

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO PLANNING & DEVELOPMENT COMMITTEE

Agenda Item No. 6

meeting date: THURSDAY, 3 OCTOBER 2019
title: STRATEGIC HOUSING AND ECONOMIC NEEDS ASSESSMENT -
CONSULTATION
submitted by: NICOLA HOPKINS – DIRECTOR OF ECONOMIC DEVELOPMENT & PLANNING
principal author: COLIN HIRST – HEAD OF REGENERATION & HOUSING

1 PURPOSE

1.1 To receive information on the progress of the SHENA and agree a consultation programme.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To deliver a co-ordinated approach to planning through up-to-date planning policies and to meet the housing needs of all sections of the community.
- Corporate Priorities – To protect and enhance the existing environmental quality of the area and to match the supply of homes in our area with the identified housing needs.
- Other Considerations – None.

2 BACKGROUND

2.1 Members considered a report at the meeting of this Committee on 1 August 2019, minute number 161 refers. In that report the details of the need to undertake a Strategic Housing and Economic Needs Assessment (SHENA) was set out as a requirement for the housing evidence base. In particular the importance of this work to inform the review of the update of the Local Plan and to provide an up-to-date housing requirement beyond the five year anniversary date of the Core Strategy (14 December 2019).

3 PROGRESS ON THE SHENA

3.1 The Council appointed as its Consultants Turley Associates, to undertake the specialised work involved and they have produced working drafts to a tight timeframe. However the ability to secure the necessary information on affordable needs from Onward (who hold our housing waiting lists) to inform the study has led to some delays in delivering a final draft. This information has now been provided and the Consultants are working on finalising the draft. A verbal update will be given at Committee.

3.2 With the exception of the details around affordable needs the main conclusions in draft are included at Appendix 1 to this report.

4 KEY FINDINGS

4.1 The principal purpose of the study is to provide a housing requirement figure against which plan making can be based and decisions taken on planning applications. This

requirement figure will supercede the Core Strategy housing requirement and will be the basis for establishing the 5 year land supply position.

- 4.2 Members will note from the draft conclusions that the baseline housing requirement under the Government's Standard Methodology is given as 148 dwellings per annum which is the minimum requirement. However a key consideration to be made when applying the standard methodology is whether actual housing need is higher than the standard method indicates. This need to assess this element is in line with national policy guidance.
- 4.3 Our Consultants have undertaken an assessment of the relevant factors in determining the appropriateness of simply applying the standard methodology (see Appendix 1). They have determined through their modelling that in order to support job growth potential from the baseline employment forecasts and to secure the labour force to maintain growth a higher level of housing requirement would be necessary. Their modelling indicates a requirement on this basis of up to 248 dwellings per annum (as a minimum).
- 4.4 Significantly however they have also identified that in order to address a potential barrier to investment and to enable the housing delivery achieved already to continue over the longer term a level of requirement akin to the existing 280 dwellings per annum would be appropriate.
- 4.5 Clearly there are a number of issues to be taken into account when establishing the most appropriate housing requirement for the borough going forward and at this stage in the process it is considered important to undertake consultation to inform the Council's consideration of its housing requirement.
- 4.6 The Council will be required to be able to justify its position in determining the housing requirement and given the emerging advice and the range of requirement emerging between the standard methodology and that of the wider economic based outturn it is considered important to undertake appropriate consultation. This would be in line with Government guidance and the results of which can be taken into account to more fully inform the Council's decision.
- 4.7 It is proposed that the draft study be published for consultation for a period of 6 weeks and comments invited from statutory consultees, the development industry and the public. This information will then be used to inform the finalisation of the recommended housing requirement for further consideration by the Council.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – Policy and Finance Committee have approved provision for the work on this study following an Emergency Committee meeting held on 20 August 2019. The costs of consultation are contained within existing operational resources.
- Technical, Environmental and Legal – The Council is required to ensure it puts in place a robustly evidence and justified housing need figure at the 5 year anniversary of the adoption of the Core Strategy. This is 14 December 2019. The SHENA will need to reflect the requirements and guidance of the National Planning Policy Framework and National Planning Policy Guidance and consultation is a key part of this process.

- Political – Housing matters have a high public profile.
- Reputation – The actions set out in this report will help demonstrate the Council is a well-managed authority and that it has taken steps to ensure it can plan appropriately for housing in the borough going forward.
- Equality & Diversity – Consultation will be in line with the Council's adopted Statement of Community Involvement.

5 **RECOMMENDED THAT COMMITTEE**

- 5.1 Note the draft conclusions identified in this report and agree to the publication of the draft report for consultation and that the Development Plan Working Group be asked to review the issues raised to help inform the consideration of the updated housing requirement by this Committee.

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BACKGROUND PAPERS

Strategic Housing and Economic Needs Assessment draft report Turley September 2019.

For further information please ask for Colin Hirst, extension 4503.

