

# Strategic Housing and Economic Needs Assessment

Ribble Valley Borough Council

April 2020

**Turley**

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## Executive Summary

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.
2. Unlike the existing Core Strategy, adopted in December 2014, the new 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).
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.
4. The analysis presented within this report was predominantly produced prior to September 2019 with a draft report published by the Council at that time for consultation. Following the Council's consideration of the outcomes of this consultation, the report was finalised in April 2020.

### Overall housing need

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 method<sup>1</sup>. The PPG recognises that the method provides only a '*minimum starting point in determining the number of homes needed in an area*'<sup>2</sup>, 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.
6. The standard method indicated that a **minimum of 148 dwellings per annum** would be needed in Ribble Valley when the draft version of this report was prepared and published in September 2019, with its demographic baseline of the 2014-based household projections formulaically adjusted by 17.5% to reflect imbalance between median house prices and resident earnings in the borough. The precise outcome of the standard method is however subject to change where it is calculated in a new calendar year and where account is given to the annual publication of affordability ratios used as the basis for adjustment. In finalising this report a recalculation is presented as of April 2020, with this suggesting a nominal reduction in the calculated need. It is also acknowledged that in the period between the draft and final versions of this report the Government has restated its intention to review the standard method formula this

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<sup>1</sup> MHCLG (2019) National Planning Policy Framework, paragraph 60

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

year, albeit at the point this report has been published no updated formula has been announced.

7. In accordance with national policy, this report presents the results of modelling undertaken to explore the potential wider impact of providing 148 dwellings per annum for 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 residents in traditional working age groups (16-64) and a diminishing overall labour force that would be unlikely to support growth in the local economy. The same conclusion would be true where the slightly lower recalculated standard method figure was to be used.
8. In accordance with the PPG, detailed consideration has in this context been given to '*whether actual housing need is higher than the standard method indicates*' for Ribble Valley<sup>3</sup>. This strongly suggests that actual housing need is higher than the standard method outcome, because:
  - The population growth assumptions made 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

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<sup>3</sup> PPG Reference ID 2a-010-20190220

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.

9. Establishing a likely level of housing need beyond the standard method requires a degree of judgement, particularly at this early stage of the plan-making process in Ribble Valley.
10. This report presents modelling which indicates that **up to 248 dwellings per annum** could be needed to support the job growth potential implied by recent baseline employment forecasts, and provide the labour force required to secure job growth of 0.2% each year. This slightly uplifts the average rate of provision since the start of the current plan period (235dpa).
11. 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 report has identified that the baseline forecasts upon which the above modelled estimate of need is based assume that there will be relatively sizeable job losses in the manufacturing sector. This assumption, in line 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).
12. 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 view such a level of provision as representative of the housing 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 be appropriate, on the basis of the evidence presented in this assessment.
13. Whilst the standard method is recognised as providing a minimum starting point for the purpose of establishing a housing requirement, **the evidence indicates that in the order of 280 dwellings per annum could actually still be needed in Ribble Valley** to respond to evidenced drivers of housing need including employment growth. This conclusion is reached in the knowledge that this report simply provides informing evidence, with the establishment of a housing requirement and the associated identification of an appropriate supply of housing land ultimately judgements to be made by the Council as part of the plan-making process.
14. This position should also 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 for example. This is still more critical when recognising the exceptional level of uncertainty

that exists in the UK and global economy at the time of finalising this report, following the outbreak of coronavirus. Where any such review leads to a significant departure from the rates of employment growth assumed in 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**

15. 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’<sup>4</sup>. 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.
16. 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.70-75%) of homes to be houses, with a smaller proportionate need for bungalows and flats, while most additional households (c.75%) would be expected to own their home. This does, 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**

17. This report has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated, before being considered in the context of their likely delivery as a proportion of market housing led developments.
18. This suggests that there will be an overall need for **88 affordable homes each year** over the remainder of the emerging plan period to 2033. This addresses a modest imbalance between the number of households on the Housing Register and emerging supply, with the latter incorporating a sizeable pipeline of committed schemes that would double the long-term rate of affordable housing delivery in Ribble Valley and should therefore be closely monitored by the Council. The calculation also captures a net new need that may arise in the future as new households form, existing households’ circumstances change and properties continue to be let or made available.

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<sup>4</sup> MHCLG (2019) National Planning Policy Framework, paragraph 61

19. Meeting this annual need for affordable housing could conceivably require provision for at least 292 dwellings per annum, based on the Council's adopted affordable housing policies. This closely aligns with the existing requirement for 280 dwellings per annum, forming an important consideration – alongside the conclusions above – for the Council in setting an appropriate housing requirement. It further highlights the limitations of simply providing for the minimum need generated by the standard method, which could deliver only half of the affordable homes needed in the borough.
20. The calculation has also been broken down by size, revealing a more substantial current shortfall of one bedroom properties in particular relative to existing need. There is an implied "overprovision" of two and three bedroom units, compared to the number of existing households registered as being in need of property of this size, albeit these homes will nonetheless contribute towards meeting future needs. Meeting this future need is expected to require all sizes of affordable housing, but particularly one bedroom units. As a result, the calculated overall need for 88 affordable homes each year is orientated towards smaller properties, although the Council is advised to closely monitor this and ensure that the calculation is supplemented by the more qualitative views of those regularly involved in letting affordable housing.
21. The potential role of different affordable housing products has also been considered, with the analysis indicating in general terms that affordable rent is the only product which requires a markedly lower income than would be required to rent in the open market. Other products, such as shared ownership and discount market sale, do however play a role in potentially bridging the gap between open market rent and purchase in Ribble Valley.

### Specific needs of different groups

22. Reflecting the requirement through the NPPF to consider the housing needs of '*different groups in the community*'<sup>5</sup>, 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 is aligned 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

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<sup>5</sup> *Ibid*, paragraph 61

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;
- 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.

# 1. Introduction

- 1.1 Ribble Valley Borough Council ('the Council') has commissioned Turley to produce this Strategic Housing and Economic Needs Assessment (SHENA), which will inform the future review of its Local Plan.
- 1.2 Unlike the existing Core Strategy, adopted in December 2014, the new Local Plan will be produced in the context of the revised National Planning Policy Framework<sup>6</sup> (NPPF), which was published in July 2018 and subject to further minor updates in February 2019. It 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 method<sup>7</sup>. Planning Practice Guidance (PPG) continues to provide further detail on the method, and clarity on the 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<sup>8</sup>.
- 1.3 The NPPF further confirms that '*the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies*'<sup>9</sup>. The PPG provides advice on how the needs of such groups should be assessed, with this guidance recently updated and separated into standalone sections<sup>10</sup>.
- 1.4 In accordance with the NPPF and PPG, this report applies the standard method before robustly examining the extent to which the evidence indicates that it is appropriate to recognise a higher level of need than the standard method suggests. This takes into consideration the important relationship between housing and economic needs in the borough as well as other factors identified in the PPG. It segments the identified overall need to estimate the requirement for different tenures, sizes and types of housing, including affordable housing, and subsequently analyses the specific needs of different groups.
- 1.5 **The analysis presented in this report was predominantly completed prior to September 2019**, with the Council subsequently undertaking public consultation on a draft version of the report. It has been finalised in April 2020, taking account of the Council's review of comments received through the consultation without seeking to exhaustively update the analysis to incorporate more recently released data in the limited instances where this exists<sup>11</sup>. This recognises that data is released continuously and that the conclusions drawn from the analysis presented within the draft report remain representative of housing need circumstances in Ribble Valley as of April 2020.

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<sup>6</sup> MHCLG (2019) National Planning Policy Framework

<sup>7</sup> *Ibid*, paragraph 60

<sup>8</sup> PPG section 2a – "Housing and economic needs assessment"

<sup>9</sup> MHCLG (2019) National Planning Policy Framework, paragraph 60

<sup>10</sup> PPG sections 63 ("Housing for older and disabled people") and 67 ("Housing needs of different groups")

<sup>11</sup> The 2018-based sub-national population projections (SNPP) were released on 24 March 2020, for example, but have not been taken into account within this report. This principally recognises the lack of a direct relationship between these projections and the current standard method, which is required to incorporate 2014-based projections

It is acknowledged that a number of the comments received presented opinion as to the housing requirement to be eventually selected by the Council, but for the avoidance of doubt this is beyond the intended scope of this report which is required to provide an *'unconstrained assessment'* of the *need* for housing that takes no account of land availability for example<sup>12</sup>.

- 1.6 Given this report's particular consideration of the relationship between housing need and the economy, it is important to acknowledge that it has been finalised at an exceptionally uncertain time. Since production of the draft report, the UK's scheduled departure from the European Union (EU) was delayed to allow for a general election, and despite now having left the EU there remains uncertainty about the nature and impact of new trading relationships. This has been further compounded by the coronavirus pandemic, which culminated in an unprecedented shutdown of economic activity in the UK and across the world with an indeterminate period of recovery. While this is yet to have been reflected in local data that could be drawn upon in a report of this nature, with no attempt made to do so on this basis, it clearly increases the level of uncertainty when considering the prospect of future economic growth in any area, including Ribble Valley. On this basis, given that the report is to be used to inform a review of the Local Plan – with a separate update of the evidence on employment land already scheduled to follow – the Council is advised to closely monitor both wider and local economic trends in the context of conclusions drawn at a point in time within this report.

## Report Structure

- 1.7 The report is structured as follows:

- **Section 2 – Current Housing Stock and Occupancy Trends** – an up-to-date profile of the existing housing stock in Ribble Valley, with consideration of how this stock is currently occupied by different groups;
- **Section 3 – Outcome of the Standard Method** – the standard method is followed to calculate the minimum annual need for housing in Ribble Valley. The inputs to the calculation are introduced, with modelling presented to provide an estimate as to the implications that such a level of provision may have on the population and local economy over the projection period;
- **Section 4 – Prospect of Higher Housing Need** – in accordance with the PPG, consideration is given to whether it may be appropriate to recognise and plan for a higher housing need figure than the standard method indicates for Ribble Valley. This takes account of economic growth strategies, past housing delivery and previous assessments of housing need;
- **Section 5 – Tenure, Size and Type of Housing Needed** – the overall housing need established in the preceding sections is segmented to estimate the size, type and tenure of housing needed by different groups, taking account of the age profile and household mix;

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<sup>12</sup> PPG Reference ID 2a-001-20190220

- **Section 6 – Affordable Housing Need** – the specific need for affordable housing is calculated, following the well-established stepped methodology that is retained in the PPG. Consideration is subsequently given to how this need could be met through different types of affordable housing products;
- **Section 7 – Specific Needs of Different Groups** – a more detailed consideration of the specific needs of different groups, namely older people, families, people with disabilities, key workers and those requiring self-build or custom build housing; and
- **Section 8 – Conclusions** – a concise overview of the findings and implications of this report.

