differ to the overall recommended mix for identified.

Table 5.3 Summary of recommended mix-across sub-market areas, relative to the Borough-wide range

	1-bed	2-bed	3-bed	4+-bed
Estimated future need/demand	22%	49%	27%	2%
Recommended range	15-25%	45-55%	25-30%	2-5%
Broad mix by sub-market area (within range)				
M65 Corridor	→	→	→	→
West Craven Towns	↑	↑	→	→
Rural Pendle	↑	↑	→	→
<div>  Indicates provision should be at lower end of range </div>				
<div>  Indicates provision should be roughly at centre of range </div>				
<div>  Indicates provision should be at higher end of range </div>				

Source: Lichfields

- 5.18 These recommendations are based on broad indicators of housing need and demand across the Borough and the sub-areas. They do not take into account different types of housing site which may come forward within each sub-market, which along with other factors (such as site viability) may justify different mixes. In this context, it is not intended that these are applied prescriptively to individual sites, but provide a starting point for considering the appropriate mix of different sized homes provided across the Borough.

## Social Housing Property Type and Size Preferences

- 5.19 As set out above, data from the B-with-Us Housing Register for July 2019 identifies a total of 1,601 applicants currently in an active or suspended state on the B-with-us Housing Register who have chosen Pendle as their preferred area to move to. Of the 1,601 applicants in Band 1-4, 138 households' applications are in a suspended state, which reduces the figure to 1,463.
- 5.20 Of this figure, almost half (47%) require a maximum of 1-bedrooms, whilst a further 29% require no more than 2 bedrooms. Just 7% require 4 bedrooms or more.

Table 5.4 Size Mix Requirement for affordable housing – B-with-Us Applications Register for Pendle (active only)

	Total	%
Current Active Applications on B-With-Us Register for Pendle Borough	2,719	100%
...of which require a maximum of:		
1 bedroom	690	47.2%
2 bedrooms	423	28.9%
3 bedrooms	252	17.2%
4 bedrooms	68	4.6%
5 bedrooms+	30	2.1%

Source: Lichfields

- 5.21 However, discussions with Calico Homes suggests that in general, households are keen on 2-bed properties due to the under-occupancy penalty, although 3-bedroomed semi-detached houses are also sought after.

## Social Housing Tenure

- 5.22 Section 3.0 set out in detail the affordable housing needs assessment and, having established the overall level of need it set out based on the various costs of housing and incomes required, the split between intermediate, affordable and social rent (as shown in Table 5.5).

Table 5.5 Split between affordable housing tenures - results from affordable housing needs assessment

Measure	% split
Intermediate Housing /Starter Homes	25%
Affordable Rent / Social Rent	75%

Source: Lichfields

## Social and Affordable Rent Housing

- 5.23 Whilst the need for social and affordable rents have been assessed separately, in reality these needs should be combined for the purposes of considering tenure mix. Across the Borough it is still expected that social rented properties will be required, in alignment with existing S106 requirements, even though there is a push at a national level to deliver more affordable rented properties. New housing stock which is rented at below-market rent levels tends to be provided as affordable rented housing (i.e. up to 80% of market rents), provided as part of mixed market-affordable developments, with local housing allowance making up any difference in cost which a household cannot afford.
- 5.24 On this basis, the need for affordable rented housing can be taken as the need for both affordable and social rented housing and represents around 75% of the overall affordable housing need.

## Shared Ownership and Other Intermediate Housing

- 5.25 Section 3.0 identified that approximately 25% of the overall affordable housing need was for intermediate housing. That is, households which could not afford market rents but could afford the monthly cost (rent and mortgage) of a shared ownership property. This means anyone with a household income above £3,640 (assumed to be able to afford LQ market housing) was not assessed as being in need of any type of affordable housing, including intermediate.
- 5.26 It is therefore clear that there is likely to be a limited role for Intermediate Housing in Pendle Borough, due to the comparatively low cost of market housing. Those assessed as in need of intermediate housing were only those households where income fell between £13,470 and £16,548, as shown in Table 5.6.

Table 5.6 Measures used to assess need for intermediate housing as part of affordable housing needs

Measure	Cost p/a	Income required
Average Lower Quartile Home Ownership	£3,640	£14,197*
Intermediate Housing (as part of affordable needs)	£3,906 to £4,799	£13,470-£16,548

\*At 3.55 times income, plus a 16% deposit.

- 5.27 However, intermediate housing is not only a way of helping to meet affordable housing needs; it can be an effective way of helping households who are able afford rents but are not able to buy move out of the private rented sector and onto the housing ladder (for example, where shared ownership schemes offer 'staircasing' whereby households can progressively purchase more and more shares in their home, up to 100%).



- 5.28 The cost of renting in the Borough is higher than the cost of purchasing a property on the open market. To afford entry level market rents using 29% of income requires a household income of £16,552 (as previously established). However, to afford to buy an entry level home (lower-quartile), at £60,000 (assuming a 16% deposit and that a household can borrow up to 3.55 x its income) requires a household income of just £14,200 (as shown in Table 5.7).

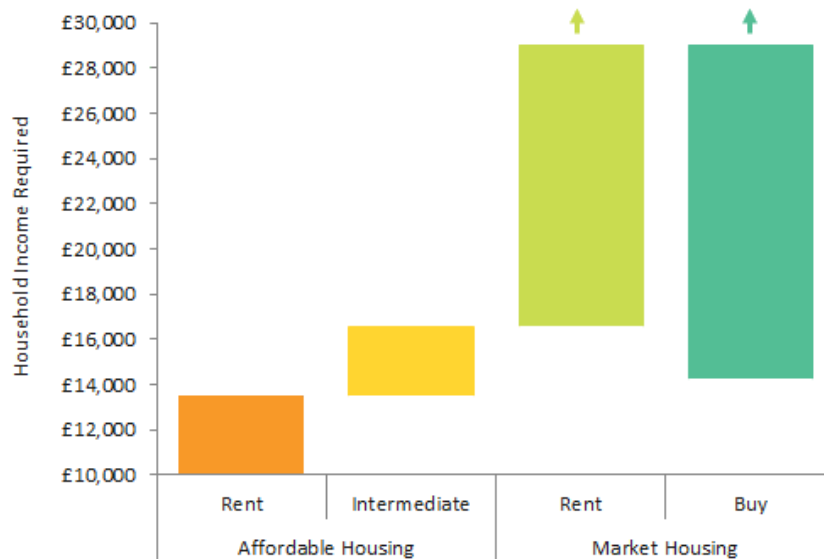
Table 5.7 Gap between cost of renting and buying in the market

Measure	Cost	Income required
Lower Quartile House Price	£60,000 (£9,600 deposit, £50,400 mortgage)	£14,197 (at 3.55x income)
Lower Quartile Market Rent	£4,800 (per annum)	£16,552 (at 29% of income)

Source: Lichfields based on VOA/ONS

- 5.29 This means that any household with an income of over £14,200 is ineligible for affordable housing but is not able to rent, meaning that if for whatever reason they cannot purchase a house on the open market (i.e. due to job insecurity and an inability get a mortgage) then the only option for these households is renting in the market. While this may be an acceptable choice for many households, there are likely to be households who do not wish to remain in the private rented sector but are forced to do so because they do not have the income which is required to buy.
- 5.30 The EHS (2015-16) shows that:
- 80% of 16-24 year olds in the private rented sector expect to buy. This falls slightly to 77% for 25-34 year olds and 66% for 35-44 year olds; and,
  - Of private renters who do not expect to buy a home, 69% cite affordability as the main reason – this is by far the most common reason.
- 5.31 Whilst some households may prefer to be in intermediate housing (as a step towards home ownership) rather than the private rented sector, it may also be the case that some households may not be able to afford a home large enough in the private rented sector (e.g. a family in need of a 3-bedroom home) but could be able to afford an intermediate 3-bedroom home. In this context intermediate housing could be a way of addressing demand from renters who do not want to remain in the private rented sector (but are not able to obtain either affordable rented or market housing) or those who cannot appropriately meet their need in the private rented sector (e.g. for family housing) but may be able to do so in intermediate housing. These households are indicated in Figure 5.5 and indicates that there is likely to be a very limited role for intermediate housing in the Borough.

