



HALLAM LAND MANAGEMENT LTD

FYLDE COUNCIL LOCAL PLAN

EXAMINATION HEARING STATEMENT

**OBJECTIVELY ASSESSED HOUSING AND ECONOMIC DEVELOPMENT NEEDS
(MATTER 2)**

ISSUES 3 AND 4

Date: March 2017

Pegasus Ref: ST/GL/MAN.0145/R011v2

Your Refs: Representor No 19.

Pegasus Group

Suite 4b | 113 Portland Street | Manchester | M1 6DW

T 0161 393 3399 | **W** www.pegasuspg.co.uk

Birmingham | Bracknell | Bristol | Cambridge | Cirencester | East Midlands | Leeds | Liverpool | London | Manchester

PLANNING | **DESIGN** | **ENVIRONMENT** | **ECONOMICS**

© Copyright Pegasus Planning Group Limited. The contents of this document must not be copied or reproduced in whole or in part without the written consent of Pegasus Planning Group Limited

1. MATTER 2 – Objectively Assessed Housing and Economic Development Needs

Issue 3 - Is the identified objectively assessed housing need (OAHN) soundly based and supported by robust and credible evidence and is it consistent with national policy?

- 1.1 No, we believe the identified 370 OAHN figure utilised by the Submission Local Plan is not justified based on the evidence supporting the Local Plan and should increase to 440-440 dwelling per annum.

Question 11: Does the identified Fylde Coast HMA provide a robust and appropriate basis for assessing housing needs?

- 1.2 Yes.

Question 12: The SHMA and its Addendums identify the OAN figure for Fylde as a range, based on the 2012-based sub-national household projections (SNHP). The DCLG released its 2014-based SNHP in July 2016. The Council refers to there being only a 1% difference in projected household numbers between the 2012 and 2014-based projections, though this is over slightly different timescales. Further to my initial questions to the Council (EL1.001a), its response (EL1.001b) indicates that the actual increase is less than 1% taking account of the different periods and it is not considered that this has any significant implications for the OAHN. Is this justified by the evidence? Is the use of the 2012-based sub-national household projections as a 'starting point' for identifying the OAHN appropriate? What bearing, if any, would the latest household projections have on the assessment of the OAHN?

- 1.3 The PPG (ID 2a-016) confirms the most up to date projections should be used wherever possible.
- 1.4 The 2014 SNPP published on 25th May 2016 and the 2014 SNHP on 12th July 2016. The Local Plan was submitted on 9th December 2016. Consultation upon the publication version of the plan was also undertaken after the 2014 SNHP were published, indicating that the Council could have used this latest data.
- 1.5 In Fylde's case, the latest 2014 data show an increase in the rate of population and household growth, with the 2014 SNPP showing an 7.1% increase in growth and the 2014 SNHP showing a 9.9% increase across the same period. The above figures are higher than the growth projections produced by the 2012 data. Whilst we are minded to concur that the increase is unlikely to completely undermine the SHMA findings in the context of the NPPG (para 2a-016-20150227 – which still makes references the 2012 data), it does give further support to an OAN figure at the higher end of the SHMA range, as it shows that the demographic starting point is increasing.

Question 13: Is the OAHN range of figures identified in the SHMA soundly based?

- 1.6 In short, it is considered that OAN range of 440-450 dpa for Fylde as suggested by Turley is a soundly based figure. Figures below that range are not considered to represent OAN for Fylde for reasons that we set out below in relation to the questions relating to affordable housing needs and economic growth forecasts.
- 1.7 Indeed, we consider the Council have chosen the 370 on the assumption that this represents an OAN figure but instead it has been reached as part of a "policy on" train of thought. Indeed, the

fact that the Council have persistently stuck to a figure of around 370 dwellings per annum throughout the process and have sort to badge this as an OAN figure is somewhat disconcerting when considering the process that is supposed to be carried out, particularly given the original methodology was based on the RSS requirement plus backlog.