## 2. Current Housing Stock and Occupancy Trends

- 2.1 This section provides an up-to-date profile of the current housing stock of Ribble Valley, and its defining characteristics. It subsequently considers how the housing stock is occupied by different groups.

### Ribble Valley's Housing Stock

- 2.2 Data published by the Valuation Office Agency<sup>13</sup> (VOA) records a total of 26,650 homes in Ribble Valley as of 2018. The VOA has produced comparable statistics since 2015, indicating that the number of properties in the borough has grown by 1,140 during this period<sup>14</sup>. This represents growth of over 4%, which is higher than the circa 2% growth recorded both in Lancashire<sup>15</sup> and the wider North West region over this period and indeed higher than the circa 3% recorded in England as a whole.
- 2.3 Monitoring by the Council indicates that this three year period captures around half of the homes completed in the borough over the first decade of the current plan period (2008-18). Housing delivery has been notably higher in the latter half of the decade, averaging circa 324 dwellings per annum between 2013 and 2018 compared to only 110 dwellings per annum over the preceding five years. These longer-term trends in past delivery are considered in further detail in section 4 of this report, with the analysis in this section focusing on short-term trends to reflect the availability of VOA data.
- 2.4 In order to establish the defining characteristics of Ribble Valley's housing stock, the remainder of this section analyses and presents key indicators relating to property size, type and Council Tax band. The latest datasets are used to compare the borough's stock profile against that of wider comparator geographies, including Lancashire, the North West and England as a whole.

### Property Size

- 2.5 The VOA data introduced above enables up-to-date analysis to be conducted in terms of the size profile of current stock in Ribble Valley. Figure 2.1 shows the make-up of stock by bedroom size in 2018 using this dataset.

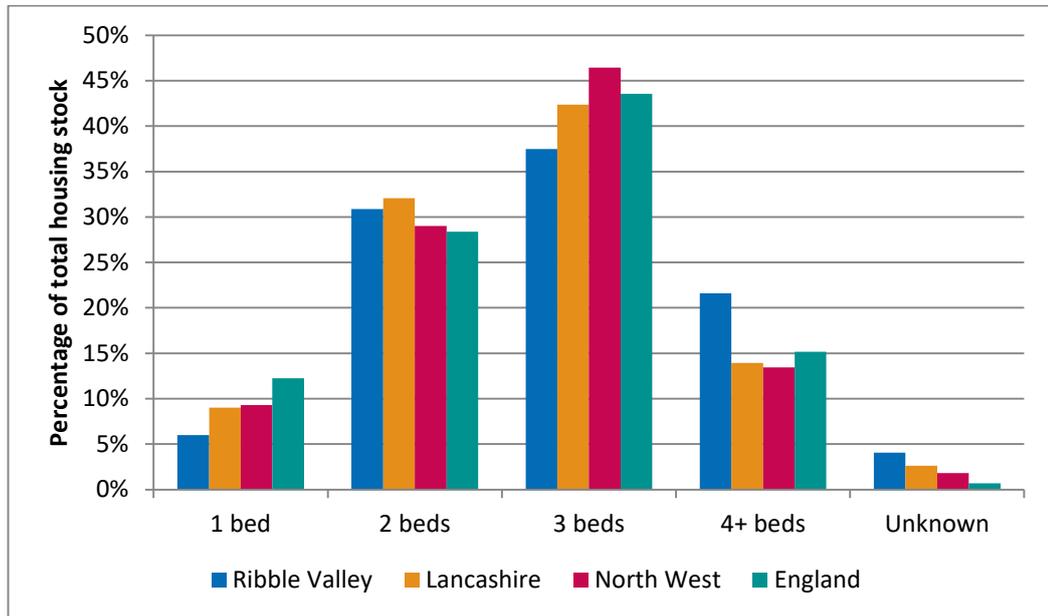
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<sup>13</sup> Valuation Office Agency (2018) Council Tax statistics

<sup>14</sup> This is broadly consistent with Council monitoring data, which recorded 1,090 completions in Ribble Valley between 2015/16 and 2017/18.

<sup>15</sup> This and all subsequent references to Lancashire *include* the unitary authorities of Blackburn with Darwen and Blackpool

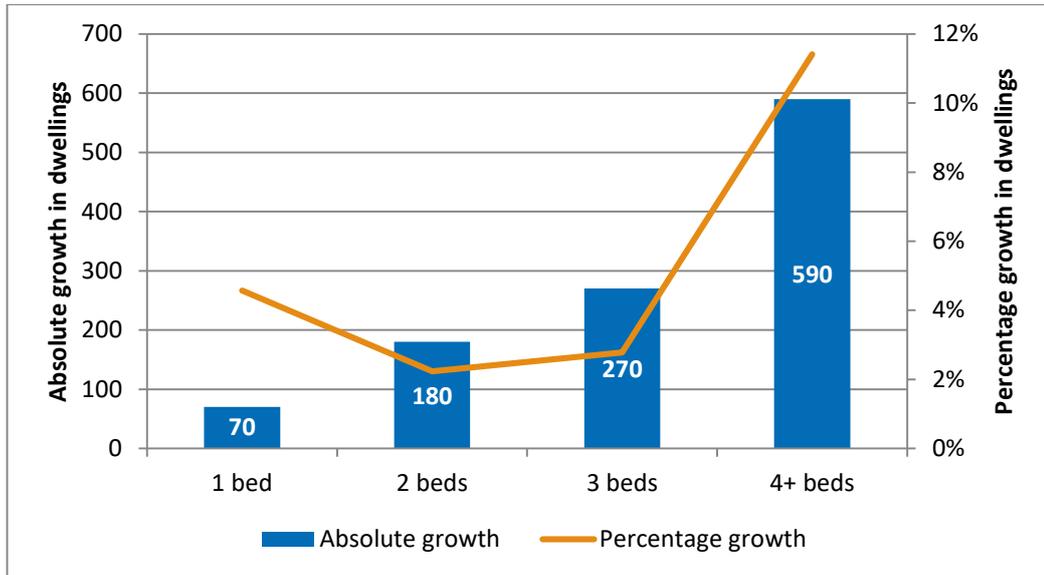
**Figure 2.1: Housing stock by property size in Ribble Valley and comparator geographies, 2018**



*Source: Valuation Office Agency, 2019*

- 2.6 Whilst, as with all comparator geographies, 3-bedroom dwellings are the most prevalent house size in the borough (albeit making a lower proportionate contribution to total stock than the comparators), it can also be seen that Ribble Valley has relatively high proportion of properties with 4 or more bedrooms – circa 22% of its total stock, in comparison with the 14% recorded in Lancashire.
- 2.7 In contrast, representing around 6% of total stock, Ribble Valley has a relatively low proportion of 1-bed properties (in comparison with the circa 9% recorded in Lancashire and the wider North West region and 12% in England as a whole).
- 2.8 Figure 2.2 shows the absolute and proportionate growth in Ribble Valley’s housing stock in terms of house size over the period 2015 to 2018. This provides an insight into recent changes in the stock profile, noting (as referenced above) that this dataset does not allow for a longer historic period to be analysed and that the Council does not currently monitor the size of housing completed in the borough.

**Figure 2.2: Change in Ribble Valley housing stock by property size, 2015 – 2018**



*Source: Valuation Office Agency, 2019*

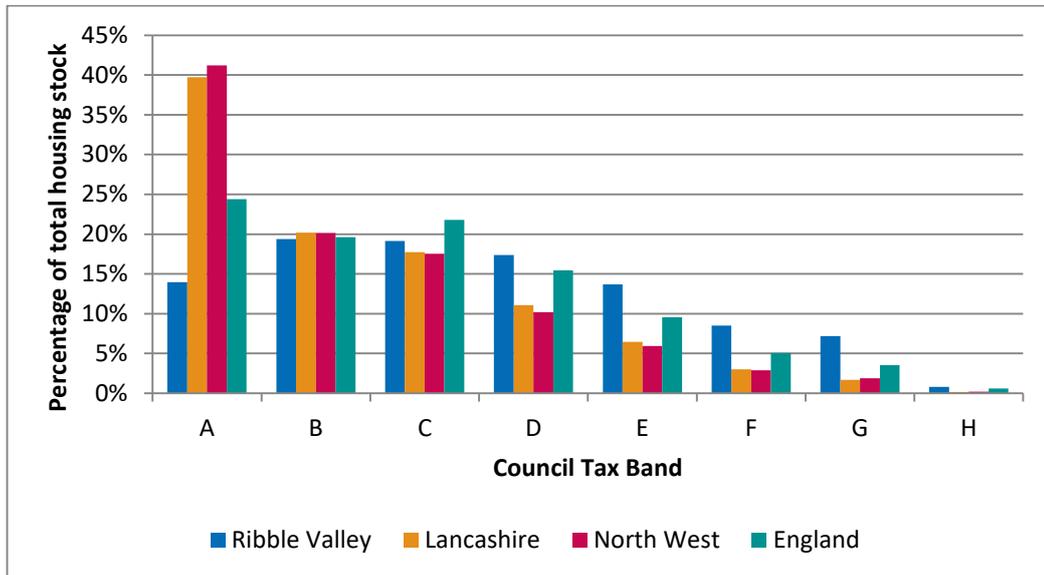
- 2.9 It can be seen that both the greatest absolute and proportionate growth came in the number of additional properties with 4 bedrooms or more.
- 2.10 Whilst 1-bedroom properties saw the smallest growth in number of all sizes (70), this nonetheless represented a higher proportionate growth than was recorded for 2 and 3-bedroom properties.

**Council Tax Band**

2.11 Analysis of the borough’s stock in terms of Council Tax band can be useful to help draw conclusions as to not only to the overall scale of existing provision but also the quality of the borough’s housing stock, relative to wider comparator areas. This recognises that a property’s Council Tax band is based on its value, which is in turn based on a number of factors, including the size, location and type of properties. Data published by the VOA records the number of properties by Council Tax band in local authorities in England<sup>16</sup>, with this shown in Figure 2.3.