Figure 5.5: Household income and tenure - potential further need for intermediate housing in Pendle Borough



Source: Lichfields based on ONS/VOA

### Starter Homes

- 5.32 Starter homes are houses sold to first-time buyers below the age of 40 at the time of purchase, at a discount of at least 20% of the open market value, with a cap of £450,000 in London and £250,000 in the rest of England<sup>37</sup>. They have been a part of Government proposals since 2014 and remain so, although at the time of writing due to delays over the necessary legislation coming into force, no starter homes have yet been delivered.
- 5.33 It is intended that most of these starter homes will be available for re-sale on the open market after 5 years at their full market value, and hence they will not retain their low-cost status in perpetuity. Nevertheless, the Government has made it clear in Annex 2 to the Framework (the Glossary) that starter homes are now included within the overall definition of Affordable Housing on the grounds that affordable housing is about supporting households to access home ownership, where that is their aspiration, as well as delivering homes for rent.
- 5.34 Clearly then, whilst starter homes are included in the definition of affordable housing going forward, households will not be means-tested. Therefore, any first-time buyer under the age of 40 could apply for a starter home no matter what their income may be. This means that it is not a simple matter to set out what the potential demand is likely to be for starter homes in the Borough.
- 5.35 Lichfields has undertaken an analysis of the potential pool of households who may be eligible and able to purchase a starter home over the plan period 2019-2035. This process is summarised in Table 5.8.

<sup>37</sup> ID 55-002-20150318, paragraphs 002 and 003

Table 5.8 Potential Starter Homes Eligibility in Pendle (2019-2035)

	Potential First Time Buyers 2020-40	% Who can afford to purchase a new property @20% discount + 5% deposit, @3.55-times salary	Number able to afford a starter home	
			Total	Annual
Existing Households with a HRP* under 40	4,857*	38.3%	1,861	116
Newly Forming Households with an HRP* under 40	10,384	32.1%	3,329	208
TOTAL	15,241	-	5,190	324

Source: 2011 Census Land Registry Data (2015), HPSSA Year ending June 2018, Experian Income Data (2019), LHN SM Scenario

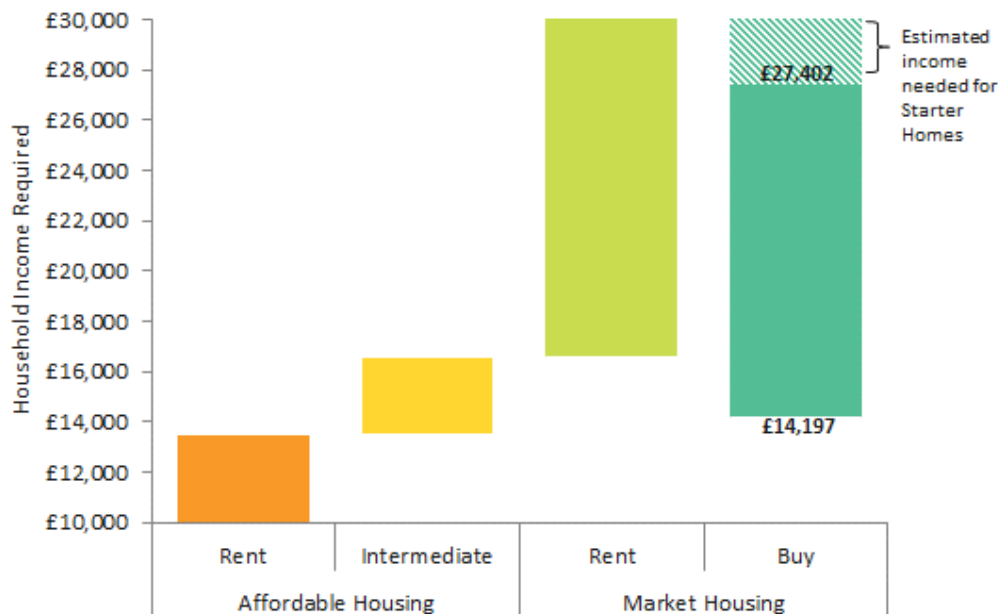
\*HRP: Household Reference Person

\*Note: For existing households with a Household Reference Person [HRP] under the age of 40, it has been assumed that if they are currently living in rented accommodation then they would not previously have owned a home and would therefore be eligible for a starter home. Whilst this is likely to be true for the majority of cases, it will necessarily under-estimate the total number of households who have, for whatever reason, decided to rent having purchased a property in the past.

- 5.36 In the absence of any data on the likely purchase price of typical starter homes in the Borough (which is unsurprising given the lack of any starter homes delivery across the country at the time of writing), it has been assumed that this is likely to equate to the typical sales price of LQ new build properties in the Borough. The price paid figure for such properties over the year to September 2018 was £127,995<sup>38</sup>. Discounted by 20%, this would suggest a typical discounted price of £102,396 and a deposit of 5%, which would require a household income of at least £27,902 (assuming a 3.55 x income multiple).
- 5.37 Table 5.8 indicates that this would typically price out 61.7% of existing households with an HRP under 40, and 67.9% of newly-forming households with an HRP under 40. Applied to the total number of households in this age bracket, this would suggest that there is potentially an annual reservoir of **324 households** (both existing and emerging) over the next 20 years who would be eligible and theoretically able to purchase a starter home.
- 5.38 It is of course noted that this figure is based on a number of assumptions regarding individuals' ability to pay and how the starter homes discount is likely to work in practice. We do not of course know how this will play out in the Borough, and whether given the low house prices generally, there will be substantial interest in this discounted product from either developers or potential occupiers. At the time of writing, this seems unlikely.
- 5.39 For example, it is likely that the demand for starter homes will come from households who are either able to afford market or shared ownership properties, rather than affordable rented/social rented housing. It is unlikely therefore to have an impact on social housing, although it is possible that there will be some overlap with intermediate housing needs (the demand for which is likely to be very low in any case).

<sup>38</sup>ONS (2019): HPSSA: Lower quartile price paid (newly built dwellings) for flats/maisonettes by local authority, year ending Dec 1995 to year ending September 2018

Figure 5.6 Estimated household income needed to afford Starter Homes in Pendle Borough



Source: Lichfields based on VOA/ONS

- 5.40 Our analysis shows that whilst Starter Homes have the potential to help bring some households (who would other be in the private rented sector) into home ownership, as house prices are comparatively low in the Borough, in practice the demand is likely to be very minimal indeed and would actually be limited to comparatively high earners<sup>39</sup>.
- 5.41 It is expected that Starter Homes will be funded through a reduced contribution of other types of affordable housing, although this is to be confirmed. Given that the affordable housing needs assessment (in Section 3.0) identified a moderate level of need for affordable housing (187-251 dpa, most of which is for affordable rented housing) and that Starter Homes in the Borough are unlikely to bring many (if any) additional households into ownership (due to the relatively low cost of rented properties and particularly homes available to purchase on the open market) it would be advisable for the Council not to significantly reduce its affordable housing requirements in lieu of Starter Homes.
- 5.42 Discussions with key stakeholders suggested that there are concerns regarding the attractiveness of starter homes in the Borough. Some suggested that there is very limited if any desire from the market to deliver such housing, and that this was reflected in the very low levels of demand for (and understanding of) intermediate housing products already in the Borough.
- 5.43 Nevertheless, these remain early days for the product and the market has yet to be tested either in Pendle or England more generally. As such, the Council will need to monitor the situation and prepare suitable policy responses, based on viability assessments, to ensure that any demand can be met without harming the wider property market (for either market or social rented properties).

## Private Rented Sector

- 5.44 At a national level the private rented sector [PRS] has been growing consistently since the mid-2000s, whilst the owner-occupied and social rented sectors have seen declines (as a share of all

<sup>39</sup> This similar to findings of housing charity 'Shelter' in its report on Starter Homes published in August 2015 - [https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0011/1183790/Starter\\_Homes\\_FINAL\\_w\\_Appendix\\_v2.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0011/1183790/Starter_Homes_FINAL_w_Appendix_v2.pdf)

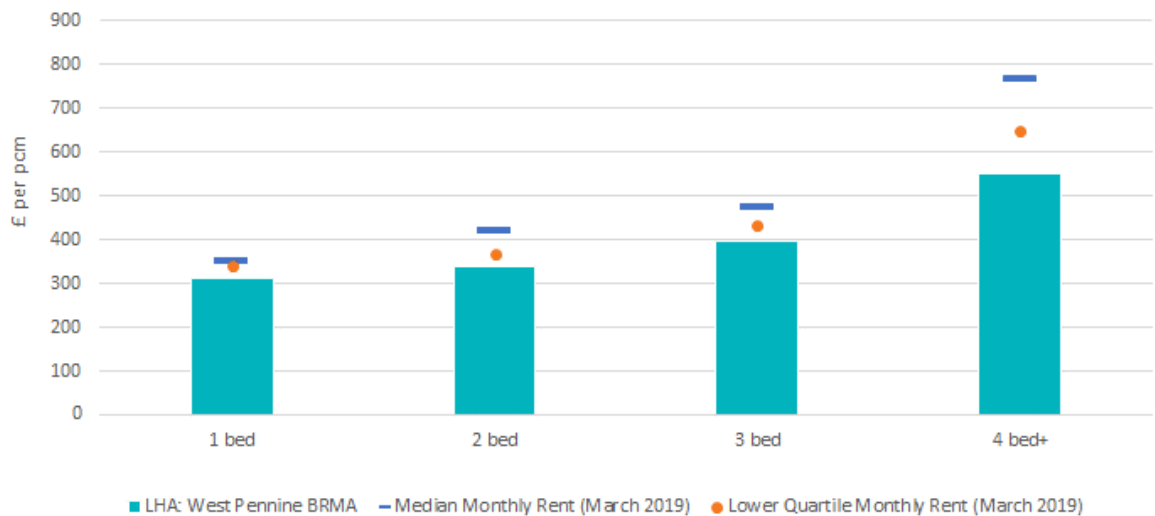
households)<sup>40</sup>. As of 2016-17 the PRS accounts for 4.7m households (or 20% of all households, up from 10% in the mid-2000s). Typically, the PRS comprises those renting their home from buy-to-let landlords; however as set out below the 'Build to Rent' sector (in which institutional investors build, let and manage private rented homes) is becoming increasingly common.