- 1.8 The first three scenarios tested in the SHMA are a range of migration-led scenarios. The first is a 5 year migration-led scenario where internal and international migration assumptions are based on the last five years of historical evidence (162 dwellings per annum 2011 to 2030). The next is a 10 year migration-led scenario where internal and international migration assumptions are based on the last ten years of historical evidence (242 dwellings per annum 2011 to 2030). A natural change scenario has also been tested where in-migration, out-migration, immigration and emigration are all set to zero and only births and deaths contribute to population change (-64 dwellings per annum 2011 to 2030).
- 1.9 It is important to note that Turley discount these first three scenarios on the basis that they do not fully meet population requirements and do not enable growth in total employment or increase the affordable housing stock. The SHMA then tests a scenario which rebases the 2010 SNPP to ensure consistency with the 2011 Census population (giving 321 dwellings per annum 2011 to 2030). The SHMA goes on to test three employment-led scenarios, the first from an Experian employment forecast (giving 366 dwellings per annum 2011 to 2030), the second from an Oxford Economics forecast (giving 436 dwellings per annum 2011 to 2030) and the third a forecast utilising the AECOM 2012 Employment Land Review (giving 404 dwellings per annum 2011 to 2030). The SHMA concludes that from the various modelling scenarios these indicate that there is an objectively assessed housing need for between 300 and 420 dwellings per annum in the Borough to 2030.
- 1.10 We consider that this range of 300 to 420 dwellings per annum is unusually large and is not helpful in understanding the objectively assessed need as a basis for deriving a housing requirement for either plan-making purposes or decision-taking in the absence of a development plan figure. Indeed, it represents a difference of 2,280 dwellings over the plan period 2011-2030.
- 1.11 Addendum 1 of the SHMA (published in November 2014) took account the release of the 2012 SNPP. It concluded that in light of the new projections that were available, the range of 300 to 420 remained appropriate and that the upper end of this range should be considered to represent OAN. Notably, it also recorded the fact that modelling from the Experian forecasts in fact resulted in a loss of jobs, which we consider provides justification to omit this forecast scenario as a valid option. In addition, Addendum 1 confirmed the net annual need for affordable housing had increased from 207 to 249 per annum.
- 1.12 Addendum 2 of the SHMA was subsequently published in May 2015 providing an update of the modelling presented in the Addendum 1 report to take into account the DCLG 2012 sub-national household projections that were released in February 2015. Paragraphs 5.27 and 5.28 of the SHMA Addendum 2 state that the re-modelling continues to identify that at the **upper end**, with the range identified within the 2013 SHMA falling below the re-modelled outputs presented in Addendum 2.

The employment-led AECOM and Oxford Economics scenarios suggest a need for between 440 dwellings and 450 dwellings per annum based upon the application of the adjusted headship rate assumptions in the Addendum 2, and, in accordance with Addendum 1, this upper end of the range represents the OAN in our strong opinion. Indeed, the SHMA Addendum 2 concludes that the range of **440 to 450 dwellings would now represent the OAN** on the basis of the considered economic position within the Council's evidence base.