<sup>16</sup> Valuation Office Agency (2019) Council Tax statistics

**Figure 2.3: Housing stock by Council Tax band in Ribble Valley and comparator geographies, 2018**

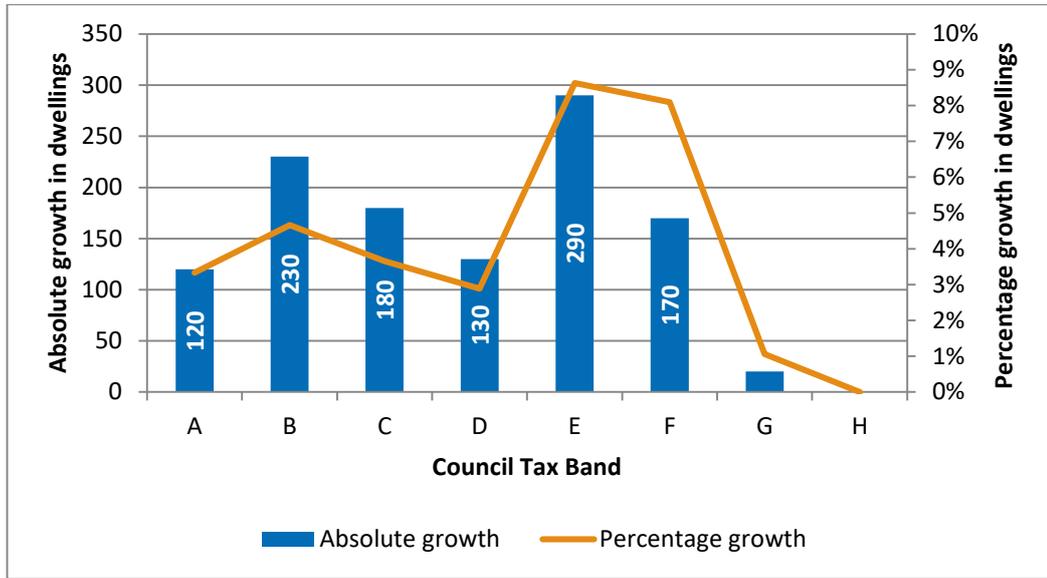


*Source: Valuation Office Agency, 2019*

2.12 This shows that a high proportion of properties in Ribble Valley are categorised within Council Tax Band D and above (these generally being higher value properties) relative to all comparator geographies. Conversely, a low proportion of the borough stock is within Council Tax Band A – particularly in comparison with Lancashire and the North West. This, in part at least, reflects the above findings that the area’s housing stock is weighted towards larger properties.

2.13 Again, it is useful to understand recent changes with Figure 2.4 showing the breakdown of the absolute and proportionate increases in dwelling numbers by Council Tax Band. There was a 9% increase in the borough’s stock of Band E dwellings, with Band E also being that which saw the greatest increase absolute increase in dwelling numbers. Band F properties saw similar proportionate levels of growth (8%). Whilst Band B properties increased in number by 230 over this period (the second-highest absolute growth of all bands), the proportionate growth in stock was more modest (at under 5%).

**Figure 2.4: Change in Ribble Valley housing stock by Council Tax band, 2015 - 2018**



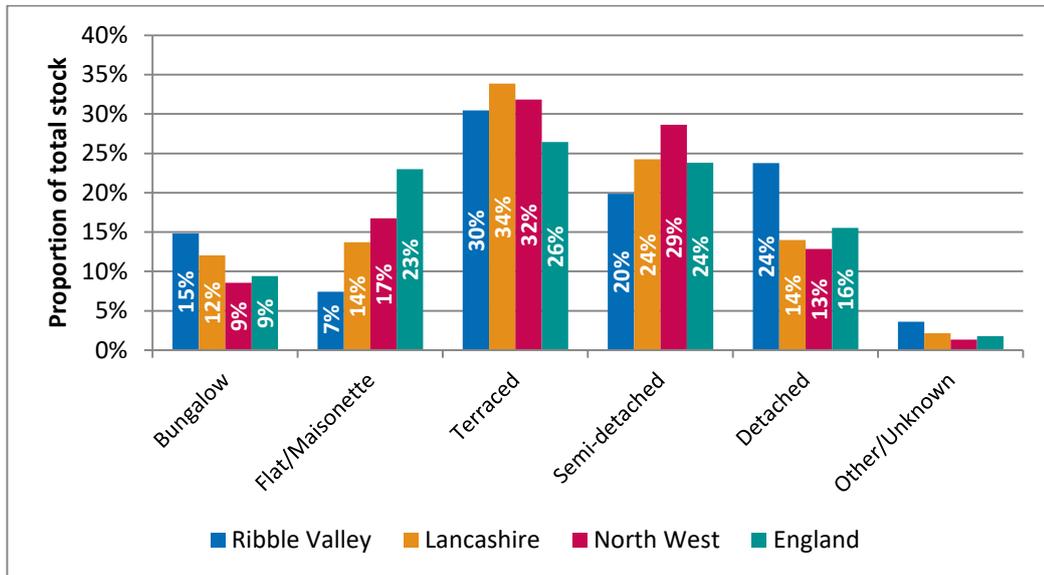
Source: Valuation Office Agency, 2019

2.14 The above indicates that, despite some delivery of properties in lower Council Tax bands, the past 3 years of housing delivery and overall profile of Ribble Valley’s stock has been increasingly orientated towards higher-value dwellings, especially relative to wider areas such as Lancashire and the North West.

**Property Type**

2.15 A comparable analysis has finally been undertaken in terms of the profile of current stock by property type, which is summarised at Figure 2.5.

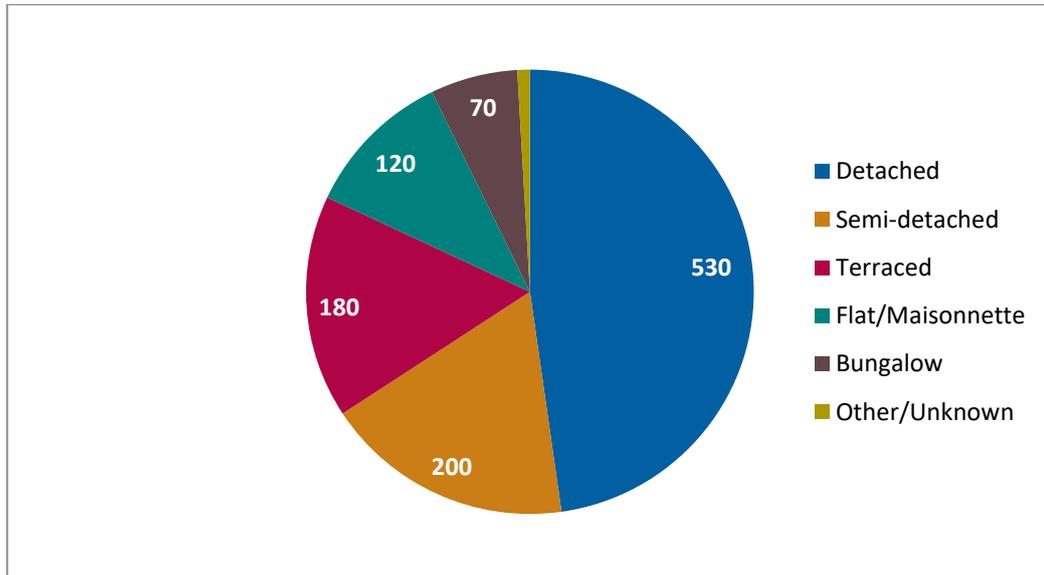
**Figure 2.5: Housing stock by property type in Ribble Valley and comparator geographies, 2018**



*Source: Valuation Office Agency, 2019*

- 2.16 As could be expected following the above analysis of Council Tax bands and dwelling sizes, Ribble Valley has a high proportion of detached houses relative to comparator geographies – this property type being that which is likely to be higher-value and with a greater number of bedrooms. Similarly, the borough has a low representation of flats/maisonettes in comparison with wider areas, with these properties likely to be lower-value and with fewer bedrooms.
- 2.17 Another point of note is that approximately 15% of properties in Ribble Valley are bungalows, this being a higher proportion than in Lancashire, the North West and England as a whole.
- 2.18 Figure 2.6 considers how this type profile has changed. Recent growth in Ribble Valley’s dwelling stock has clearly been oriented towards the provision of detached housing, this type of dwelling accounting for almost half (48%) of the area’s new housing since 2015. Flats comprised approximately 11% of the borough’s new housing during this period.

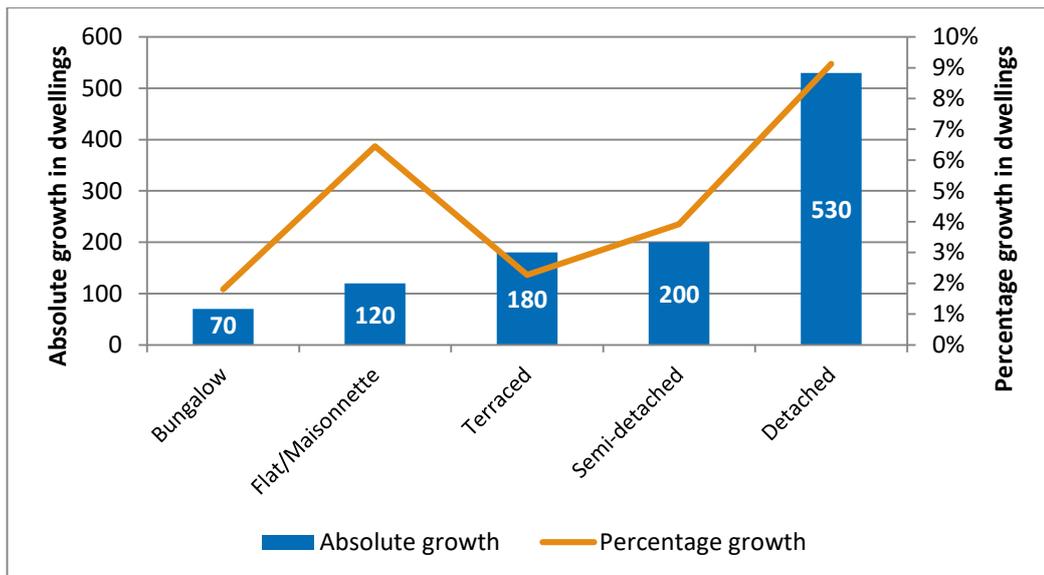
**Figure 2.6: Change in Ribble Valley housing stock by property type, 2015 - 2018**



Source: Valuation Office Agency, 2019

2.19 Further analysis of the change in stock over this period shows that the high absolute delivery (530) of detached housing was matched in terms of high proportionate delivery, with this type of this house growing by circa 9%. As seen in the previous analysis of 1-bed properties, whilst flats/maisonnettes represent a low proportion of total stock and was the house type with amongst the lowest levels of absolute delivery, the proportionate increase in this type of property was higher than all other types apart from detached.