REF: CH/CMS/PLANNING/031019

8 Conclusions

- 8.1 Ribble Valley Borough Council commissioned Turley to produce this Strategic Housing and Economic Needs Assessment (SHENA), which will inform the future review of its Local Plan.
- 8.2 Unlike the existing Core Strategy, adopted in December 2014, the Local Plan will be produced in the context of the revised National Planning Policy Framework (NPPF), which was published in July 2018 and subject to further minor updates in February 2019. This assessment has been undertaken to comply with the 2019 NPPF and the associated Planning Practice Guidance (PPG).
- 8.3 It presents evidence on the overall local housing need in Ribble Valley for the Council to draw upon in establishing its housing requirement in the emerging Local Plan. This includes a separate calculation of the need for affordable housing in the borough. The assessment also separately considers how this overall need is segmented into a need for different types, sizes and tenures of housing as well a more detailed consideration of the specific needs of individual groups in the local housing market.
- 8.4 The conclusions for each of these aspects are set out concisely below.

Overall housing need

- 8.5 The revised NPPF introduced a new, standard method for determining '*the minimum number of homes needed*', and confirms that '*strategic policies should be informed by a local housing need assessment*' conducted through this method¹. The PPG recognises that the method provides only a '*minimum starting point in determining the number of homes needed in an area*'², and requires plan-makers to give consideration through an assessment of housing need to circumstances in which it may be appropriate to plan for a higher – or indeed, though only exceptionally, lower – level of housing need than the standard method suggests.
- 8.6 The standard method calculates that **a minimum of 148 dwellings per annum** are needed in Ribble Valley, when the demographic baseline of the 2014-based household projections is formulaically adjusted by 17.5% to reflect imbalance between median house prices and resident earnings in the borough.
- 8.7 This report has presented modelling to explore the potential wider impact of such a level of housing provision on the population and economy of Ribble Valley, over the emerging plan period (2018-33). This modelling indicates that delivery of this scale would slow recent levels of housing provision and thereby limit any meaningful growth of the population, leading to a fall in the number of working age residents (16-64) and a diminishing labour force that would be unlikely to support growth of the local economy.

¹ MHCLG (2019) National Planning Policy Framework, paragraph 60

² PPG Reference ID 2a-010-20190220

8.8 In accordance with the PPG, detailed consideration has been given to ‘*whether actual housing need is higher than the standard method indicates*’ for Ribble Valley³. This strongly suggests that actual housing need is higher than the standard method outcome of 148 dwellings per annum, because:

- The assumptions applied in the **demographic baseline** of the standard method appear unreliable in the context of Ribble Valley, with the borough’s population already larger and growing to a much greater extent than it assumes. The result is that the outcome of the standard method has significantly underestimated how the need for housing in Ribble Valley has changed since 2014 with this then impacting on its trend-based projection for future needs;
- **Housing delivery** has been significantly greater than the minimum figure generated through the method, in most years since 2001. A lower rate of provision has only been seen in those years where delivery was affected by the housing moratorium and subsequent recession, with provision having since recovered to more than double the rate implied by the standard method. The PPG confirms that such situations should be taken into account when considering whether it is appropriate to plan for a higher level of need;
- There has been a **previous assessment** of a greater need for housing than implied by the standard method, albeit this was produced over six years ago. In the context of the PPG, its conclusion that 280 dwellings per annum are needed to support economic growth in Ribble Valley provides an important reference point for understanding why there may need to be a departure from historic demographic trends. This recognises that up-to-date economic baseline and forecast data continues to identify an underlying opportunity to support employment growth over the plan period. The minimum standard method figure does not account for changing economic circumstances but the NPPF *does* require planning policies to address situations where housing is likely to act as a barrier to investment and economic growth; and
- As a result of the demographic profile of trend-based projections in Ribble Valley, modelling confirms that a higher rate of delivery would likely be needed to **support job growth** in Ribble Valley. This recognises that provision in line with the standard method would be expected to reduce labour force capacity and intensify an existing shortage of skilled labour. This would potentially undermine, rather than support, the Council’s emerging economic strategy, and would fail to realise the underlying potential for employment growth in the borough.

8.9 In drawing together the above findings, this section has presented modelling which indicates that **up to 248 dwellings per annum** could be needed to support the job growth potential identified through baseline employment forecasts, and provide the labour force required to secure job growth of 0.2% each year.

8.10 Whilst it is recognised that the Council will continue to develop its economic evidence base further as its Local Plan progresses, the evidence in this assessment has identified that the baseline forecasts upon which the above modelled estimate of need is based

³ PPG Reference ID 2a-010-20190220

assume that there will be relatively sizeable job losses in the manufacturing sector. This assumption, inherent with the forecasting houses' assumptions at a national level, conflicts with local evidence of a relatively resilient industry. Significantly, ongoing initiatives by the Lancashire Enterprise Partnership (LEP) in particular assume that such a circumstance will be mitigated, aiming instead at stability or more positively growth in this sector. Where this stability is assumed to continue throughout the plan period, analysis produced to inform this assessment of housing need suggests that a higher rate of overall employment growth could be expected in Ribble Valley (0.3-0.4% per annum).