- 1.13 Based on the findings of the original SHMA and the subsequent Addenda, in June 2015 the Council published its *Housing Requirement Paper* (subsequently updated in June 2016 – see document ref ED017). The Paper summarises the findings of the SHMA and Addenda 1 and 2, and states (paragraph 6) that these conclusions; “*which sets out the objectively assessed need, plus national and local policy and evidence, plus local issues, will be used to derive an **annual housing requirement figure***” (original emphasis).
- 1.14 This process describes what is clearly set out by Lord Justice Laws in the Court of Appeal judgment concerning the Solihull Local Plan, as the second stage of a mandatory two stage process to derive a housing requirement for plan making purposes (see paragraphs 16 & 18 *Solihull MBC v Gallagher Estates & Lioncourt Homes [2014] EWCA Civ 1610*). First, the OAN for housing must be established, and then, at the second stage, it is subject to policy and other considerations in order to derive a requirement figure.
- 1.15 Paragraph 68 of the *Housing Requirement Paper* notes the conclusions of the SHMA Addendum 2, with the employment-led AECOM and Oxford Economics scenarios presenting a need for between 440 and 450 dwellings per annum based upon the application of the adjusted headship rate assumptions presented within Addendum 2. At paragraph 69, the *Housing Requirement Paper* notes the conclusions of Addendum 1 which states that the upper end of the range would represent the OAN on the basis of the considered economic position within the Council's evidence base. On this basis, given that Addendum 2 updates this upper range of 440 to 450 dwellings per annum, it is clear that the Paper acknowledges that these figures must therefore represent the OAN. This is further evidenced in paragraph 2 of the *Housing Requirement Paper* which states that the Council has accepted the findings of the SHMA.
- 1.16 The Housing Paper (especially previous versions of it) went on to conflate the two distinct outputs from the mandatory two stage approach. The correct approach in determining the housing requirement through the local plan process is first to set out the OAN, and then pass this through the lens of policy and constraints to derive the requirement. Ultimately, this is what the Housing Paper actually does, and it is the legitimate second stage in the plan making process. However, it is not, part of the evidence as to what the OAN for housing in Fylde is (this is set out in the SHMA and Addenda). Importantly, what Fylde don't go on to do is consider and understand the consequences of not meeting their OAN.
- 1.17 This 'policy on' approach is described further in paragraphs 134-140 of the 2016 Housing Paper in relation to the approach to commuting ratios. The Paper concludes in this section that, although

Fylde aspires to grow its economy, it is “*unlikely that these new workers will live within the Council’s area and housing will not need to be built to accommodate them*”. Although not spelt out in any detail, it is clear that the Council has chosen to assume that commuting ratios will not remain as they are at present. Instead, they have therefore assumed that a greater proportion of the workforce in the future will commute into the Borough in order to fill jobs. Importantly, this is in stark contrast to the modelling work which underpins the SHMA and its Addenda, which assumes the commuting ratio remains constant over the projection period. As such, Fylde are not planning for the housing required to meet the jobs growth in the Borough. The result is that these homes need to be planned for in the remainder of the Housing Market Area or perhaps even the sub-region. However, these consequences are not explained or mapped out under the statements / memorandums relating to the Duty to Cooperate.

- 1.18 The judgment of Hickinbottom J. in ‘*Oadby & Wigston Borough Council vs Secretary of State for Communities and Local Government & Bloors Homes Ltd [2015] EWHC 1897 (Admin)*’ is relevant here (see **Appendix 1**). At paragraph 34(i) the judge stated the following:

“For an authority to decide not to accommodate additional workers drawn to its area by increased employment opportunities is clearly a policy on decision which affects adjacent authorities who would be expected to house those additional commuting workers, unless there was evidence (accepted by the inspector or other planning decision-maker) that in fact the increase in employment in the borough would not increase the overall accommodation needs. In the absence of such evidence, or a development plan or any form of agreement between the authorities to the effect that adjacent authorities agree to increase their housing accommodation accordingly, the decision-maker is entitled to allow for provision to house those additional workers. To decide not to do so on the basis that they will be accommodated in adjacent authorities is a policy on decision”.

- 1.19 With the Council making assumptions about a change in the level of commuting this, in line with the findings of the Oadby judgment, is a ‘policy on’ decision. In so doing, the Council has also chosen not to reflect the labour force requirements derived from the economic projections used in the SHMA and Addenda, but instead to use the demographic projection of 370 dwellings per annum. As the SHMA is one which covers the areas of three local authorities, the implications of Fylde deciding not to meet its housing needs in full will require cooperation with its neighbours as to how this need is to be met, and this too is a second stage process which goes beyond the identification of the OAN. The Oadby judgment is clear on this basis alone that, in the context of Fylde, the figure of 370 dwellings per annum cannot be the OAN for the Borough.