**Figure 2.7: Change in Ribble Valley housing stock by property type, 2015 - 2018**



Source: Valuation Office Agency, 2019

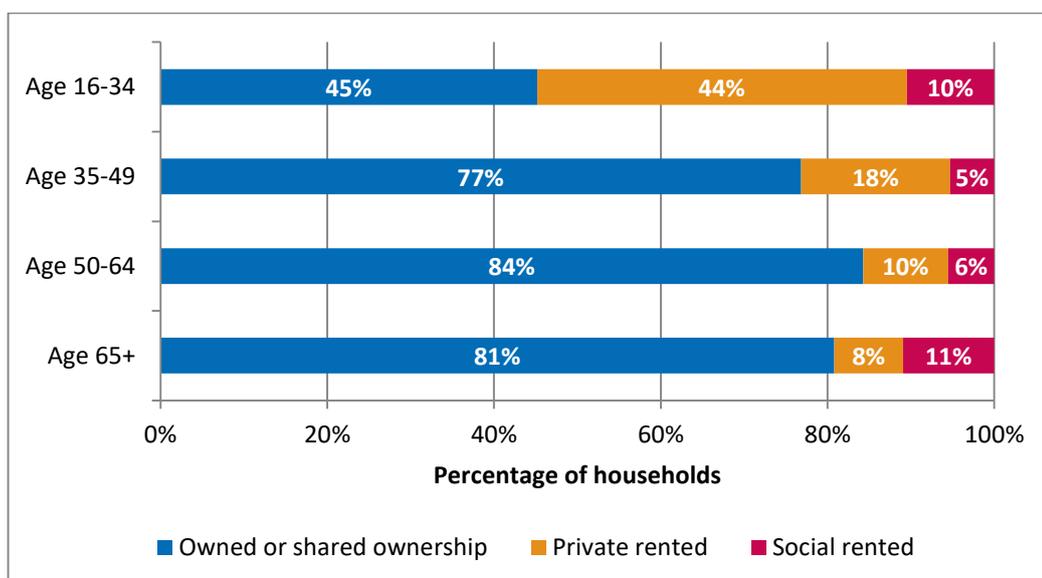
## Housing Occupancy in Ribble Valley

- 2.20 The majority of the housing stock in Ribble Valley is occupied, Council Tax data<sup>17</sup> indicating that only 3.3% of the borough’s stock is vacant or used as a second home as of October 2018. This continues to broadly reinforce the findings of the 2011 Census, which suggested that 3.9% of dwellings were not occupied by a household whilst suggesting that existing housing stock has potentially become even more well-occupied
- 2.21 Understanding the profile of households occupying housing in Ribble Valley provides important insights into the local housing market. Equally current trends in housing occupancy are also a key consideration in the analysis of indicative housing needs for different sizes, types and tenures of housing in the future, as covered in section 5 of this report.

### Age

- 2.22 Data from the 2011 Census enables analysis to be conducted as to the age of a property’s Household Reference Person (HRP). The HRP is the individual taken to represent the household for statistical purposes.
- 2.23 The below chart shows the breakdown of housing tenures for different age groups of HRP. It can be seen that households headed by 16-34 year olds are significantly less likely to own their home than older age groups, and are thus more likely to rent, particularly through the private rental sector. The proportion of households renting privately decreases with the age of the HRP, whilst renting social housing is most prevalent at opposite ends of the age spectrum i.e. younger households and those aged over 65.

**Figure 2.8: Tenure by age of HRP in Ribble Valley, 2011**



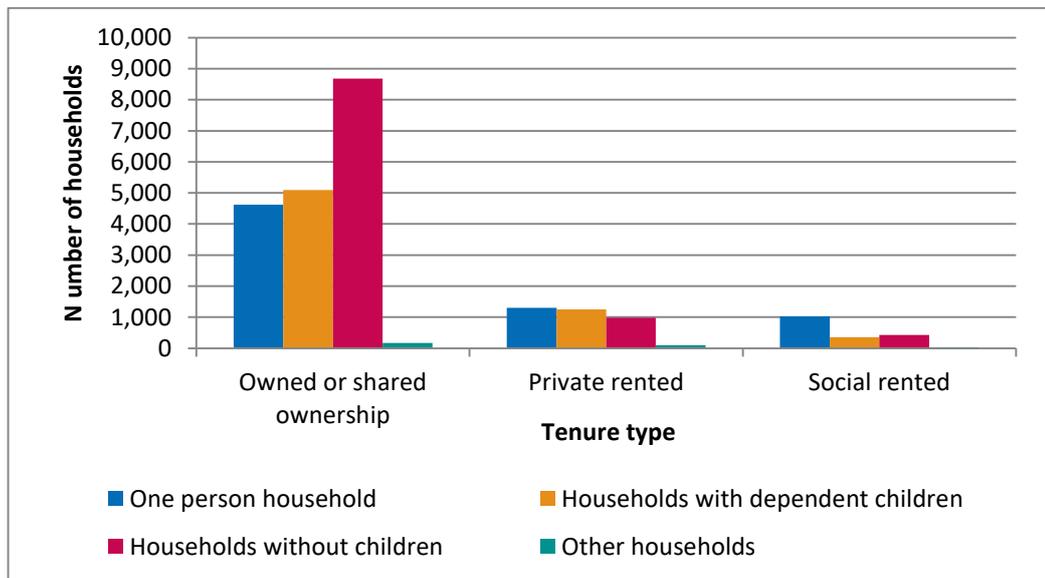
Source: ONS via Nomis, 2011

<sup>17</sup> MHCLG (2018) Council Taxbase 2018 in England

**Household Type**

- 2.24 The type of households (i.e. their demographic make-up, for example whether households are occupied by people living alone or by families with or without children) also represents an important understanding as to how stock is utilised.
- 2.25 Figure 2.9 shows that ownership and shared ownership of homes<sup>18</sup> is by far the most prevalent type of tenure in Ribble Valley, with significantly fewer households living in private rented properties and fewer still renting in the social sector.
- 2.26 Families without children occupy the greatest share of Ribble Valley’s owned/shared ownership homes. A broadly similar number of dwellings of this type of tenure are occupied by one person households and households with dependent children.
- 2.27 The occupation of social rented homes is dominated by one person households, who account for over 50% of dwellings of this tenure type. Households with dependent children are the least represented household type in the social housing sector<sup>19</sup>.
- 2.28 There is a more even spread of household types across the private rental sector, albeit private rented housing is slightly more prevalent amongst one person households than households with and without dependent children.

**Figure 2.9: Tenure by household type in Ribble Valley, 2011**



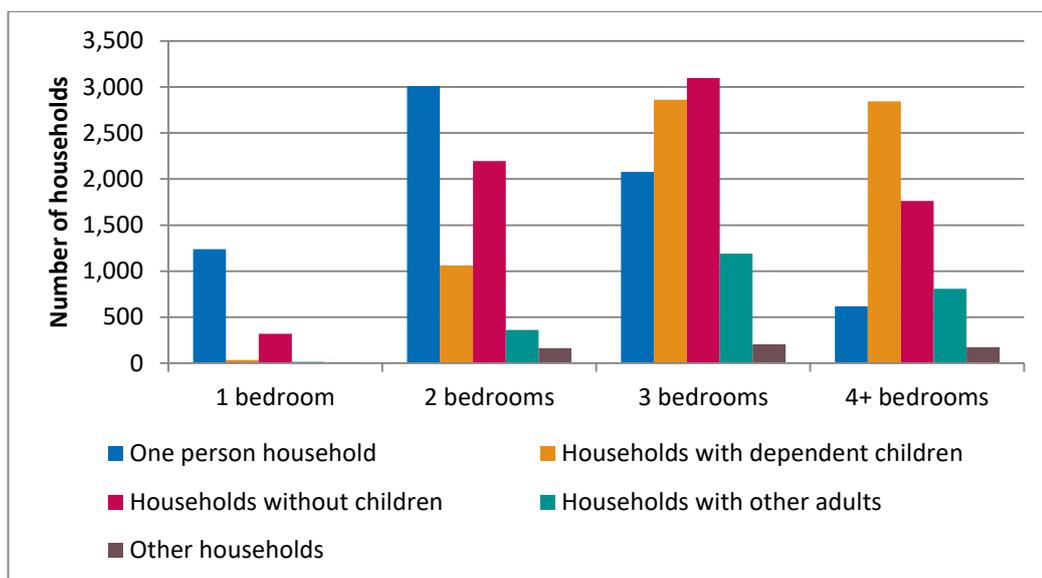
Source: ONS via Nomis, 2011

- 2.29 The size of housing occupied by different household types in Ribble Valley is shown at Figure 2.11 with this providing a further insight into how homes are occupied in the borough.

<sup>18</sup> The 2011 Census does not split these tenures when breaking down by household type, and as such they are considered collectively in this section

<sup>19</sup> Aside from 'Other households', which for the purposes of this analysis are classified as multi-person households in which all occupants are either full-time students or other residents.

**Figure 2.10: Property size by household type in Ribble Valley, 2011**



Source: ONS via Nomis, 2011

- 2.30 It can be seen that the most prevalent occupiers of smaller dwellings (i.e. one and two-bedroom properties) are one person households, whilst households with dependent children occupy the largest proportion of properties with 4 or more bedrooms.
- 2.31 The most common occupiers of Ribble Valley’s 3-bedroom homes are households without children. This suggests that there may be a level of under-occupancy within homes of this size, which is reaffirmed by the occupancy rating produced with the Census to compare households’ bedroom requirements with their actual property size. As summarised in Table 2.1, this shows that the vast majority (96%) of households without children have at least one more bedroom than required, based on the bedroom standard<sup>20</sup>. Under-occupancy is also prevalent amongst one person households, but less common amongst households with dependent children and other households. In contrast, there is a degree of overcrowding amongst such households, albeit not to the extent seen in Lancashire, the North West or England<sup>21</sup>.

<sup>20</sup> The 2011 Census drew its bedroom standard from the definition provided through the Housing (Overcrowding) Bill of 2003. It should be noted that this may differ from other standards used by the Council for the purposes of applying the spare room subsidy, commonly known as the “bedroom tax”

<sup>21</sup> 4% of households with dependent children in Ribble Valley have one fewer bedroom than required, which falls below the average for Lancashire (9%), the North West (9%) and England (11%). 7% of other households in the borough have one fewer bedroom than required, which similarly falls below the average for Lancashire (11%), the North West (14%) and England (19%)

**Table 2.1: Overcrowding and under-occupancy by household type, 2011**

	Actual bedrooms relative to standard			
	+2 or more	+1	0	-1
One person household	39%	43%	18%	0%
Households without children	66%	30%	4%	0%
Households with dependent children	26%	40%	29%	4%
Households with other adults	27%	44%	26%	2%
Other households	20%	35%	38%	7%
<b>All households</b>	<b>42%</b>	<b>38%</b>	<b>18%</b>	<b>2%</b>

Source: ONS via Nomis, 2011

## Summary

- 2.32 As recorded by the VOA, Ribble Valley’s housing stock numbered 26,650 homes as of 2018, having grown by 1,140 houses (circa 4%) since 2015. This is a higher rate of growth than recorded in Lancashire, the wider North West region and indeed England as a whole.
- 2.33 Analysis shows that Ribble Valley’s housing stock is orientated towards larger, most likely higher-value properties, and that housing delivery over the past three years has continued this trend. There is low proportion of 1-bed properties in the borough relative to wider comparator geographies.
- 2.34 The way in which housing in Ribble Valley is occupied has subsequently been considered. The majority of properties in the borough are owned (or owned under shared ownership) with significantly fewer households living in private rented properties and fewer still renting in the social sector. Younger households are considerably less likely to own their home than older age-groups and the contribution of the private rental sector lessens with age. Social rented homes are most prevalent amongst households younger than 35 and those over the age of 65, making a lower contribution to the housing of age-groups in between.
- 2.35 As is to be expected smaller household types generally occupy smaller houses and vice versa. However, some level of under-occupancy of larger housing has been identified, particularly in terms of households without children (many of whom are older people) and one person households.