- 5.45 In the Borough, those not eligible for affordable or intermediate needs but without sufficient income to buy are those who must rent (unless other options, such as further intermediate home ownership, become more widely available). In the Borough, this covers most households with an income of over £16,550.
- 5.46 As at 2011, there were just over 7,360 households in the Borough living in the PRS, representing 20% of all households in the Borough (there are currently few if any Built to Rent schemes in the Borough, hence these households are assumed to be renting from buy-to-let landlords). This represents a substantial increase of 67% above the 4,401 households living in PRS in 2001 (when PRS comprised just 12% of all household tenures). Whilst this may appear high, it is identical to the rate seen across the North West over the same time-period and actually below the level of growth seen across England and Wales more generally between 2001 and 2011 (82%). It is, however, slightly over-represented as a tenure (comprising 19.7% of all households in 2011, compared to 16.8% across England and Wales as a whole).
- 5.47 The composition of households in the sector is different to the Borough overall. The sector has a particularly high proportion of single-person households under 65, and there is a marginally higher proportion of households with children living in PRS compared to the Borough average. The sector has a lower proportion of older households than the Borough overall.
- 5.48 It is not appropriate to simply 'net off' households in need living in private rented housing from the overall affordable housing requirement figure (due to a variety of reasons including the associated greater insecurity of tenure), however in practice it makes an important contribution to filling the often sizeable gap between affordable housing supply and demand. As noted above, the PRS has increased in size significantly in recent years and it is therefore necessary to review its future role.
- 5.49 According to the 2012/13 EHS, the total turnover of the private rented stock at a national level is 34.3% annually, the highest of any form of tenure. Applying this figure to the number of households in private rented accommodation (as reported in the 2011 Census) implies an annual turnover of 2,525 private rented dwellings in the Borough. This figure does not separate out the proportion of private rented properties that are likely to become available to households in receipt of housing benefit.
- 5.50 Data from the Department for Work and Pensions [DWP] in respect of the number of Housing Benefit claimants in the PRS indicates that as of May 2018, there were 2,831 housing benefits claimants who are meeting their needs in the private rental market in the Borough. There is a significant disparity between the level of Local Housing Allowance [LHA] and private sector rents. Figure 5.7 highlights the gap and issue in respect of meeting needs in the PRS. For example, the Local Housing Allowance Rate for the Borough (which is predominantly located within the West Pennine Broad Rental Market Area [BRMA]) is just under £550 per month for a 4-bedroomed property, whilst LQ market rents are £650 per month for a similarly sized property, rising to £768 for median rents.

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<sup>40</sup> Source: English Housing Survey 2016-17

Figure 5.7 Comparison of Median/LQ Private Rents and Local Housing Allowance across Pendle Borough



Source: VOA Private Rental Market Data/LHA data Direct Gov

- 5.51 Similarly, DWP data suggests that as at March 2011 there were 3,740 claimants in receipt of Housing Benefit living within the PRS in Pendle, out of 6,980 housing benefit recipients in total. Again, based upon the 2011 Census this would imply that 51% of the 7,362 households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit in Pendle, although it is recognised that this is clearly an over-estimation given that there can be multiple claimants living in the same dwelling.
- 5.52 By comparing the EHS data with DWP data at a national level, it is suggested that the number of households claiming is 66.3% of the total number of claimants at a national level, to reflect the issue of multiple claimants. Applying this rate to the 51% figure quoted above would suggest that 33.7% of the Borough's households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit.
- 5.53 We are not suggesting that these figures should be 'netted off' the affordable housing requirements. It is not a designated form of affordable housing and it is not appropriate to subject many families to the increased uncertainty of tenure associated with private rented accommodation. Nevertheless, it is important to recognise that the PRS plays a very significant role in helping households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision.

### **'Build to Rent'**

- 5.54 Build to Rent [BtR] was launched by the Government in December 2012 in response to the Montague Report on barriers to institutional investment in private rented homes. Its purpose was to stimulate investment in large-scale development of homes built specifically for private rent by professional organisations. The fund, which is administered by Homes England [HE], is intended to reduce the up-front risk for developers by way of equity participation or the provision of bridge finance to allow schemes to be built, managed and let. The initial BtR budget of £200m was increased to £1bn in the Budget 2013. Approximately £300m has been allocated to Round 1 projects, and contracts have been signed for 6 projects totalling £359 million in Round 2 (announced in July 2015). Outside of the BtR fund there are a number of institutions and developers specialising in provided managed rental homes for the private market.

5-55 It is important to note that the Government sees BtR having an important and long-term role in meeting the housing need of the nation, and the demand for BtR is likely to remain. As such, it is important that the Council recognise the contribution that BtR provides to local housing options for households unable to afford housing in the future and should consider the provision of BtR elements in future housing mix, to ensure diversity in the types of housing. In particular, such managed schemes, often on more secure tenancies, can provide an alternative rental option to buy-to-let landlords.

5-56 In Pendle, it is likely that BtR schemes could cater for needs in the PRS, particularly for those on low to middle incomes who may desire and alternative to traditional rental options (i.e. buy-to-let landlords). As shown above in Figure 5.2, there is expected to be a steep decline in young couple households, a more modest decline in the number of households with children and a more significant increase in the number of younger single person households; this suggests that any BtR schemes in the Borough should focus primarily on addressing the needs of single person households (i.e. smaller housing) with less of an emphasis on larger housing suited to households with children.

## Summary

5-57 This section has explored the different types of housing which are likely to be required in the Borough up to 2035. Our findings can be summarised as follows:

- For general market housing, taking into account the projected ageing of the population together with occupancy patterns from the 2011 Census, it is considered that at the Borough level the greatest need is for 2-bedroom properties followed by 3-bedroom properties. The M65 Corridor sub-area should continue to provide a range of housing across all sizes. Both the West Craven Towns and to a lesser extent, Rural Pendle, could provide more smaller properties or older-person accommodation, enabling older people to downsize and free up larger dwellings for families to move into;
- Data from B-with-Us' Housing Register indicates that, with regard to social housing, there is a particular need for 1-bedroom followed by 2-bedroom properties;
- The future mix of affordable housing should be split 75% social/affordable rented/25% intermediate housing;
- Intermediate housing provides the opportunity for households who are able to afford rent but not buy, to move out of the PRS and onto the housing ladder. However, given the comparatively low house prices in the Borough this is likely to have a very limited role in meeting needs, and the product's advantages are generally poorly appreciated by many residents.
- Starter Homes are now officially included as part of the supply which is considered Affordable Housing through the Framework (although none have been delivered nationally at the time of writing). The assessment undertaken by Lichfields suggests that 324 households over the plan period in Pendle could be eligible (theoretically) to purchase a Starter Home. However, it remains unclear how this will play out in reality in terms of demand from developers and occupiers; and,
- BtR could help to cater for needs in the private sector in the future, particularly for smaller households where growth is identified. This is more likely to be located within the urbanised areas of the Borough, dependent on issues of viability.

## 6.0 Needs of Specific Groups

6.1 Paragraph 61 of the Framework states that:

*“...the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).”*

6.2 The PPG sets out guidance on how plan-making authorities should identify and plan for the housing needs of particular groups of people. It states that:

*“This may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.*

*Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:*

*the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*

- the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- the anticipated deliverability of different forms of provision, having regard to viability”<sup>41</sup>.*

6.3 This section of the report identifies the type, tenure and size of housing required. The demographic modelling outlined above has been used as the starting point to quantify need by neighbourhood. This has then been broken down by the following categories as required by the Framework:

- Private rented sector;
- self-build and custom building;
- family housing;
- housing for older people;
- housing for people with disabilities/mental health;
- Gypsy and Traveller Accommodation;
- student housing;
- service families; and,
- affordable housing.