- 1.20 The role of the *Housing Requirement Paper* in deriving a housing requirement figure as distinct from the OAN for housing, is further made clear by the overall conclusions in paragraphs 151 – 162 of the 2016 Housing Requirement Paper. In particular, paragraphs 159 and 160, when referring to constraints to delivery and environmental constraints, demonstrate the Council is clearly undertaking the exercise of deriving a requirement figure by applying such factors to the OAN for housing.

1.21 To conclude, there is a clear distinction between the OAN at 440-450 dwellings per annum and the untested requirement figure the Council is now proposing of 370 dwellings per annum.

Question 14: Does the assessment of OAHN take sufficient account of market signals as well as other market indicators in relation to the balance between the demand for and supply for housing?

1.22 The PPG (ID2a-018) considers that housing need should be adjusted to reflect market signals. Relevant signals are set out as:

- Land prices
- House prices
- Rents
- Affordability
- Rate of development
- Overcrowding

1.23 The Housing Requirement Paper 2015 considers each of these market signals in detail, following on from the analysis in the SHMA Addendum 2, and concludes at Paragraph 141 that the housing market signals are not displaying any significant upwards trends, with paragraph 142 concluding that any uplift in the housing requirement figure associated with the trends provided by the market signals, from the level implied by the household projections (i.e. the PPG starting point) should be relatively modest.

1.24 We consider this assessment to be robust.

Question 15: Has the assessment of OAHN taken account of other factors including vacancy rates and second homes?

1.25 Yes, we consider the evidence is robust in this respect.

Question 16 – In relation to affordable housing:

- Is the SHMA's methodology for assessing affordable housing needs robust and in line with Government guidance?

1.26 Yes, we consider the evidence is robust in this respect.

- The Plan recognises that the full amount of affordable housing needed per annum is not deliverable. Has the Council considered the option of a higher housing requirement to assist in delivering more affordable dwellings?

1.27 This SHMA Addendum 1 confirmed that the new population projections did not materially affect housing requirements in Fylde with objectively assessed need remaining within the 300-420 dwellings per annum range. It did note however, that affordable need had increased from 207 to

249 dwellings per annum (an increase of 18%). This is significant, as this level of affordable need is over two thirds of the total identified housing requirement.

1.28 If you take the adopted and emerging affordable housing target of 30% and assume all affordable housing was to be delivered through the house building industry at this rate, this would require an annual gross target 830 homes. We are not suggesting that this calculation is appropriate as a means of deriving the OAN, but careful account should be taken of the need for affordable housing in arriving at an assessment of housing need overall particularly in light of Paragraph 47 of the NPPF requires local authorities to meet the objectively assessed needs for both market and affordable housing.

1.29 Even if it is clearly evident that such high gross levels of housing delivery would be unviable, the NPPG still advises the following at para 2a-029-20140306:

'...An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.'

1.30 Within the Agenda/Reoprt for the Local Plan Steering Group meeting on 16th April 2014 (**see Appendix 2**), officers confirmed that providing 690 dwellings per annum (based on the affordable housing need in the SHMA 2014 of 207 per annum) would be unrealistic in light of past delivery trends over the last 22 years at paragraph 7.9. However, they go onto say the following at paragraph 7.10:

'Providing 360 to 440 dwellings per annum would contribute towards meeting a significant proportion of the affordable housing need in the SHMA....Figure 1.1 (from the SHMA 2013) shows that none of the migration led scenarios result in an increase in the affordable housing stock.'

1.31 Clearly, an OAN figure at the higher end of this range would deliver more affordable homes and would make a more positive and meaningful contribution towards addressing such needs.

1.32 However, at paragraph 12.7 of the same document, the Council distance themselves from a figure at the upper end of this range on the basis that they consider that such rates are unlikely to be achieved based on past delivery rates. Interestingly, they go on to say that:

'the capacity of the market will need to be examined further through engagement with the development industry'

1.33 The document then goes on to justify the 366 dpa figure (relevant at the time) as representing the 'optimum balance across all three dimensions of sustainable development', further suggesting that the 366 figure does not represent the Full OAHN requirement for Fylde.