### 3. Outcome of the Standard Method

- 3.1 This section provides an overview of the standard method as set out within the NPPF and PPG, and applies the method to generate a minimum annual housing need figure for Ribble Valley. It subsequently considers how such a level of housing delivery may affect the borough's population and the local economy, drawing upon demographic modelling provided by Edge Analytics.

#### Background

- 3.2 A new standardised approach to assessing housing needs was one of the 'radical' reforms proposed by the Government in February 2017 within its Housing White Paper, in order to address the national housing crisis and 'get more homes built right now and for many years to come'<sup>22</sup>.
- 3.3 In September 2017, the Government published a proposed method as part of its consultation on 'planning for the right homes in the right places'<sup>23</sup>. This drew upon the most recent official household projections as its baseline, with an adjustment formulaically applied to take account of the relationship between median house prices and earnings. The overall scale of adjustment was proposed to be capped at 40% above recently adopted housing requirements, or household projections if higher than requirements adopted more than five years ago.
- 3.4 The Government referred to the same formula in a subsequent consultation on draft revisions to the NPPF, which included proposed changes to the PPG<sup>24</sup>.
- 3.5 The NPPF was formally revised in July 2018, and subject to further minor updates in February 2019. It confirms that:
- "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for"*<sup>25</sup>
- 3.6 While the PPG was simultaneously updated in July 2018 to refer to the method originally proposed by the Government, it highlighted that its outputs were likely to 'significantly' reduce following the imminent release and incorporation of new 2016-based household projections<sup>26</sup>. Such a reduction conflicted with the Government's

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<sup>22</sup> DCLG (2017) Fixing our Broken Housing Market: housing white paper, p7

<sup>23</sup> DCLG (2017) Planning for the right homes in the right places: consultation proposals

<sup>24</sup> MHCLG (2018) National Planning Policy Framework: draft text for consultation; MHCLG (2018) Draft Planning Practice Guidance

<sup>25</sup> MHCLG (2019) National Planning Policy Framework, paragraph 60

<sup>26</sup> MHCLG (2018) Government response to the draft revised National Planning Policy Framework consultation: a summary of consultation responses and the Government's view on the way forward, p26-27

objective of building more homes, leading to a further consultation which considered how planning policy could support *'a market that works for everyone'* by delivering 300,000 homes each year in a way that provides *'stability and certainty'* and responds to both *'movements in projected households'* and *'price signals'*<sup>27</sup>.

3.7 The Government concluded that *'the best way of responding to the new ONS household projections'*, while delivering on these principles, would be to retain the 2014-based household projections as the baseline for the standard method. It considered options which used the 2016-based projections, but concluded that all such options would lead to *'significant change'* at a local level and cause *'unacceptable'* delays in plan-making<sup>28</sup>. The Government therefore proposed to:

- Specify, for the short-term, that the official 2014-based projections provide the demographic baseline for the assessment of local housing need;
- Make clear in the PPG that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard method; and
- Review the formula over the longer term with a view to establishing a new method by the time the next projections are issued in 2020.

3.8 This scheduled point of review is rapidly approaching at the time of writing, with 2018-based household projections expected early in summer 2020. The Government has recently reaffirmed its commitment to *'reviewing the formula for calculating local housing need'* and introducing *'a new approach which...makes sure the country is planning for the delivery of 300,000 new homes a year'*<sup>29</sup>. There remains no clarity of the eventual form of any revised method at the time that this report has been finalised, however.

3.9 In the interim, the PPG – as updated in February 2019 – clearly confirms that the 2014-based household projections should form the baseline for the standard method, in order to:

*"...provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes"*<sup>30</sup>

3.10 This baseline continues to be adjusted *'based on the affordability of the area'*, inputting the most recent median workplace-based affordability ratios produced by the Office for National Statistics (ONS) into a defined formula<sup>31</sup>. This adjustment is seen to be necessary as *'household growth on its own is insufficient as an indicator of future housing need'*, because:

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<sup>27</sup> MHCLG (2018) Technical consultation on updates to national planning policy and guidance, paragraph 18

<sup>28</sup> *Ibid*, paragraph 26

<sup>29</sup> MHCLG (2020) Planning for the Future, paragraph 10 (3)

<sup>30</sup> PPG Reference ID 2a-005-20190220

<sup>31</sup> PPG Reference ID 2a-004-20190220

- Household formation is constrained to the supply of available properties, such that new households cannot form if there is nowhere for them to live; and
- People may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford<sup>32</sup>.

3.11 The cap above housing requirements adopted in the past five years, or earlier if higher than the household projections, is designed to ensure that the minimum figures generated through the standard method are '*as deliverable as possible*'. The PPG confirms that the cap reduces the numbers generated through the method but '*does not reduce housing need itself*', and an early review may therefore be required '*to ensure that any housing need above the capped level is planned for as soon as is reasonably possible*'<sup>33</sup>.

### Inputs

3.12 The standard method is based on three inputs, namely the 2014-based household projections, the latest published affordability ratios and the most recently adopted housing requirement. These inputs are introduced below before the calculation is undertaken.

#### **2014-based household projections**

3.13 The 2014-based household projections should be used to set the baseline for the standard method<sup>34</sup>. The average annual household growth projected over ten years, from the current year, should be calculated. As of 2019, when the informing analysis for this report was undertaken, the following table shows that this produced a **baseline annual figure of 126** for Ribble Valley. The implications of moving the baseline to reflect 2020 as the current year are confirmed later in this section.

**Table 3.1: 2014-based Household Projections for Ribble Valley**

	2019	2029	Total change	Average annual change
Households	25,644	26,903	1,259	126

Source: MHCLG

#### **Affordability ratio**

3.14 The ONS annually publishes ratios which measure the relationship between median house prices and median earnings for people working in local authority areas<sup>35</sup>. The PPG confirms that the latest such ratio should be used to formulate the affordability adjustment, at Step 2 of the calculation.

<sup>32</sup> PPG Reference ID 2a-006-20190220

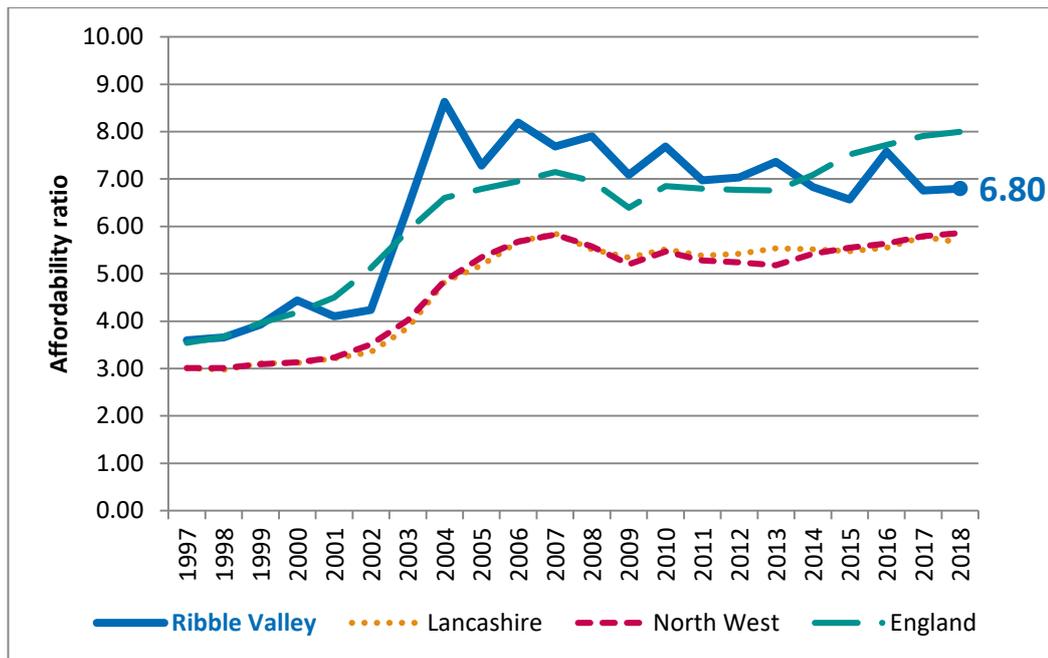
<sup>33</sup> PPG Reference ID 2a-007-20190220

<sup>34</sup> PPG Reference ID 2a-004-20190220

<sup>35</sup> ONS (2019) Housing affordability in England and Wales: house price to workplace-based earnings ratio

3.15 Ratios published in March 2019 indicate that median house prices in Ribble Valley equated to **6.80 times median earnings** in 2018. The following chart shows that this is comparatively high in the context of the North West and Lancashire, though the ratio has been relatively stable and indeed has modestly improved by reducing over the past 14 years. It nonetheless continues to far exceed the threshold of 4, beyond which an affordability adjustment is required under the standard method. Where it is recognised that an additional single year of data was published subsequent to the analysis, its impact is confirmed later in this section.

**Figure 3.1: Median Affordability Ratio in Historic and Wider Context**



Source: ONS

**Existing housing requirement**

- 3.16 An existing housing requirement adopted within the past five years, at the point of calculation, is used to limit the increase an individual authority can face when calculating its housing need using the standard method<sup>36</sup>.
- 3.17 The Council adopted its Core Strategy on 16 December 2014, within the past five years at the time of the publication of the draft version of this report but with this period evidently having expired at the point at which it has been finalised.
- 3.18 Nonetheless, for the purposes of establishing the cap, the PPG confirms that the baseline projected household growth should only supersede the existing housing requirement within the calculation if the former is higher<sup>37</sup>. In the case of Ribble Valley, the existing requirement for **280 dwellings per annum**<sup>38</sup> is substantially higher than the

<sup>36</sup> PPG Reference ID 2a-004-20190220

<sup>37</sup> PPG Reference ID 2a-004-20190220

<sup>38</sup> Ribble Valley Borough Council (2014) Core Strategy 2008-2028 A Local Plan for Ribble Valley Adoption Version, Key Statement H1

household projections (280/126). This means that the existing requirement continues to form the basis of the cap, even now that it is over five years old.

## Outcome

3.19 The inputs introduced above were drawn together in September 2019 to apply the standard method as follows:

- Projected annual growth of 126 households forms the baseline for the calculation, under Step 1;
- An upward adjustment of 17.5% is required to be made at Step 2 to take account of the latest published affordability ratio, which showed that house prices equate to 6.80 times earnings. This is based on the precise formula presented in the PPG<sup>39</sup> and elevates the baseline to suggest that **a minimum of 148 dwellings per annum** are needed in Ribble Valley; and
- Housing need can be no more than 40% above the existing requirement of 280 dwellings per annum, capping the housing needs of Ribble Valley at no more than 392 homes per year under Step 3. However, this has **no effect** given that the earlier steps generate a figure which already falls below the cap.