6.4 The revised PPG states that plan-making authorities will need to count housing provided for older people against their housing requirement<sup>42</sup>. For the purposes of this study however, the needs of individuals living in communal C2 accommodation, such as elderly residents living in Care Homes and students living in halls of residence, have been assessed separately.

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<sup>41</sup> ID: 67-001020190722

<sup>42</sup> ID: 63-016a-20190626



## Students

- 6.5 There is currently no Purpose-Built Student Accommodation [PBSA] within the Borough. This is as a consequence of there being no University campus or other Higher Education facility in the Borough. The University of Central Lancashire has a campus in Burnley town centre but, given the distance of the campus from the Borough's boundary and ongoing construction of PBSA to be completed by 2020, there is no requirement for PBSA in the Borough.

## Households and Families with Children

- 6.6 Section 5.0 reviewed the likely need for different sized housing based on projected household growth; this included households with dependent children. The overall need associated with families is therefore implicit within the recommended range of housing mix set out. However, this section provides some additional information on the current and future needs of households with children.
- 6.7 Households with children live in housing which, on average, has just over 3 bedrooms. Table 6.1 shows that a relatively small percent (27%) live in 1-2 bedrooms homes, and 5% live in homes with 5 or more bedrooms. The majority live in homes with 3 bedrooms.

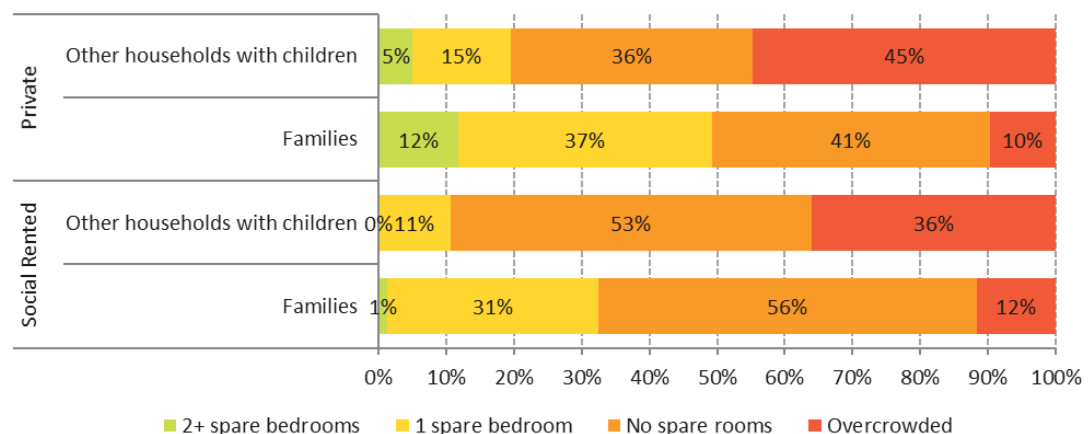
Table 6.1 Households with children by number of bedrooms - Pendle Borough (2011)

	Total	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Households with children	11,117	125	2,859	5,694	1,834	605
	100%	1%	26%	51%	16%	5%

Source: Census 2011. Refers to all households

- 6.8 Existing rates of overcrowding in households with children is lowest in families in the private sector – 10% of households in this group are overcrowded as shown in Figure 6.1. However, overcrowding rates among other households with children in the private sector are much higher, at 45% (although in absolute terms this number is lower, as shown in Table 6.2). Within the social rented sector, 12% of families in social rented accommodation and 36% of other households with children were overcrowded.

Figure 6.1 Overcrowding rates in households with children by tenure - Pendle Borough



Source: Census 2011

- 6.9 Table 6.2 shows what these overcrowding rates mean in terms of the number of households which are overcrowded in each tenure. It shows that the highest number of overcrowded

households with children is in the owner occupied/shared ownership sector, equating to 619 households in total or 8% of all households with children in the sector.

Table 6.2 Overcrowding and under-occupancy - households with children - Pendle Borough

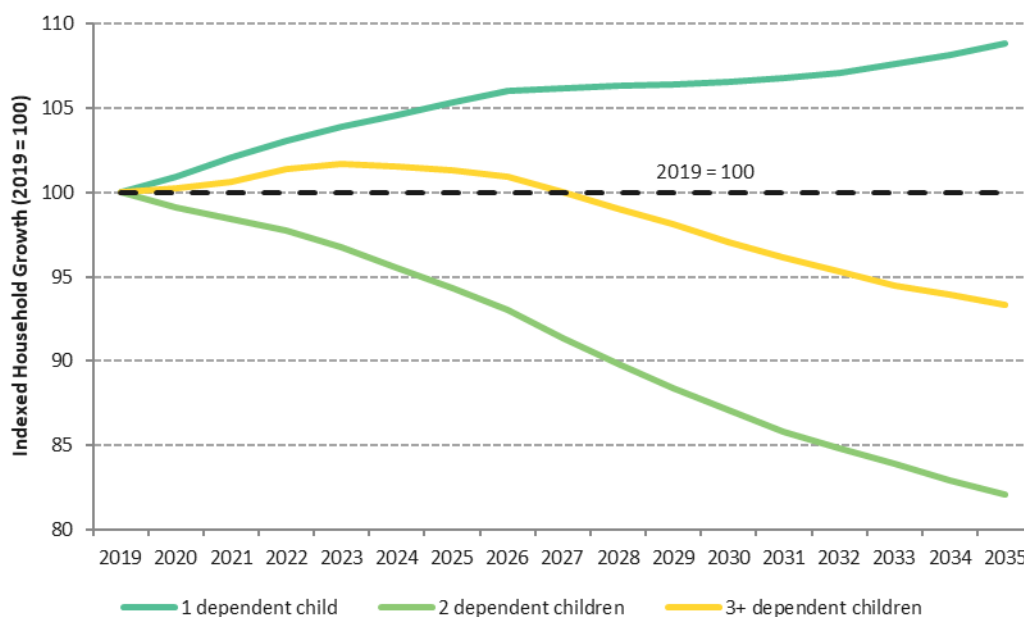
		2+ spare bedrooms	1 spare bedroom	No spare rooms	Overcrowded
Social Rented	Families	13	307	551	115
	Other h'holds with children	0	8	40	27
Private Rented	Families	121	738	1,343	247
	Other h'holds with children	4	24	123	96
Owned/ SO	Families	933	2,584	2,299	619
	Other h'holds with children	54	148	294	429

Source: Census 2011

6.10

The household projections project the number of households with children in the Borough overall to decrease by 3%, from 11,553 in 2019 to 11,246 in 2035. The number of households with 1 child will grow by 9% (489 families, as shown in Figure 6.2) and make up the largest group of family households. However, the number of families with 2 children is projected to decrease from 2019, giving an overall decrease of 18% (633 families) between 2019 and 2035. Similarly, the number of households with 3 or more dependent children will also decline, by 7%, although the number will peak in 2023 and decline thereafter.

Figure 6.2 Projected change in households with dependent children (2019-2035) - Pendle Borough



Source: Lichfields based on MHCLG 2014-based SNHP

## Summary

6.11

The number of families and other households with children is expected to decrease by around 3% in the Borough by 2035, but they will remain the largest household group. Over half of all households with children live in 3-bedroom dwellings.

- 6.12 In the private sector, 10% of families with children and 45% of other households with children are overcrowded. In the social rented sector, a similar proportion of families with children (12%) are overcrowded, compared to 36% of other households with children. The Council should consider how more effective use of existing stock and new development can help address these relatively high levels of overcrowding.

## Older People

- 6.13 In line with national trends, the population of older people in the Borough is projected to be the fastest growing in the next 16 years, increasing by 28% by 2035. This is the fastest of any age group, as shown in Table 6.3. In the context of ageing both more widely and in the Borough specifically, meeting needs of older people will be a key element of meeting overall needs over the period to 2035 (and beyond).

Table 6.3 Projected population change by broad age group - Pendle Borough

	2019	2035	Change	%
0-15	19,281	17,386	-1,895	-10%
16-44	31,905	30,918	-987	-3%
45-64	22,992	22,025	-967	-4%
65+	17,057	21,771	4,715	28%
<b>Total</b>	<b>91,235</b>	<b>92,100</b>	<b>865</b>	<b>1%</b>

Source: Lichfields using PopGroup – Scenario A

- 6.14 The specific accommodation needs of older people fall within two different groups:
- Those in need of communal establishment accommodation (i.e. bedspaces), including residential care homes or specialist nursing homes; and,
  - Older people living in private housing (and are in the household projections) who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes, or those living in self-contained units as individual households but where some degree of care is provided (e.g. extra care or sheltered housing).