- 8.11 Up-to-date modelling presented in this report suggests that the Council could support and encourage such a rate of employment growth by broadly retaining its existing requirement for 280 dwellings per annum. In the context of the NPPF and PPG, continuing to recognise this level of need as being more representative of that required to proactively address a potential barrier to investment and enable a continuation of the housing delivery achieved in stronger years over the long-term would, on the basis of the evidence presented in this assessment, be appropriate.
- 8.12 Whilst the standard method is recognised as providing a minimum starting point, **the evidence clearly indicates that it would be more appropriate to recognise that the full need for housing lies broadly in line with the 280 dwellings per annum previously evidenced and planned for in Ribble Valley.** This should, however, be kept under review, recognising that the Council is at an early stage of the plan-making process and is yet to commission evidence on its economic development needs or formulate policies on employment land provision. Where this leads to a significant departure from the rate of employment growth assumed within the modelling presented herein, the Council is advised to reconsider the housing growth that may be needed in such circumstances.

Size, type and tenure of housing needed

- 8.13 Beyond the overall number of homes needed, the NPPF also confirms that *'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'*⁴. The modelling drawn upon within this report allows overall housing need to be segmented to estimate how projected change in the demographic profile of Ribble Valley may influence the size, type and tenure of homes needed.
- 8.14 Where housing provision is assumed to align with the minimum standard method or the higher level of need concluded above, strong growth would be expected in the number of single person households and families without children. The representation of households with dependent children is also projected to grow, and more significantly so where a need for 280 dwellings per annum is met due to the more balanced age profile accommodated under this scenario. This would increase the proportion of households requiring larger homes, with 58% of households expected to require at least three bedrooms under this scenario compared with 51% were provision to align with the standard method. In each case, meeting households' needs would require the majority (c.90%) of homes to be houses, with a smaller proportionate need for flats, while most additional households (c.75%) would be expected to own their home. This does,

⁴ MHCLG (2019) National Planning Policy Framework, paragraph 61

however, represent only an illustrative interpretation of available evidence, which should be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for individual sites given that they will need to respond to changing market demands and take account of viability considerations.

Need for affordable housing

8.15 Conclusions on affordable housing need to be incorporated. Note in accordance with the PPG this will need to be considered in the context of the overall need referenced above.

Specific needs of different groups

8.16 Reflecting the requirement through the NPPF to consider the housing needs of '*different groups in the community*'⁵, further analysis of the current and future housing needs of specific groups has also been presented within this report. This has shown that:

- There is expected to be growth in the number of **older people** aged 65 and over in Ribble Valley over the plan period. The number of such residents is projected to grow by 33% where provision aligns with the minimum need generated by the standard method and by 39% where a higher need for 280 dwellings per annum is met. This would be expected to respectively generate an annual demand for between 36 and 41 bedspaces in sheltered, enhanced sheltered or extra care accommodation, based on industry toolkits recommended in the PPG. An additional demand for circa 21-24 bedspaces in residential establishments, such as care homes, would also be expected through such a level of growth, with the latter separate and additional to the delivery of private dwellings;
- Ribble Valley contains a comparatively high representation of **families**, and families with dependent children. These households tend to own larger housing, and projected growth in the number of such households where provision is made for 280 dwellings per annum would therefore be expected to generate a demand for larger homes. Where provision is limited to the minimum figure generated by the standard method, however, the number of such households would be expected to remain largely static albeit recognising there would still be a need for such housing under any of the scenarios of need modelled;
- Ribble Valley has comparatively few residents whose daily activities are limited, relative to the wider county, region and England. The majority (approximately 89%) of **people with disabilities** do not live in communal establishments, suggesting that many live at home or with relatives, friends or carers. This indicates that there is an ongoing need to ensure that there is a sufficient supply of adapted and accessible homes;
- **Key workers** in the public administration, education and health sectors account for around 28% of the resident labour force, falling slightly below the average for Lancashire but exceeding the averages across the North West and England. Such workers tend to be homeowners, aligning closely with the borough average;

⁵ *Ibid*, paragraph 61

- There is national evidence of increasing demand for **self-build and custom build** plots, which the Government is aiming to support. As of August 2019, twelve households have expressed a wish to self-build or custom build on the Council's register; and
- While this report has not reassessed the need for **Gypsy, Traveller and Showperson** accommodation, the latest such assessment commissioned by the Council concluded that at least two pitches would be needed by 2028 – though none before 2023 – while there was then no evidence of a need for Travelling Showperson yards in the borough.

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