3.20 This calculation is summarised in the following table.

**Table 3.2: Application of the Standard Method for Ribble Valley (September 2019)**

Step		
1	<b>Baseline: projected annual household growth, 2019-29 (2014-based)</b>	<b>126</b>
2	Median affordability ratio, 2018	6.80
	Adjustment factor	1.175
	<b>Baseline with affordability adjustment</b>	<b>148</b>
3	Latest adopted housing requirement	280
	<b>Cap, if applicable</b>	<b>392</b>
	<b>Minimum local housing need, per annum</b>	<b>148</b>

Source: MHCLG; ONS; Turley analysis

3.21 As referenced above, the outcome of the standard method is susceptible to change, principally due to its moving demographic baseline – continuously calculated from the ‘current year’ onwards – and the annual release of new affordability ratios every March. This means that the outcome of the formula has changed between the drafting of this report prior to September 2019, and its finalisation in April 2020. As shown in the following table, the demographic baseline slightly lowers when projected annual household growth is calculated over the decade from 2020. This actually offsets the impact of a slightly larger affordability adjustment, based on a higher ratio published

<sup>39</sup> Adjustment factor of 0.175 = ((6.80-4)/4)\*0.25

for 2019, to imply a slightly lower minimum need for 143 dwellings per annum in Ribble Valley. Where the calculated difference is only five fewer homes per annum, this is considered to represent an extremely modest and largely inconsequential change.

**Table 3.3: Subsequent Change in the Standard Method for Ribble Valley**

Step	September 2019	April 2020
1 Baseline	126	<b>120.5</b>
2 Median affordability ratio	6.80	<b>7.04</b>
Adjustment factor	1.175	<b>1.19</b>
Baseline with affordability adjustment	148	<b>143</b>
3 Cap (not affected or applicable)	392	<b>392</b>
<b>Minimum local housing need, per annum</b>	<b>148</b>	<b>143</b>

Source: MHCLG; ONS; Turley analysis

- 3.22 None of the data currently input to the calculation is due to be updated for the rest of the year, meaning that the outcome of this formula will not change until January 2021. The formula itself is, however, anticipated to be subject to change within this period, in accordance with the Government’s commitment to review the standard method. The Council is advised to monitor official announcements on this review and evaluate its implications for Ribble Valley when further detail emerges.

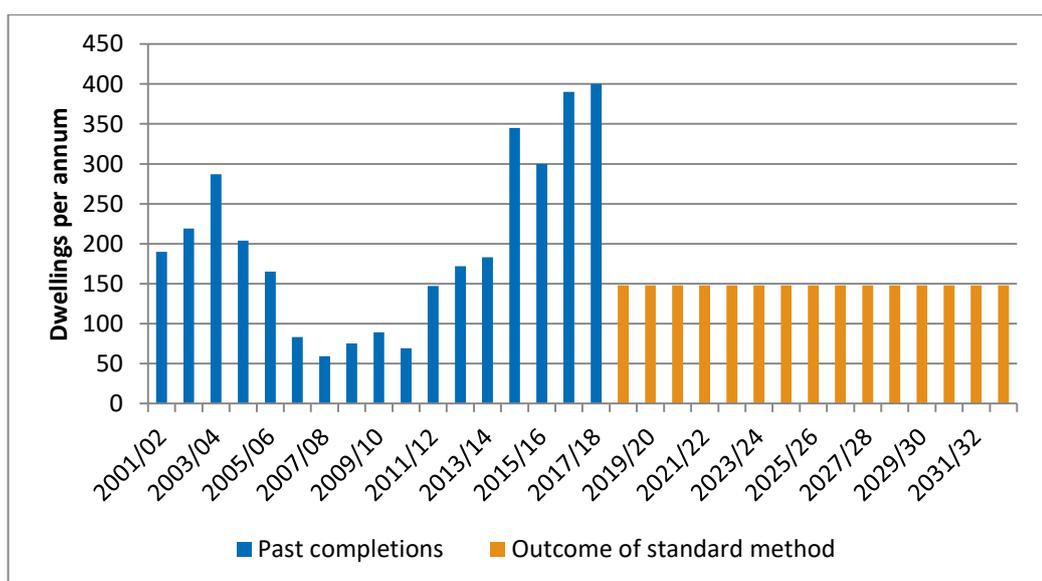
### Potential implications of the standard method

- 3.23 Where it is recognised that the outcome of the standard method is intended to represent only a starting point for understanding local housing need, it is important to consider the potential wider impact of such a level of housing provision on the population and economy of Ribble Valley. This is considered in this sub-section of the report before progressing, in accordance with the PPG, to consider the extent to which it forms an appropriate basis for representing full needs in Ribble Valley in section 4.
- 3.24 It should be noted that this exercise was completed in 2019, and is therefore based on the minimum need calculated through the standard method at that time (148dpa). The slight reduction in the minimum need when recalculated in April 2020 was not felt to warrant remodelling, due to the minimal difference, and as a result the conclusions reached below are considered to remain robust and pertinent in the Council’s translation of its evidence in to emerging draft policy.
- 3.25 The standard method itself makes implicit assumptions on how the population will change during the period over which its baseline was calculated at the time of reporting (2019-29). The official 2014-based projections show the household growth that would be expected in Ribble Valley where the population increased by 1,555 persons over this decade, based on a series of demographic assumptions. This cannot, however, be simply reconciled with the Council’s selection of a plan period which runs from 2018 to 2033, nor take account of population change that has occurred since the 2014 base of the projections (as further considered in section 4 of this report).

3.26 Reflecting these limitations, this study draws upon demographic modelling produced by Edge Analytics to estimate how the population would change if 148 homes were provided annually in Ribble Valley over the likely plan period<sup>40</sup>. This draws upon official projection datasets to estimate demographic impacts over the prescribed plan period and subsequently applies reasonable assumptions on labour force behaviour to establish the resultant capacity to support job growth. Further detail on the methodology is presented in **Appendix 1**.

3.27 At the outset, it is important to recognise that the provision of 148 dwellings per annum (as the outcome from the standard method, at the time of reporting) from 2018 would represent a marked reduction from recent rates of delivery. The model assumes that this reduction occurs immediately, as shown in the following chart, to allow for and reflect the overall provision of 2,220 homes over the plan period to 2033. While it is recognised that such an assumption represents a very simplistic perspective of future supply, at this stage in the plan-making process no more representative position is available and it is considered appropriate for the purposes of this modelling exercise. Further consideration is given to the implications of any implicit reduction from past delivery in the context of the PPG within section 4 of this report.

**Figure 3.2: Comparing Assumed Future Provision with Past Delivery**



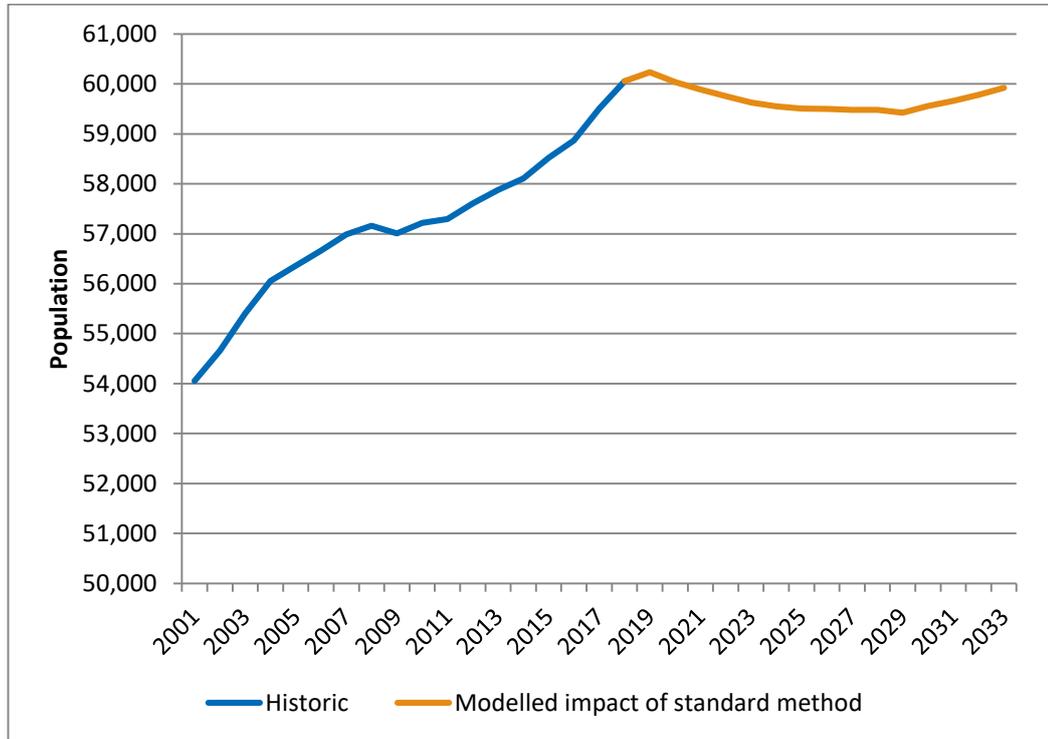
Source: Ribble Valley Borough Council; Turley analysis

3.28 Housing provision does not automatically grow the population, because new homes are often needed by existing residents as they live longer or their household circumstances change (young adults leaving the family home or couples separating, for example). When allowing for these factors, the model suggests that such an immediate slowdown in housing delivery would swiftly halt the long-term trend of population growth in Ribble Valley, as shown in the following chart. This reflects the immediately

<sup>40</sup> Homes are converted to households based on a vacancy rate derived from the latest published Council Tax statistics (3.3%). Households are converted to population using headship rates derived from the 2014-based household projections, with the rates for those aged 25 to 34 adjusted to allow for a recovery to the position recorded in 2001 in accordance with the principles of the affordability adjustment in the standard method.

reduced capacity to accommodate in-migration, relative to recent years, failing to offset a long-term trend that sees deaths outnumber births in the borough. The population would be expected to plateau in these circumstances, reducing from 2019 without recovering to its original level within the plan period.

**Figure 3.3: Population Impact of Aligning with Standard Method in Ribble Valley**



Source: Edge Analytics, 2019

3.29 Over the entire plan period, the modelling therefore indicates that the population of Ribble Valley would be expected to modestly decline where housing is provided to align with the minimum need figure generated by the standard method. As shown in the following table whilst overall the population will decline it is important to recognise that this has a wider impact on the age profile of the borough with older age groups projected to see a large growth, offset by a contraction of all other cohorts. The size of the borough’s working age population, aged 16 to 64, would be expected to reduce by around 11% in these circumstances.