## Accommodation for older people and housing supply

- 6.15 The household projections (and therefore the LHN which has been derived from them) already remove a given proportion of the older population which are projected to be living in communal establishments (in the case of older people, those living in residential care homes). The projected need for bedspaces in care homes are therefore outside the household projections and therefore the identified need, expressed in terms of bedspaces, **is in addition to the LHN**. For the purposes of this HNA, this accommodation is referred to as 'C2' uses.
- 6.16 For planning purposes, some forms of housing which provide an element of care could also fall under C2 use, for example some of the numerous accommodation types falling under the term 'extra care housing'. However, as these may provide self-contained units for occupation by households, they are considered part of general housing needs, i.e. C3 for the purposes of assessing housing need in this HNA. These units meet the needs associated with households, therefore are included within the household projections (and the LHN). Supply of these types of housing units can therefore be counted as housing supply against the LHN.

- 6.17 The PPG states that all types of housing provided for older people, including homes (such as sheltered housing or adaptable homes) and communal accommodation (such as nursing homes) can be counted against the housing requirement:

*“Plan-making authorities will need to count housing provided for older people against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published census data.”<sup>43</sup>*

- 6.18 However, the approach of counting non-conventional housing supply against the housing requirement has been clarified in the High Court in ‘Exeter City Council v (1) Secretary of State for Communities and Local Government and (2) Waddeton Park Limited and (3) The R B Nelder Trust [2015] EWHC 1663’ referred to as Exeter. This judgment dealt with the inclusion of student accommodation as a component of housing supply when it has not been utilised in the formation of an appropriate housing requirement, however the principles of this judgment are just as applicable to bedspaces in nursing homes. The need for such a component of supply to be reflected in the requirement figure is set out in paragraphs 41 to 42 of the judgment, with the relevant conclusion as follows:

*“it would be irrational to include student accommodation [or elderly people C2 accommodation] in housing supply as meeting an adopted housing requirement, where such accommodation does not feature in that requirement.”*

- 6.19 In this context, because the need for bedspaces in care homes does not feature within the LHN for the Borough (i.e. it is in addition to it), the supply of this accommodation cannot be counted against the housing requirement. This is different to student accommodation in the case of the Borough, because the household projections are based on the assumption that there will be no increase in the amount of PBSA provided; additional supply of PBSA will therefore result in movement from students from households in PBSA, and release housing supply which can be counted against the requirement.

- 6.20 On the contrary, although Extra Care housing and other types of accommodation which provide self-contained units (which have a kitchen, bathroom and bedroom/s) are sometimes recorded as C2 use, as they are meeting needs associated with households, supply of this accommodation can be counted against the LHN.

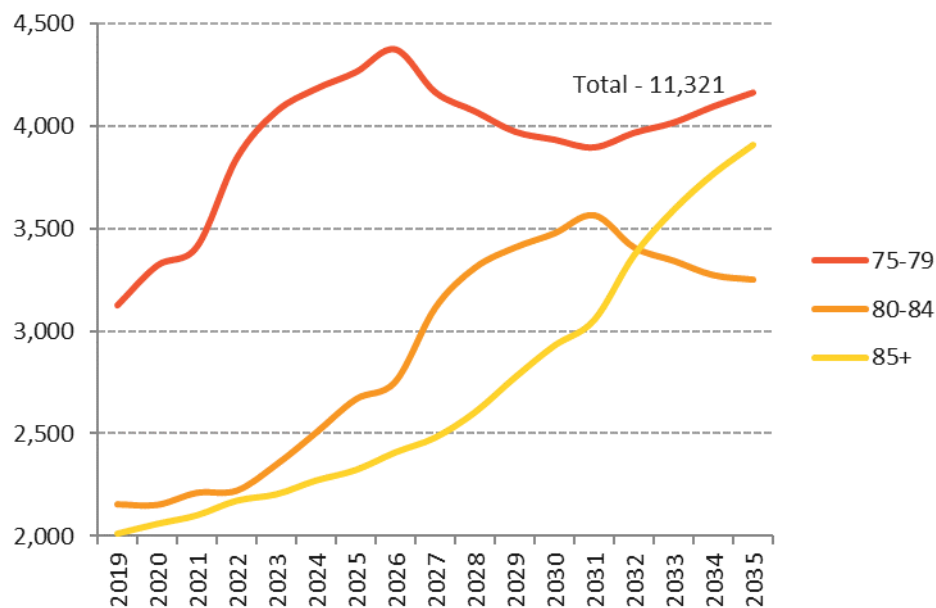
### **Care home bedspaces (C2)**

- 6.21 The population aged 75 and over in the Borough is expected to increase by 4,025 between 2019 and 2035, from 7,297 to 11,321, a growth of 55.2%, as shown in Figure 6.3.

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<sup>43</sup> ID: 63-016a-20190626

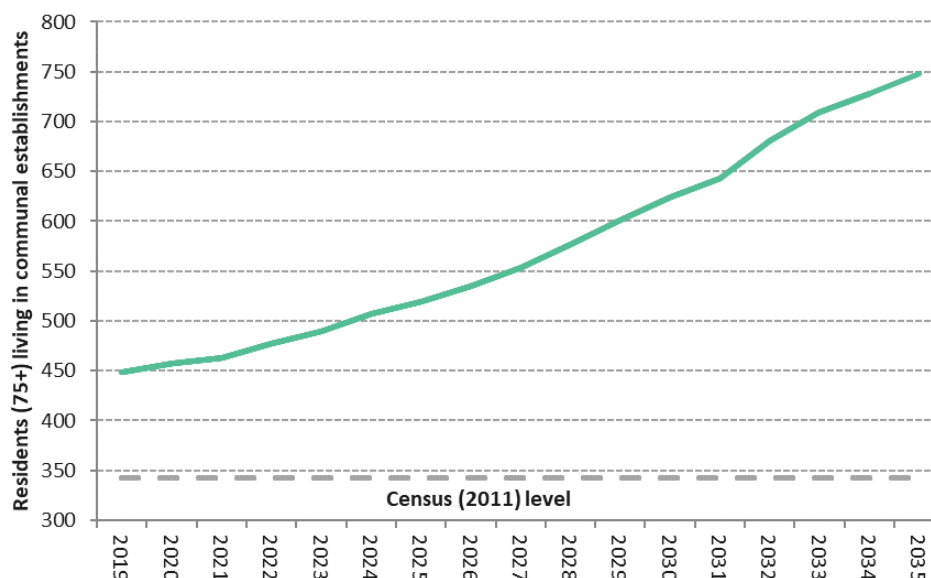
Figure 6.3 Projected change in population age 75+ in Pendle Borough, 2019 to 2035



Source: Lichfields using PopGroup -Scenario A

- 6.22 The 2011 Census identified 421 people aged 75+ who were residents in communal establishments in the Borough (this can be taken as a proxy for the stock of care home bedspaces). The majority of these residents were identified as living in care homes (both with and without nursing). The split of those living in homes with and without nursing was roughly 41%:59%. The MHCLG household projections take into account the findings of the Census, and for age 75+ assume a given proportion of people will be living in communal establishments.
- 6.23 This projected rate of residents living in communal establishments as set out by MHCLG has been applied to the population projection under Scenario A (as shown above) to assess the future need for care home bedspaces; this is shown in Figure 6.4, benchmarked against the Census data. Over the period 2019-35 there is projected to be a net increase of 299 residents aged 75 and over living in communal establishments. Based on the current split of homes with and without nursing this would suggest a need to 2035 for a net additional:
- 1 Circa. 123 bedspaces in care homes with nursing; and,
  - 2 Circa. 176 bedspaces in care homes without nursing.

Figure 6.4 Change in projected number of communal establishment residents aged 75+, 2019-2035



Source: Lichfields using PopGroup/MHCLG/Census 2011

### Extra Care and Sheltered Housing

- 6.24 Collectively, Extra Care and Sheltered Housing specifically targeted at older households are referred to as ‘elderly housing’ for the purposes of this study.
- 6.25 Figures published by the Elderly Accommodation Counsel [EAC] in 2015 show the provision of housing with support (where residents are helped to live independently, commonly known as sheltered housing) and housing with care (where personal care is provided when required, commonly known as extra care housing) by local authority.
- 6.26 The EAC data shows that Pendle has a significantly higher provision of housing with support per 1,000 people aged 75+ compared to the Lancashire average. Pendle has the highest rate of provision of this accommodation of all the Lancashire Boroughs. However, the rate of provision for housing with care (including extra care housing) is considerably lower and is below the Lancashire average (Table 6.4). In absolute terms, the provision of housing with support in Pendle totalled 60 units, all of which were for sale, with no units to rent.

