

Fylde Council Local Plan Examination

Stage 1 Hearing Sessions

Matter 2: Objectively Assessed Housing and Economic Development Needs

Submission on behalf of Metacre Ltd

13th March 2017

Introduction

1. This submission is made for and on behalf of Metacre Ltd concerning Matter 2 (Objectively Assessed Housing and Economic Development Needs).
2. The submission is made with respect to the Examination in Public (EiP) *Inspector's Matters, Issues and Questions* (V1, 6th February 2017) and supplements the representations lodged with Fylde Council on the *Local Plan, 2032 Publication Stage* (August 2016). The two should be read together.
3. This submission is concerned with Matter 2 and in particular:
 - Issue 3, Questions 12, 13, 16 and 18;
 - Issue 2, Questions 7 and 10;

Matter 2, 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?

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?

4. *Fylde Coast Strategic Housing Market Assessment Addendum 2 (ED023)* sets out the most recent available analysis of the OAHN requirement. This was based on the 2012-based CLG Sub National Household Projections (2012 SNHP) and took into consideration the new headship rates published with that data set.
5. It is noted that the 2014-based SNHP projection has been available since July 2016 and Metacre question why the Publication Draft Local Plan did not take this into account, and why the Council has not produced updated evidence (as with previous SHMA addenda) to conclude this matter and ensure the submitted plan was based on the most up-to-date evidence available.
6. The 2014-based SNHP clearly offer a more recent and relevant data-set and should be used as the 'starting point' in accordance with the approach laid out in the National Planning Practice Guidance.
7. The Inspector's *Preliminary Questions to the Council* (12th January 2017) (EL1.001a) raised a query with the Council over the use of the more recent Household Projections data set and the implications that this might have for the OAN and the housing requirement.
8. The Council's response letter (27th January 2017) (EL1.001b) is helpful as it sets out comparative tables showing the overall projected household growth for both

the 2012-based and 2014-based Household Projections as well as annual figures over the plan period to 2032.

9. With regards to the 2012 and 2014-based Household Projections for Fylde it is noted from Fylde's response that there is a slight variation in the rate of household growth over the plan period between the two projections, with the 2014-based projection showing a greater level of household formation in 2017, 2021-22 and then 2024-2026 and again in 2029-2031. The overall position at the end of the plan-period is highlighted as reaching the same level of growth (**+40,000** households).
10. The differences do show a need to ensure a greater level of new housing is available earlier in the plan period as the 2014-based projections indicate and additional **+1,000** households (rounded) as of 2017 with further increases timed over the plan period as noted above.
11. Fylde's response letter does not provide greater detail as to the composition of the new households forming and in this respect, it is unclear whether there may be a different set of new household characteristics which in turn could influence the types and mix of housing needed. Similarly, the pace of household growth may have implications regarding ensuring an adequate supply of new housing land is available during the plan period and on an annualised basis.
12. Overall, Metacre conclude that it is appropriate for the Fylde Local Plan to use the latest 2014-based household projections as the basis for calculating OAHN to reflect this latest data and to ensure that the approach taken accords with the National Planning Practice Guidance.

Question 13

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

13. **Policy DLF1** (Development Locations for Fylde) establishes that the Local Plan will deliver a minimum of **7,768** net new dwellings in the period April 2011 to March 2032. This planned requirement equates to **369** dwellings per annum (dpa) and

broadly aligns with the Council's conclusion in the *Fylde Housing Requirement Paper* (July 2016) (**ED017**) (and the previous Paper of 2015) that an OAHN of **370** dpa be selected.

14. The *Fylde Coast Strategic Housing Market Assessment* (2013) together with its two updates *Addendum 1* (May 2014) and *Addendum 2* (May 2015) provide the Council's evidential base for the determination of the OAHN housing figure.
15. *Addendum 2* sets out the most recent analysis of the OAHN requirement based on the 2012-based CLG Sub National Household Projections (2012 SNHP) and took into consideration the new headship rates published with that data set.
16. *Addendum 2* concluded that there is a modelled baseline housing need for **237** dpa as paragraph 61 of the *Housing Requirements Paper* states. It then applied a sensitivity to address the levels of household formation for younger age groups with a view to refining the projection. This resulted, correctly in Metacre's view, in an upward adjustment to the projection resulting in a demographic assessment of housing need of **370** dpa. *Addendum 2* recorded that this marks an upward shift in the 2012 SNHP starting point.
17. The Council's selection of the **370** dpa OAN figure represents a low position in the potential OAHN range and the selection of this figure for use in the Local Plan results in a significant under-provision of new homes over the plan period.
18. The SHMA *Addendum 2* is clear (as recorded at paragraph 68 of the *Housing Requirements Paper*) that the OAHN ranges to **440-450** dpa to account for employment-led housing growth. There are clear economic factors evident from the employment-led housing growth scenarios modelled in SHMA *Addendum 2* to show why there needs to be a higher OAHN figure than that selected.
19. The Council has selected a low figure within the OAHN range and has sought to justify this in favour of a demographic-based FOAN at **370** dpa based on:
 - the lack of delivery of new homes in the past;
 - the inability of Fylde to accommodate economic growth; and
 - that the FOAN selected balances economic, social and environmental factors.