**Table 3.4: Modelled Impact of the Standard Method on Age Profile (2018-33)**

	2018	2033	Change	% change
15 and under	10,302	9,304	-998	-10%
16 to 29	8,278	7,093	-1,185	-14%
30 to 44	8,910	8,723	-187	-2%
45 to 64	18,413	15,932	-2,481	-13%
65 and over	14,154	18,868	4,714	+33%
<b>Total</b>	<b>60,057</b>	<b>59,921</b>	<b>-136</b>	<b>0%</b>
16 to 64	35,601	31,749	-3,852	-11%

Source: Edge Analytics, 2019

3.30 The modelling also highlights that this changing age profile would in turn have impacts upon the capacity of the available local labour-force to support job growth, where reasonable assumptions on labour force behaviour are applied as follows:

- **Unemployment** is assumed to remain fixed at its current rate of 2.7%, reflecting the consistency seen over recent years<sup>41</sup>. It should be noted that this modelling assumption was made prior to the outbreak of coronavirus which has already increased unemployment claims at a national level, albeit the longevity and permanence of this impact remains extremely uncertain at the time of reporting<sup>42</sup>;
- **Economic activity rates** amongst residents aged 16 to 89 are initially derived from the 2011 Census, and are thereafter assumed to change in line with the latest national forecasts produced by the Office for Budget Responsibility<sup>43</sup> (OBR). These forecasts are relied upon by the Government to inform long-term budgetary planning, and are widely used to provide a robust and consistent basis for understanding long-term changes in labour force behaviour at the local level. They allow *inter alia* for increasing economic activity amongst older age groups, as shown at Figure 3 of Appendix 1;

<sup>41</sup> ONS model-based estimates of unemployment suggest that the unemployment rate has averaged 2.8% over the past five years (2014-18)

<sup>42</sup> The OBR produced a “coronavirus reference scenario” in April 2020. While explicitly not a forecast, this provided an initial assessment based on an illustrative assumption that economic activity would be heavily restricted for three months before reverting to normal in the subsequent three months. It estimated that unemployment would steeply rise in the second quarter of 2020 in such circumstances, with a gradual recovery close to pre-virus levels by the final quarter of 2021

<sup>43</sup> OBR (2018) Fiscal Sustainability Report

- The proportion of residents holding more than one job (“**double jobbing**”) is assumed to align with the long-term average of 5.0% recorded in Ribble Valley by the Annual Population Survey<sup>44</sup> (APS); and
- **Commuting** has been held fixed at the rate recorded by the 2011 Census, which remains the most recent comprehensive survey of such movements. The use of a ratio adheres to best practice and captures commuting flows both out of and into Ribble Valley, implicitly allowing for the proportion of residents currently commuting out of the borough for work for example while correctly balancing this against local workers drawn from other areas. The calculated ratio of 0.96 assumes that there will be a continuation of the small net in-commute that existed in 2011, with more people travelling in than out on a daily basis, but also assumes that the absolute number of people moving in each direction changes in proportion with the size of the labour force. For the purposes of modelling, no change in this ratio has been assumed, as any desire to alter commuting trends would require separate discussion and agreement between the Council and affected authorities as part of the Duty to Co-operate process and would represent a policy choice as opposed to an objective evidence-based assumption.

3.31 Based on these assumptions, the outputs of the modelling shown at Table 3.5 below indicate that the provision of 148 dwellings per annum would be unlikely to support job creation in the local economy, and indeed could modestly *reduce* the existing capacity of the labour force. The implications of such an outcome are further considered in section 4 of this report.

**Table 3.5: Modelled Impact of the Standard Method on Local Economy (2018-33)**

Job growth supported	Change (%)	Change per annum (%)
-764	-2.3%	-0.2%

Source: Edge Analytics; Turley analysis

## Summary

3.32 The revised NPPF states that the standard method should be used to determine the minimum need for housing, drawing upon the 2014-based household projections which are adjusted to reflect the relationship between house prices and earnings. The method indicated that **a minimum of 148 dwellings per annum** would be needed in Ribble Valley when the analysis informing this report was predominantly prepared in September 2019, albeit this number is susceptible to change and an updated re-calculation is presented which sees the minimum need reduce by five dwellings per annum. Such a small change is not considered to justify a comprehensive updating of the analysis prepared to inform the draft report with the conclusions drawn on this basis remaining appropriate for the purpose of the Council understanding the implications of providing for a calculated minimum need. It is also recognised in this

<sup>44</sup> In 7 of the past 16 years, the sample size for Ribble Valley has been too small for the APS to report on the number of people with a second job. This average has therefore been calculated over the nine years for which such information was reported

context that there remains the prospect of a more significant and as-yet unforeseeable change once the method is reviewed by the Government this year, and this should be continuously monitored by the Council.

- 3.33 Where 148 dwellings per annum are assumed to be provided over the plan period from 2018, modelling presented in this section suggests that the slowdown from recent levels of delivery would limit future population growth. This reflects the immediately reduced capacity to accommodate in-migration from elsewhere in the UK or overseas, which does not fully offset a long-term trend that sees deaths outnumber births in Ribble Valley.
- 3.34 The population would therefore be expected to remain largely static over the proposed plan period to 2033. Growth would only be seen amongst older cohorts, with an 11% contraction in the working age population (16-64). When applying reasonable assumptions on economic participation and the behaviour of the labour force, the modelling suggests that such a rate of growth would be unlikely to support job creation in the local economy, and indeed could modestly reduce the existing capacity of the labour force.

## 4. Prospect of Higher Housing Need

4.1 The PPG strongly discourages alternative approaches resulting in a housing need figure which falls below the minimum generated through the standard method, in all but exceptional circumstances that it confirms will be closely examined<sup>45</sup>.

4.2 In contrast, however, the PPG is clear to state that it is important to assess the extent to which it might be appropriate to plan for a higher housing need figure. It states in this context that:

*“The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides **a minimum starting point** in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, **there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates**. This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated...”<sup>46</sup> (emphases added)*

4.3 The PPG identifies some of the circumstances that could lead to increased housing need, beyond the past trends that are embedded in the standard method<sup>47</sup>. This is not intended to be exhaustive or to represent a closed list, but includes situations where:

- Deliverable growth strategies are in place;
- Strategic infrastructure improvements are likely to drive an increase in local housing need; or
- An authority has agreed to take on unmet need from a neighbour, as set out in a statement of common ground.

4.4 The PPG further recognises that:

*“There may, occasionally, be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater 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”<sup>48</sup>*

4.5 This section responds to this guidance by considering whether actual housing need in Ribble Valley is likely to be higher than the standard method indicates. This initially interrogates the baseline for the calculation, before reviewing previous assessments of housing need and taking into account evidence of past delivery. The extent to which

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<sup>45</sup> PPG Reference ID 2a-015-20190220

<sup>46</sup> PPG Reference ID 2a-010-20190220

<sup>47</sup> *Ibid*

<sup>48</sup> *Ibid*

the standard method aligns with the borough's economic strategy, and the economic baseline, is then considered based on information available in September 2019. This analysis is drawn together to consider the extent to which circumstances suggest that the full need for housing is higher than the standard method indicates and in turn the likely level of housing need in Ribble Valley in accordance with the PPG.

### Testing the demographic baseline

- 4.6 The precise outcome of the standard method is highly sensitive to its input baseline, drawn from the 2014-based household projections. These projections show *'the number of households there would be in England if a set of assumptions based on previous demographic trends in population – births, deaths and migration – and household formation were to be realised in practice'*<sup>49</sup>.
- 4.7 As such, and as introduced in the preceding section, the precise figure generated through the method is intrinsically linked to the 2014-based sub-national population projections (SNPP) which estimate how births, deaths and migration might affect the population of local authorities, such as Ribble Valley. They take account of official population estimates up to and including 2014, and make assumptions on future changes based on trends recorded in the preceding five year period<sup>50</sup> (2009-14).
- 4.8 The ONS continues to estimate the population of every local authority each year, with the latest such estimates relating to mid-2018. This allows comparison with the population growth suggested in the initial four years of the 2014-based SNPP, to test the reliability and suitability of their assumptions at a high level.
- 4.9 It should be noted that the ONS recently revised its recent population estimates (2012-16) to reflect methodological improvements and previously unavailable data<sup>51</sup>. This had only a minor impact in Ribble Valley, increasing the previously estimated 2014 population by only 14 people with no significant impact on the starting population for the 2014-based SNPP.
- 4.10 However, in looking at the changing size of Ribble Valley's population in recent years in the context of the 2014-based SNPP, it is clear that there has been a marked change in trends. The 2014-based SNPP anticipated that the population of Ribble Valley would grow by circa 610 people between 2014 and 2018, representing population growth of 1.0%. Subsequently released ONS population estimates instead show that the population has actually grown at over three times this rate (3.4%), meaning that the population of Ribble Valley is thought to be circa 2.3% larger in 2018 than was assumed under the official projections used in the standard method calculation.

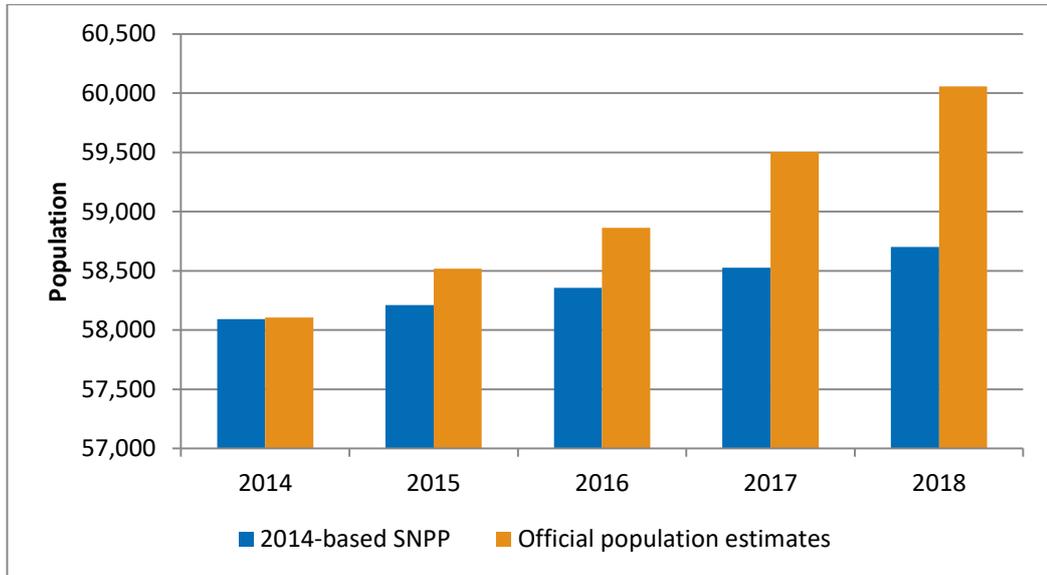
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<sup>49</sup> ONS (October 2018) What our household projections really show

<sup>50</sup> ONS (May 2016) Methodology used to produce the 2014-based subnational population projections for England

<sup>51</sup> ONS (March 2018) Revised population estimates for England and Wales: mid-2012 to mid-2016