Table 6.4 Rate of Provision for Housing with Support/Care - Pendle Borough

	Housing with support (per 1,000 residents age 75+)	Housing with care (per 1,000 residents aged 75+)	Total (per 1,000 residents age 75+)
Pendle	222.6	9.1	231.7
Lancashire	135.8	15.4	151.2
England	123.0	16.2	139.2

- 6.27 The Extra Care and Specialist Housing Strategy for Lancashire was published in 2014. The report highlights Lancashire County Council’s [LCC] aim to invest more in extra care housing, which is identified as often producing better outcomes and being more cost-effective than residential or nursing care. It also highlights that there has been a pattern of over-reliance on residential care in Lancashire with a smaller under use of nursing care, as the needs of older

people increase and they are no longer able to be supported in their own homes, either on a temporary or permanent basis.

- 6.28 The report does not identify the future need in terms of extra care provision within Pendle Borough. Instead it seeks to quantify the over reliance on residential care with reference to a comparator peer group used by the National Adult Social Care Intelligence Service [NASCIS]. The analysis shows that there is an over-admission of 58 people per year in Pendle against the comparator group average and that **129 extra care units would be required** to remove these over admissions and bring Pendle back into line with the comparator average.
- 6.29 The report also states that the over-admissions does not include self-funded admissions and therefore the amount of extra care units needed is **likely to exceed** the 129 identified.
- 6.30 It is reasonable to assume that future needs may be still greater and the report states that there is very little risk of over-provision at this time given the level of need in the sector and growing demand against the low level of existing provision.

### Adaptable and Accessible Homes

- 6.31 Building Regulations contain a number of optional standards which are to be enacted and applied through planning policy contained within Local Plans. Most notably these include requirements for Part M4(2) adaptable and accessible homes (discussed here) and Part M4(3) wheelchair accessible homes (discussed below). The PPG states that, based on their housing needs assessment and other datasets, it will be for local authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) and/or M4(3) dwellings. Part M4(2) will be of particular relevance to housing older people, and the requirement will be met where:
- “...a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users.”* (Building Regulations 2010 Approved Document M)
- 6.32 The Census shows that 29% of people over age 65 in the Borough were living with a long-term health problem or disability [LTHPD] which limited their day-to-day activities a lot and a further 28% whose day-to-day activities were limited a little. However, this was not equal across all tenures; those in social rented housing were significantly more likely to have conditions limiting their day-to-day activity a lot, as shown in Table 6.5

Table 6.5 LTHPD of people aged 65+ by tenure - Pendle Borough

	Day-to-day activities limited a lot	Day-to-day activities limited a little
Social Rented	49%	30%
Owned or private rented	26%	28%
<b>Total</b>	<b>29%</b>	<b>28%</b>

Source: Census 2011

- 6.33 Looking at the number of households (across all tenures) which contain at least 1 person with a LTHPD in the Borough, this is broadly similar across all older households, 66% for single person aged 65+ and 69% of couples aged 65+(as shown in Table 6.6).

Table 6.6 Households aged 65+ with at least 1 person with a Long-term Health Problem or Disability

	All House-holds	No people in household with a LTHPD	1 or more people with LTHPD	% Households with at least 1 person with LTHPD
Single person 65+	4,762	1,615	3,147	66%
Couple 65+	2,918	910	2,008	69%

Source: Census 2011

- 6.34 As set out in Section 2.0, older households are expected to make up the majority of future household growth in the Borough. The 2014-based Stage 2 SNHP indicate that there will be an overall increase of 2,109 households between 2019 and 2035 across all household groups. This includes a projected increase of 945 single person aged 65+ households (45% of the total change) and 1,691 couples aged 65+ households (80% of the total change), as shown in Table 6.7<sup>44</sup>. Growth in these household types within the population is offset by significant decline in the number of couples without children and households with dependent children. Applying the assumption (based on Census data) that 66% of older single person households and 69% of older couples' households will have at least 1 person with a LTHPD, this would equate to around 85% of all future household growth, as shown in Table 6.7.

Table 6.7 Estimated Growth in older households with LTHPD in Pendle Borough

	As % of total change 2019-2035	Estimated future households with LTHPD
Single Person, 65+	45%	30%
Couple, 65+	80%	55%
<b>Total</b>	<b>~</b>	<b>85%</b>

Source: Lichfields based on MHCLG/Census 2011

- 6.35 Whilst this would, taken at face value, suggest that there is a significant need for adaptable and accessible homes, the Council should note that:
- In the private sector there is likely to be some degree of overlap between households living with a LTHPD and those living in sheltered or extra care housing. Such forms of assisted living are likely to contribute to meeting the needs of older households who have LTHPDs (whilst not needing to be in C2 accommodation);
  - Similarly, in the social rented sector there is likely to be some overlap between the need for adaptable and accessible dwellings for older people and the need for wheelchair user dwellings (see below);
  - The Census shows that households living with LTHPDs are not equally spread across tenures, with a far greater percent of older residents in social rented housing living with a LTHPD. In this context, the Council should seek a greater proportion of M4(2) dwellings within affordable housing than in private housing; and,
  - Although older households make up a significant proportion of growth in the Borough, many of these will be households already living in housing (e.g. the family home) who are unlikely to move during old age. Therefore, new housing which is adaptable and accessible might not directly be meeting these needs; but will nevertheless be an important addition to the housing stock to meet the longer-term needs associated with ageing.
- 6.36 It is recommended that the Council consider appropriate policy measures to address this need. Serious consideration should be given by the Council to adopting the M4(2) standards and

<sup>44</sup> These components sum to more than 100% as there is negative growth in the number of couples <65 (without children) households and households with children included in the total growth figure.



consider policy measures to address this, taking into account viability and deliverability considerations through the Local Plan process. It will be vital to avoid limiting occupation by requiring excessively onerous standards to be imposed that would reduce the overall delivery of housing and, by extension, the number of properties that are adaptable and accessible. It is important to note that there will be overlap between the need for adaptable and accessible homes and the identified need for elderly housing (i.e. Extra Care and Sheltered Housing).

### **Summary – elderly needs**

6.37 As baseline assessment, the need for elderly people’s housing is:

- 299 bedspaces in care homes; and,
- At least 129 units of Extra Care and Sheltered Housing.

6.38 The analysis above is based on a continuation of past trends in terms of proportion living in care homes and the supply of elderly housing units. However, if the Council were to follow a strategy of reducing reliance on care homes, this would result in movement of residents back into private housing and/or reduce the number going into care homes altogether. Such an approach would increase the need for Extra Care housing with an associated reduction in care home bedspaces.

6.39 To set this need within its wider context, it is noted that Calico Homes suggested that there was a growing need for elderly accommodation every year, with the company renting over 1,000 properties to the elderly every year across Burnley and Pendle. This is driving a strong need for bungalows and 2-bed flats in particular.

### **Disabilities**

6.40 Similar to the needs of older people, the housing needs of people with disabilities will fall into two broad groups:

- Those in need of communal establishment accommodation, including residential care homes for those with learning difficulties or physical disabilities, or specialist nursing homes (C2); and,
- Those living in private housing who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes. Adaptable and accessible homes are defined as:

*“a new dwelling makes reasonable provision, either at completion or at a point following completion, for a wheelchair user to live in the dwelling and use any associated private outdoor space, parking and communal facilities that may be provided for the use of the occupants.”* (Building Regulations 2010 Approved Document M)

6.41 The PPG states that:

*“Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.”<sup>45</sup>*

6.42 In this context, the need for wheelchair accessible homes has only been assessed in reference to the affordable sector.

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<sup>45</sup> ID: 56-009-20150327

## Medical and Care Establishments (C2)

- 6.43 Of residents in communal establishments under age 75 in the Borough, the Census identified 108 living in medical and care establishments, most of which were living in care homes with or without nursing. There were also a small number in children's homes and other care establishments. As shown in Table 6.8, over the age of 24 the vast majority of these residents have long-term health problems or disabilities which limit their day-to-day activity to some degree.