Question 17 - Have the needs of particular groups (e.g. the elderly) and types of housing (e.g. private rented, self-build) been satisfactorily assessed?

- 1.34 Paragraph 10.11 of the Turley SHMA confirms that it did not model housing needs for the elderly (i.e. those that would need care home accommodation) and that these needs would have to be assessed separately. As such, any future housing land requirements set out in the Local Plan will need to account for such needs.
- 1.35 At present, it cannot be assumed that such demand will be met within the current housing allocations set out in the Local Plan, which have been limited to an assessment that does not account for these needs, and on the basis of a strategy that does not even meet the FOAN of standard C3 housing.

Question 18 - Have employment trends been appropriately taken into account? Is the OAHN aligned with forecasts for jobs growth? (Also see Issue 4)

- 1.36 The PPG notes that it is correct to take economic forecasts into account (*ID 2a-018*) and it is now an established component of the OAN for housing.
- 1.37 In a Local Authority area, economic projections can be produced in order to determine the likely future employment generation based on current economic conditions that will take place across the plan period. These projections will result in a forecast of the number by which the workforce is likely to grow in the district, and projections of the resultant demand for labour force can be produced. These requirements then need to be taken into account in the determination of the OAN in order to align assessments of employment and housing in accordance with the Framework, paragraph 158.
- 1.38 If a demographic model alone is used without taking account of future increases in the workforce then, if high employment growth is forecast, there is likely to be a shortfall in the housing requirement which will result in an increased flow of commuters into the Borough to work. To adopt such an approach is clearly the use of a policy mechanism as highlighted above.
- 1.39 As previously highlighted, the Fylde Addendum 2 concluded that the lower end of the recommended range (300) was no longer appropriate and that figure of 370 would represent a base level of demographic need, consistent with the approach the Council had taken previously (when they adopted a figure of 366). However, paragraph 5.27 states that a figure of 440–450 dwellings per annum would be required to support the level of economic growth forecast in the Council’s employment evidence for the Local Plan.
- 1.40 It follows that this elevated level of housing would be required to support the strategic vision of the plan which confirms (at Chapter 3, page 26) that by 2032:
- "Fylde will have continued to develop as a dynamic prosperous place to live and work through boosting the delivery of sustainable homes and employment growth."*
- 1.41 National guidance confirms that housing strategies within Local Plan must take account of economic aspirations, with paragraph 158 of the NPPF stating that:

"Local Planning Authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals."

1.42 The NPPG also states at paragraph 2a-018-20140306:

"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses."

1.43 The economic projections in the SHMA addendum were given considerable weight when considering the Blackpool Core Strategy, and particularly the Oxford Economic projections, which in the case of Fylde, equate to a dwelling requirement at the higher end of 440-450 range (see table 4.16 below).

Question 19 - In relation to gypsies, travellers and travelling showpeople, and further to the Council's additional evidence provided (EL1.002) following my initial questions (EL1.001a), what is the objectively assessed housing need up to 2032? Is this new identified need soundly based, consistent with national policy and supported by robust and credible evidence? What implications does this have in relation to the housing requirement for gypsies, travellers and travelling showpeople as set out in Policy H5?

1.44 No comment.

Issue 4 – Are the objectively assessed economic development needs clearly identified, supported by robust and credible evidence and consistent with national policy?

Question 20: Has the functional economic market area been adequately defined?

Question 21: The SHMA assesses a range of economic development forecasts. What are the job needs and role of Fylde economically? What is the objectively assessed economic development need for the Borough?

Question 22: Is the Plan's economic development strategy (based on a continuation of historic land take-up) justified, consistent with national policy and compatible with that for the housing strategy? (Also see Issue 3)

1.45 We would welcome sight of the Council's response to these questions and will respond verbally at the Hearing Sessions.

Appendix 1 - Oadby & Wigston BC v SSCLG [2015] 1879 (Admin)

Appendix 2 – FBC Local Plan Steering Group Report 16th April 2014