20. It is Metacre's view that none of these factors adequately justify the selection of an OAHN and a planned requirement that is significantly below the levels necessary to provide for both demographic and economic growth in the District (see also Metacre's separate response to Matter 3, Issue 5, Question 23 and Question 18 below) and which fails to respond sufficiently to affordability issues (see Metacre's response to Question 16) or supports the accommodation of unmet housing needs arising elsewhere (see Metacre's separate response to Matter 1, Issue 1, Question 3).
21. The Council's selection is fundamentally flawed and lacks credible justification. It is not a sound basis for the selection of the proposed OAHN figure.

Question 16

In relation to affordable housing:

- (a) Is the SHMA methodology for assessing affordable housing needs robust and in line with Government guidance?*
- (b) 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 housing?*

22. The *Housing Requirement Paper* (**ED017**) (paragraph 143) and the Local Plan identify that the need for affordable housing is some **247** dpa (drawing from SHMA *Addendum 1 – ED022*).
23. Metacre considers that the SHMA methodology for calculating affordable housing needs is robust and accords with the current Government guidance.
24. The affordable housing needs in Fylde are acute, sustained and affordability is a very significant issue (as paragraph 143 of the Housing Requirements Paper highlights).
25. The *Housing Requirement Paper* (**ED017**) concludes at paragraph 158 that an OAHN of **370** dpa would "*contribute towards meeting a significant proportion of affordable housing need*". Metacre's concern is therefore that having established

that there is a significant affordable housing need, the Local Plan fails to meet that need and would result in a significant under-delivery of new affordable housing.

26. Draft Local Plan **policy H4** (Affordable Housing) establishes that all market housing developments of 10 dwellings or greater are required to provide 30% affordable housing subject to viability testing as appropriate.
27. Taking 30% affordable housing secured from a total proposed OAHN figure of **370** dpa would result in the delivery of only **111** affordable homes per annum. This is less than **45%** of the total objectively assessed affordable housing need.
28. It is, in Metacre's view not credible or realistic for the Council to conclude that a OAHN of **370** dpa will meet affordable housing needs. It does not meet even half of the identified need.
29. New housing delivery is the main mechanism available to ensure the provision of adequate affordable housing and it is incumbent on the Council to establish a proactive and positive approach to meeting the housing needs of Fylde.
30. It is not clear to what extent, if any, the Council has thoroughly tested the opportunity to deliver more affordable housing by increasing the overall OAHN requirement. The Council's position appears to be that historic trends would not support delivery of sufficient housing completions and therefore it would be impossible to meet the needs in full.
31. The Local Plan's *Strategic Environmental Assessment and Sustainability Appraisal* (August 2016) (**SD004a-c**) includes a sustainability assessment and commentary on the individual plan policies. Appendix H (page 132-133) considers housing policies:
 - **Policy H1** (Housing Delivery and the Allocation of Housing Land). The SA commentary concludes that "*there is sufficient housing to meet the requirements of the area*" and the performance of the policy is noted to be a positive effect (2nd column, table at page 132). Metacre are concerned that this analysis does not reflect the reality of a failure to plan to meet affordable

housing needs which are clearly a housing requirement for the area. There is apparently no analysis in the SA with respect to policy H1 of alternatives or effects of delivering a higher housing requirement to meet affordable needs.

- **Policy H4** (Affordable Housing). The SA commentary notes that affordability is a particular issue for local employees in lower income jobs and particularly in Lytham and St Annes. It confirms that the policy seeks to address the need for affordable housing in these areas. The Sustainability Appraisal concludes that policy H4 is a positive effect (2nd column, table at page 133). However, there is no assessment of alternatives or sustainability outcomes of a higher OAHN to better meet affordable housing needs.

32. The Government has been abundantly clear in the NPPF at paragraphs 47 and 50 and through the recent *Fixing our Broken Housing Market* White Paper (February 2017) at paragraph 1.33 for example, that there is a need to boost significantly the housing supply and to ensure a mix and choice of housing to meet identified needs (which include affordable housing needs).
33. Metacre conclude that the Plan is deficient in this regard; that there has not been a thorough identification, testing or evaluation of a higher housing requirement to better meet affordable needs. The Plan should be modified with an increase to the OAHN to account for the poor affordability of housing in the District and the failure to secure sufficient affordable housing in the past.

Question 18

Have employment trends been appropriately taken into account? Is the OAHN aligned with forecasts for jobs growth?

34. The *Fylde Coast Strategic Housing Market Assessment* and its two addenda (**ED021 – ED023**) have tested a series of three economic growth scenarios for Fylde.