Table 6.8 Residents in Medical and Care Establishments with a Long-term Health Problem or Disability

0-15	16-24	25-34	35-49	50-64	65-74
19%	36%	100%	96%	100%	94%

Source: Census 2011

- 6.44 Applying incidence rates to the projected population by sex and age we can estimate the change in number of people over the period to 2035 who are likely to require C2 accommodation, as shown in Table 6.9. These needs are in addition to the LHN because they relate to people (i.e. bedspaces) in care establishments, and do not relate to those living in private housing.
- 6.45 This shows that there is likely to be little change in the need for C2 accommodation for groups under age 65. Collectively below the age of 65 there is estimated to be a surplus of 4 spaces. This analysis has also identified a need for an additional 4 bedspaces related to the need for 65-74 year olds, which could be met through care homes (with nursing). This would bring the total need for care home spaces with nursing to circa 127 bedspaces, in order to meet the need of those above age 75 and age 65-74.

Table 6.9 Estimated need for C2 accommodation - under 75 years

	2019	2035	Net Change
0-15	22	20	-2
16-24	9	10	1
25-34	3	3	0
35-49	25	23	-2
50-64	16	15	-1
65-74	41	45	4
<b>TOTAL</b>	<b>116</b>	<b>116</b>	<b>0</b>

Source: Lichfields using PopGroup/Census 2011

## M4(3) – Wheelchair user dwellings

- 6.46 Section 3.0 set out information on the Housing Register in the Borough maintained by B-With-us, including the overall number of households on the waiting list and the mix of housing they require. The waiting list shows that 233 households on the Housing Register have identified that they would need 'ground floor access only' (albeit the question asked is quite general), this equates to 15% of all households on the Housing Register.
- 6.47 Regarding all properties, national data is available from research by Habinteg Housing Association and London South Bank University (supported by the then Homes and Communities Agency [HCA] now Homes England) '*Mind the Step: An estimation of housing need among wheelchair users in England*', which can be drawn upon. The report provides information at a national and regional level, although more weight is given to the national data.
- 6.48 The report estimated that the number of wheelchair user households in England with unmet housing need was 78,300. Broken down to regional level, it estimated for the North West, the

proportion of all households that are wheelchair user households was 2.9%. The report concluded that across England as a whole, around 78,300 wheelchair user households had an unmet need for specially adapted properties, around 13% of the total. This figure rises to 23% for the North West region, the highest proportion of any of the regions.

- 6.49 Applying these figures to the demographic projections for the Borough indicates a current unmet need for 260 wheelchair accessible homes, rising to 324 by 2035.

Table 14.9 Estimate of future wheelchair need across the Borough (2019 to 2035)

	Current Need	Projected Need (2020 to 2040)	Total
Pendle Borough	260	64	<b>324 (20 p.a.)</b>

Source: Household Projections based on Standard Method /Habinteg Prevalence Rates

- 6.50 This would equate to circa 14% of identified future housing need based on the standard method.
- 6.51 In terms of the split between market and affordable dwellings, data from the EHS shows 7.1% of social tenants are wheelchair users, compared to 2.3% of owner-occupiers. This evidence should be considered when formulating Local Plan policies in respect of the proportion of homes in different tenures which should be developed.

## Self-build and Custom Build

- 6.52 The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. A self-build project is defined as a situation whereby a house is designed and constructed to the specifications of the person who is going to live there.
- 6.53 The Framework, at paragraph 61, requires LPAs to plan for a mix of housing for people wishing to build their own homes, and the PPG states that LPAs should consider how the needs of such groups can be addressed within the constraint of the overall need identified. The PPG states that in order to obtain a robust assessment of demand for this type of housing in their area, LPAs should assess and review the data held on registers. They should also supplement the data from the registers with secondary data sources. Each council is required to maintain a 'Self-build and Custom Build Register' [the Register] for its area, as set out in the section 1 of the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016), which can include local eligibility tests for the Register.
- 6.54 In respect of planning for such demand, the PPG sets out that LPAs should use the demand associated with the Register, and other applicable secondary data sources, to understand and consider future need for this type of housing in their area.
- 6.55 In the context of the Borough, the LPA has confirmed that it had **183** registrations of interest in Self-build plots as of September 2019. The most popular areas applicants would be interested to build in were Barrowford (10%), Fence (9%), Colne (8%) and Nelson (8%). Overall, the demand for self-build is considered to be reasonably limited. Notwithstanding, the Council may wish to consider the provision of self-build plots as a part of the overall housing mix in the Local Plan.

## Service Families

- 6.56 There are currently no military bases in the Borough, whilst the Council Tax Base Statistics for 2018 also show that there is no armed forces' accommodation either. There is therefore no need to identify any specific requirements for Service Families in the Borough.

## Gypsy and Travellers

- 6.57 Gypsy and Travellers accommodation needs in Pendle have previously been assessed in two Gypsy and Traveller Accommodation Assessments [GTAAAs]: the Lancashire Sub-Regional GTAA (2007) and the Pendle and Burnley GTAA (2012).
- 6.58 The 2007 GTAA found that between 2004 – 2006 there were no Gypsy and Traveller sites of any kind in Pendle. Forecasting future need, the report determined that 2.4 additional residential pitches could be needed in the Borough up to 2016.
- 6.59 The subsequent 2012 GTAA estimated that there are at least 18 Gypsy and Traveller households living in bricks and mortar properties in Pendle; that there are no yards for Travelling Showpeople in Pendle and none known to be living in the Borough; and that there is little-to-no evidence of significant need for permanent accommodation arising from unauthorised encampments in the Borough. The study identified that there was zero additional need for pitches of any kind in Pendle up to 2026. Of the nine households interviewed, six had lived in Pendle for more than ten years and one had lived in the Borough for less than 5 years. All households intended to stay indefinitely in Pendle.
- 6.60 During the consultation process, Lichfields reached out to several representative groups using contact details provided by the Council, including the Travellers Movement, the Travellers Law Reform Project, Friends Families and Travellers, the National Gypsy Liaison Group, the Derbyshire Gypsy Liaison Group and the Showmen's Guild.
- 6.61 Numerous attempts at contacting these groups only resulted in meaningful engagement from the Showmen's Guild and Derbyshire Gypsy Liaison Group [DGLG]. After a month-long call for responses through their networks and social media, no representatives from Pendle came forward to DGLG, which is likely to be due to the very small size of the existing community. In a meeting with the Showmen's Guild, it was confirmed that there are no sites in Pendle and no Travelling Showmen known to be living in the area.
- 6.62 As there are no identified sites of any kind in Pendle; no significant change in the findings of the two GTAAAs; no need for additional sites up to 2026 identified in the most recent GTAA; and no response to the consultation exercise from stakeholders suggesting that circumstances had changed, it is considered that there is no basis for additional Gypsy and Traveller site provisions in Pendle Borough over the Plan period.

## Summary

- 6.63 This section has explored the housing (and other accommodation) needs of specific groups within the Borough, including students, families, older households and wheelchair users. In summary:
- 1 **Students** – There is currently no PBSA within the Borough. This is as a consequence of there being no University campus or other Higher Education facility in the Borough. The University of Central Lancashire has a campus in Burnley town centre but, given the distance of the campus from the Borough's boundary and ongoing construction of PBSA to be completed by 2020, there is no requirement for PBSA in the Borough.
  - 2 **Families** - The number of households with children is expected to decrease by 2039, particularly those with 2 or 3+ children. Families with children in owner occupied properties have the highest number of households that are overcrowded by this represents a relatively small proportion of the total number of these households. The greatest proportion of overcrowded households are 'other households with children' in social rented accommodation. The Council need to consider how more effective use of existing stock and new development can help address this issue. Although the waiting list data suggests the

need for smaller properties, there is the need for larger affordable family homes which can help address overcrowding issues in the market and family homes can also help movement within the market.

- 3 **Older people** - The elderly population in the Borough is projected to be the fastest growing group over the Plan Period, with the 65+ age group projected to increase by 28% by 2035. They often have a complex range of housing needs, with many wishing to stay living independently in their own home, others choosing to look to specialist retirement type accommodation (including Extra Care) and some needing spaces within care homes. Based on the different types of approaches to addressing older peoples housing needs, it is concluded that:
  - a 299 bedspaces are required in care homes; and,
  - b At least 129 units of Extra Care and Sheltered Housing;
  - c People with disabilities – The housing needs of people with disabilities will be, much like for older people, diverse and specific to the individual. Looking at different groupings, it is concluded that consideration should be given to the number of new affordable homes which meet wheelchair accessible standards. Based on published national data and trends, there is a projected need for 324 wheelchair-adaptable dwellings over the Plan period, or around 14% of the identified future housing need based on the standard method.
- 4 **Self-build and custom housebuilding** – the Council should consider the provision of some self-build plots as part of the overall mix of housing opportunities provided across the Borough. To date there has been relatively limited interest on the Council's self and custom build register.
- 5 **Gypsy and Traveller Sites:** As there are no identified sites of any kind in Pendle; no significant change in the findings of the two GTAAs; no need for additional sites up to 2026 identified in the most recent GTAA; and no response to the consultation exercise from stakeholders suggesting that circumstances had changed, it is considered that there is no basis for additional Gypsy and Traveller site provisions in Pendle Borough over the Plan period.