35. In summary, the three economic growth scenarios all identify significant employment growth over the plan period. This ranges from **+52** jobs per annum (jpa) by Experian, to **+111** jpa (Aecom) and **+148** jpa (Oxford Economics).
36. The Oxford Economics scenario identifies job growth of over **3,000** jobs, while the Aecom scenario (which is also used as the basis for the *Fylde Employment Land Review* report) forecasts some **2,600** additional new jobs.
37. The *Addendum 2 (ED023)* modelled housing requirements, taking account of the employment-led (Aecom and Oxford Economics job growth scenarios), concludes that there is a need for between **440** and **450** dpa. This is considerably larger (**+70 – 80** dpa) than the selected OAHN or planned housing requirement figure.
38. The *Housing Requirements Paper (ED017)* concludes at paragraph 69 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”.*
39. Paragraph 69 continues by caveating that the economic evidence base will continue to be updated and will need consideration alongside subsequent updates of housing need.
40. The Fylde economy is to grow in accordance with the Council’s objectives, as well as the stated investment plans of the Lancashire Enterprise Partnership (LEP) and with two Government designated and funded Enterprise Zones in and immediately adjacent to the District (Blackpool Airport Enterprise Zone and Lancashire Enterprise Zone).
41. There will be in-migration of working age households to Fylde to take up new employment opportunities as well as a need to replace retiring workers up to 2032. These investments need to be accounted for in updated economic projections and the OAHN housing response.
42. The *Housing Requirement Paper (ED017)* recognises this issue at paragraphs 27, et seq. noting that the LEP has set a job growth target of 50,000 new jobs (paragraph 27) across the county; and critically that the Council’s own economic

ambitions are in accordance with regional and national policies in the *Fylde Borough Economic Development Strategy*. Paragraph 29 confirms that the:

“central tenant of which is to provide economic growth, wealth and creation and employment opportunities”.

43. It is of significant concern however that, in response to previous consultation objections to the LP RPO (set out in the *Housing Requirements Paper* at page 41), the Council is effectively suggesting that it is not supportive of the LEP’s objectives and considers that:

“the purpose of the Local Plan is not to meet the LEP’s growth targets. There is no explicit obligation for the council to meet the LEP growth targets through its housing number”.

44. Fylde will benefit directly in terms of economic growth generated through the LEP’s programme. It will need to make an appropriate contribution to housing the workers for new jobs created. The Lancashire Enterprise Zone which is partly in Fylde also proposes to create 6,000 new direct jobs with a further 5,000 – 7,000 in-direct jobs in the wider supply chain (paragraph 27 of the *Housing Requirements Paper*).

45. Similarly, Blackpool Airport Enterprise Zone was confirmed in March 2015 (paragraph 28 of the *Housing Requirements Paper*) and is described as having:

“the potential to provide opportunities for retail, employment and leisure uses at the airport, and would also provide jobs close to where people live”.

46. These are new employment opportunities that will arise in the Fylde plan period and for which there is committed public capital and revenue funding from government as well as significant capital allowances taxes and business rates relief support available to support economic growth.

47. The economic growth scenarios in the SHMA Addendum do not fully account for these significant investments and committed objectives. It is wholly appropriate that they should be taken fully into account in assessing the appropriate OAHN and planned requirement figure for Fylde.
48. In disregarding the employment-led housing growth FOAN scenarios the Council's *Housing Requirement Paper* (paragraph 140) prays in aid of Fylde's:
- “unique set of circumstances and a functional economic area that extends beyond the North West of England”.*
49. This is reflected partly in work commuting flows into and out of Fylde (based on Census data). The Council therefore concludes that Fylde is a net importer of labour and that while Fylde aspires to grow its economy it is unlikely that new workers will live within the Council's area and therefore housing is not needed to accommodate them.
50. This approach, it is submitted, is fundamentally flawed. It is entirely normal for there to be a significant inter-relationship between individual districts and boroughs and more widely in the North West region with commuting flows for work.
51. The LEP has identified in its *Strategic Economic Plan* (March 2014) (**ED039**) an 'Arc of Opportunity' (including Fylde District) and there are two designated Enterprise Zones economically and physically aligned to the District which address this matter and take a strategic view as to what is required to support economic growth, including the provision on adequate levels of housing within the area (including Fylde) to meet economic growth objectives.
52. Simply taking the approach proposed by the Council will result in past trends being projected forward and a failure to address and support economic growth objectives or sustainable development and travel patterns appropriately. NPPF paragraph 21 confirms that planning policies should recognise and seek to address potential barriers to investment, including any lack of infrastructure, services or housing.

53. Furthermore, this approach does not abrogate the Council's duties to support economic growth and meet future economic requirements in accordance with the NPPF and Government's clearly stated national objectives for prosperity. While the Council may consider it does not have a statutory duty to deliver the LEP's economic objectives, it is nonetheless a key beneficiary and supporter of the LEP's committed programme of growth and investment in the *Strategic Economic Plan*.
54. On this basis, it is concluded that:
- the selected OAHN figure and planned requirement of **370** dpa fails to make adequate provision for economic growth that, on the Council's own evidence in the SHMA *Addendum 2 (ED023)*, would require between **440** and **450** dpa to be delivered.
 - the Aecom projection was used to underpin the Council's *Employment Land Review (ELR)* and it is appropriate that this scenario should at least be used as the alignment between the ELR and the OAHN housing figure. Indeed, the SHMA *Addendum 2* records that the upper end of the FOAN range is "*based on the considered economic position of the Council's evidence base*".