## 7.0 Summary and Conclusions

### Local Housing Need

- 7.1 The LHN for the Borough as generated by the standard method in the Framework and PPG generates a figure of **146 dpa for Pendle and 63 dpa for Burnley**, equating to an LHN of 209 dpa across the HMA.
- 7.2 However, this represents the minimum starting point figure, and delivering more than 146 dpa in Pendle is supported through the Framework and PPG. Indeed, it is a key part of the Local Plan process to test higher rates of delivery.
- 7.3 This HNA has considered, in alignment with the Framework and the PPG, whether exceptional circumstances exist to justify an alternative approach. In doing this, the study considers that the 2016-based household projections do not underpin the Government's ambition of 'significantly boosting the supply of homes' and as such the 2014-based projections represent the most reasonable assessment of likely future growth in the context of past trends and likely future change.
- 7.4 A range of scenarios were tested to consider whether any upwards adjustment is required which deviates from the locally assessed need identified through the standard method. These included a range of alternative economic scenarios identified agree with the Council which took into account a range of economic futures.
- 7.5 Given the demographic behaviour patterns observed in the Borough identified in the MYPEs and the alignment between these and the 2014-based SNPP, it is considered that there are no significant exceptional circumstances to justify departing from the standard methodology approach as a minimum. However, delivering more than 146 dpa is supported through the Framework and PPG in several ways, and the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of Pendle and the wider area.
- 7.6 In this regard, the sensitivity testing identified a number of reasons why the Council could consider identifying a higher housing requirement figure in its emerging Local Plan than the LHN generated by the standard method including:
- 1 The need to accommodate a sufficient economically-active workforce to address projected economic growth, in particular to take into account the future strategic economic growth planned for Pendle. Should the Council plan for this level of economic growth, the Standard Method would provide insufficient housing to support the necessary increase in the local workforce; **an uplift to 240 dpa for Pendle and 186 dpa for Burnley** based on the latest Experian forecasts may need to be considered by the council. This equates to 426 dpa across the HMA.
  - 2 Affordable Housing Need for Pendle is in the range between 187 and 251 affordable homes per annum between 2019 to 2039. This is greater than the LHN based on the standard method (146 dpa) and equivalent to between 77% and 105% of the upper estimate of housing requirement based upon economic-led needs. The PPG suggests an increase in the total housing figures included in the plan may need to be considered by the Council where it could help deliver the required number of affordable homes. Whilst a further 10% uplift could be appropriate in line with the LPEG recommendations, it is for the Council to consider the evidence contained in this HNA when identifying a housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate.

## Affordable Housing Needs

- 7.7 The range of scenarios gives a range of affordable housing needs for the Borough of between 187 and 251 affordable dpa, equivalent to between 77% and 105% of the upper estimate of housing requirement based upon economic-led needs. The extent to which affordable housing could be delivered at such proportions will need to be the subject of viability testing, but it is clear that there is a significant affordable housing need in the Borough and at current likely delivery (notionally 30% reflecting current policy) there needs to be consideration by the Council of whether increasing planned provision could help to address a greater proportion of affordable housing needs.
- 7.8 Therefore, on the basis that there is very limited difference between affordable rented and social rented properties, the split of affordable housing need is presented as circa 75% social / affordable housing and 25% intermediate housing.

## Sub-Area Housing Needs

- 7.9 Future needs disaggregated based on the current share of households within the three sub-markets is not dissimilar to the current distributions of allocations as set out in the adopted Local Plan Core Strategy. It also aligns with existing supply and extant permissions, which sees the majority of supply in the M65 Corridor sub-market.
- 7.10 However, it is recognised in the Housing Delivery Action Plan and through discussions with developers as part of this study, there are a number of delivery challenges within the sub-market which could have implications going forward.
- 7.11 The Council will need to review the identified future supply in the Borough to ensure it is aligned with the spatial strategy identified in the emerging plan. Consideration also is required to ensure housing is brought forward in the right areas to meet identified needs.

## Housing mix and type

- 7.12 In line with wider trends, the number of older households is expected to grow fastest in the Borough. Based on overall household growth and existing occupancy patterns, our assessment shows that housing need in the Borough has a mix of current dwellings. However, the Borough is made up of 3 different sub-market areas which have different housing market characteristics and on this basis we recommend:
- Future housing growth in the M65 Corridor should provide a range of accommodation across all sizes due to the sub-area's similarity to the Borough-wide averages.
  - The West Craven Towns have relatively few small properties and the highest proportion of older people, and it would therefore be reasonable that this sub-market should provide more smaller properties or older person accommodation.
  - Overall the Rural Pendle sub-market would also be expected to provide a higher proportion of small units, to help address the imbalances which currently exist between the current stock being dominated by larger homes which exist alongside high proportion of smaller households.
  - For general market housing, taking into account the projected ageing of the population together with occupancy patterns from the 2011 Census, it is considered that at the Borough level the greatest need is for 2-bedroom properties followed by 3-bedroom properties. The M65 Corridor sub-area should continue to provide a range of housing across all sizes. Both the West Craven Towns and to a lesser extent, Rural Pendle, could provide more smaller

properties or older-person accommodation, enabling older people to downsize and free up larger dwellings for families to move into.

- Data from B-with-Us' Housing Register indicates that, with regard to social housing, there is a particular need for 1-bedroom followed by 2-bedroom properties.
- **Intermediate housing** provides the opportunity for households who are able to afford rent but not buy, to move out of the private rented sector and onto the housing ladder. However, given the comparatively low house prices in the Borough this is likely to have a very limited role in meeting needs, and the product's advantages are generally poorly appreciated by many residents.
- **Starter Homes** are now officially included as part of the supply which is considered Affordable Housing through the Framework (although none have been delivered nationally at the time of writing). The assessment undertaken by Lichfields suggests that 324 households over the plan period in Pendle could be eligible (theoretically) to purchase a Starter Home. However, it remains unclear how this will play out in reality in terms of demand from developers and occupiers.

### Meeting the needs of specific groups

- 1 **Students** – There is currently no PBSA within the Borough. This is as a consequence of there being no University campus or other Higher Education facility in the Borough. The University of Central Lancashire has a campus in Burnley town centre but, given the distance of the campus from the Borough's boundary and ongoing construction of PBSA to be completed by 2020, there is no requirement for PBSA in the Borough.
- 2 **Families** - The number of households with children is expected to decrease by 2039, particularly those with 2 or 3+ children. Families with children in owner occupied properties have the highest number of households that are overcrowded by this represents a relatively small proportion of the total number of these households. The greatest proportion of overcrowded households are 'other households with children' in social rented accommodation. The Council need to consider how more effective use of existing stock and new development can help address this issue. Although the waiting list data suggests the need for smaller properties, there is the need for larger affordable family homes which can help address overcrowding issues in the market and family homes can also help movement within the market.
- 3 **Older people** - The elderly population in the Borough is projected to be the fastest growing group over the Plan Period, with the 65+ age group projected to increase by 28% by 2035. They often have a complex range of housing needs, with many wishing to stay living independently in their own home, others choosing to look to specialist retirement type accommodation (including Extra Care) and some needing spaces within care homes. Based on the different types of approaches to addressing older peoples housing needs, it is concluded that:
  - a 299 bedspaces are required in care homes.
  - b At least 129 units of Extra Care and Sheltered Housing.
  - c People with disabilities – The housing needs of people with disabilities will be, much like for older people, diverse and specific to the individual. Looking at different groupings, it is concluded that consideration should be given to the number of new affordable homes which meet wheelchair accessible standards. Based on published national data and trends, there is a projected need for 324 wheelchair-adaptable dwellings over the Plan period, or around 14% of the identified future housing need based on the standard method.



- 4 **Self-build and custom housebuilding** – the Council should consider the provision of some self-build plots as part of the overall mix of housing opportunities provided across the Borough. To date there has been relatively limited interest on the Council’s self and custom build register.
- 5 **Gypsy and Traveller Sites:** As there are no identified sites of any kind in Pendle; no significant change in the findings of the two GTAAs; no need for additional sites up to 2026 identified in the most recent GTAA; and no response to the consultation exercise from stakeholders suggesting that circumstances had changed, it is considered that there is no basis for additional Gypsy and Traveller site provisions in the Borough over the Local Plan period.





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