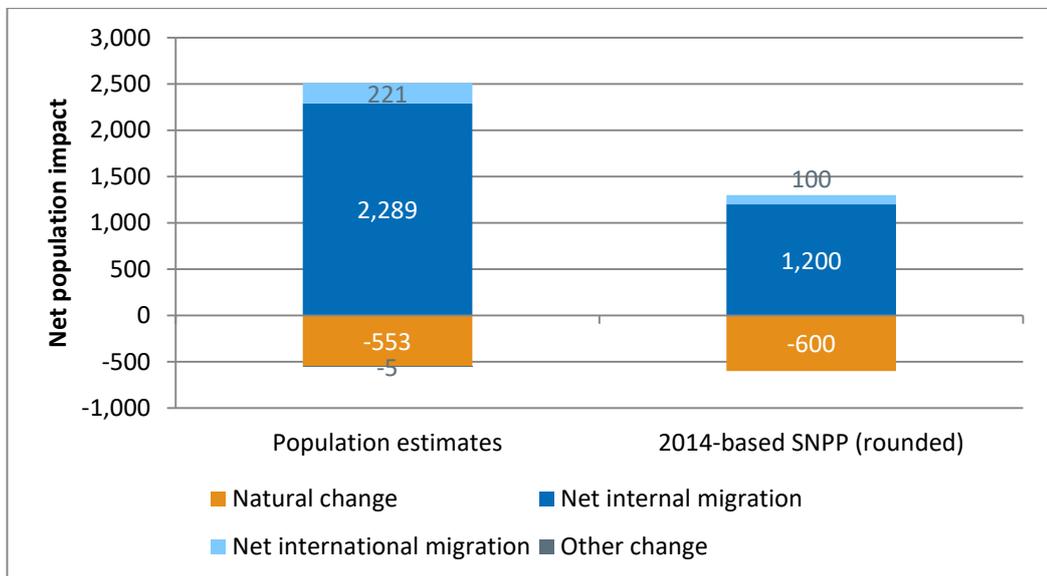
**Figure 4.1: Comparing Projected and Estimated Population (2014-18)**



Source: ONS

- 4.11 The following chart shows that this discrepancy has been primarily caused by a higher than anticipated net inflow to Ribble Valley from other parts of the UK, and to a much lesser extent by a larger net inflow of international migrants.

**Figure 4.2: Components of Projected and Estimated Population (2014-18)**

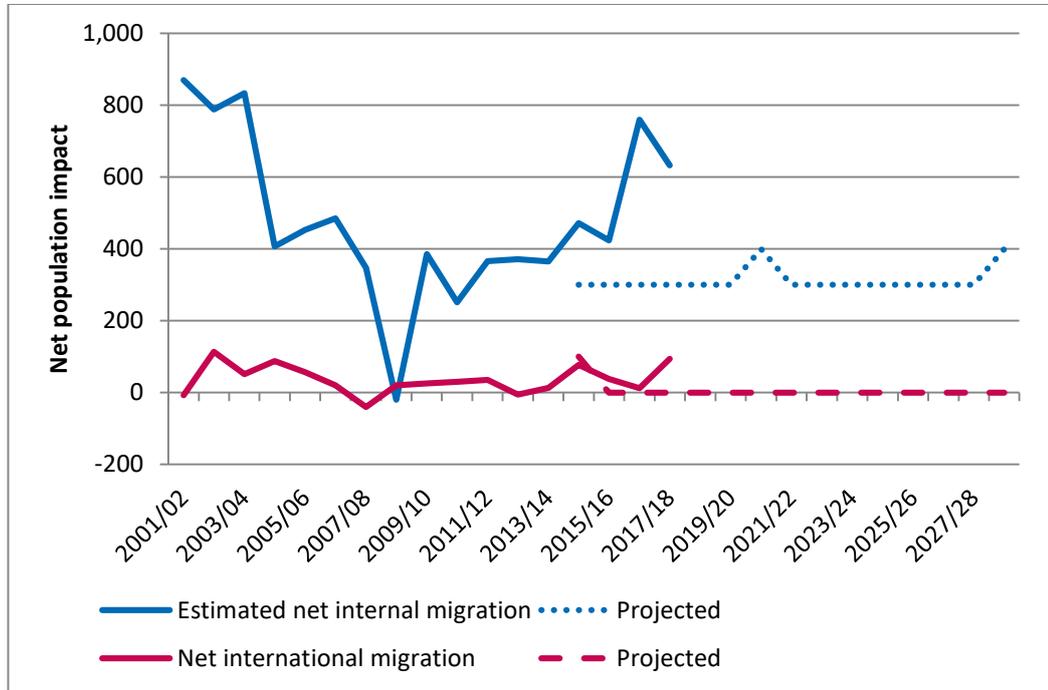


Source: ONS

- 4.12 Such an inflow of people from other parts of the UK is not without precedent in Ribble Valley, and indeed appears more aligned with the long-term trend as shown in the following chart. An inflow as small as that assumed under the 2014-based SNPP has been recorded on only two occasions since 2001 (2008/09; 2010/11). This coincided

with particularly low levels of housing delivery, a point of consideration returned to later in this section.

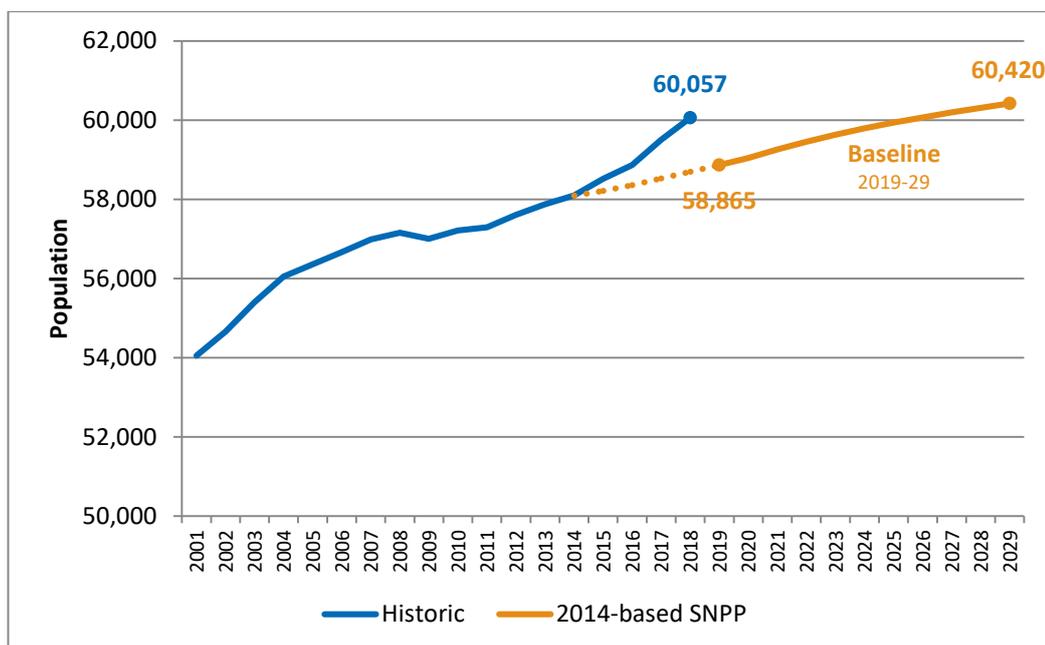
**Figure 4.3: Projected and Estimated Net Internal and International Migration**



Source: ONS

- 4.13 The review of the most up-to-date demographic data available therefore confirms that the standard method for Ribble Valley is predicated upon a demographic baseline which makes relatively conservative assumptions about the factors likely to change the population of the borough, particularly migration from other parts of the UK. Recent estimates suggest that these assumptions are potentially unreliable, with the population growing to a much greater extent than assumed under the baseline official projection.
- 4.14 Furthermore, when the baseline is calculated over ten years from 2019, it does not recognise that the *starting* population is larger than the underlying projections have assumed. This is an important consideration, given that the 2014-based household projections estimate the households that will be formed both by new and *existing* residents. As shown in the following chart, it is already the case that the population of Ribble Valley is almost as large as it was assumed under the 2014-based projections to be in 2029 when calculating the baseline for the standard method.

**Figure 4.4: Benchmarking Population Assumed in Standard Method Baseline**



Source: ONS

- 4.15 Recognising that the standard method is intended to produce only a ‘*minimum*’ figure, the limitations and consequences of the input baseline population projection (noting this is separate to the linked household projection) should be kept in mind when considering whether it is appropriate to plan for a higher level of housing need in Ribble Valley.

**Previous assessments of need**

- 4.16 The PPG recognises that there may be situations where previous assessments, in a ‘*recently-produced Strategic Housing Market Assessment*’ or similar, identified a ‘*significantly greater*’ need than implied by the standard method. It confirms that this will need to be taken into account ‘*when considering whether it is appropriate to plan for a higher level of need than the standard model suggests*’<sup>52</sup>.
- 4.17 The Council last published such an assessment in May 2013, during a suspension of the then-ongoing examination of its Core Strategy<sup>53</sup>. The extent to which this can be considered to have been ‘*recently-produced*’ is admittedly debatable<sup>54</sup>. Nonetheless, it provides helpful context in interpreting the outcome of the standard method, alongside the analysis subsequently presented in this section.

<sup>52</sup> PPG Reference ID 2a-010-20190220

<sup>53</sup> Planning Inspectorate (November 2014) Report on the Examination into the Ribble Valley Core Strategy, paragraph 55

<sup>54</sup> PPG Reference ID 2a-010-20190220

4.18 The Housing Requirement Update<sup>55</sup>, produced in May 2013, presented a wide range of future growth scenarios, linked to demographic trends, future job growth, past delivery and regional requirements. It recommended a housing requirement for Ribble Valley which ranged between 220 and 250 dwellings per annum, which would:

*“...at a minimum, meet need and demand arising from future projected demographic change within the borough, but would also (at the top end of the range) support some economic growth, and would deliver affordable housing to respond to (at least some of) identified local needs”<sup>56</sup>*

4.19 It did, however, note that 280 dwellings per annum would be needed to support the job growth anticipated in the Council’s Employment Land Review (ELR). It cautioned that:

*“...if the Council were to pursue a figure significantly lower than 280 dpa whilst also planning for annual job growth of 100 per annum to 2028 despite an ageing population, it would need to explain how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach would give rise to”<sup>57</sup>*

4.20 It stopped short of endorsing this higher figure due to ‘*the need to balance constraints to delivery*’, directly questioning whether ‘*a figure of 280 dpa can realistically be achieved in an area which only averaged 225 dpa pre-housing moratorium/recession*’<sup>58</sup>. It considered that changing commuting patterns, increased economic activity or reduced unemployment could potentially play a role in addressing any shortage of labour, though in respect of the latter two factors it noted that improvements of this nature ‘*would be very difficult to achieve in Ribble Valley*’ due to the existing characteristics of the resident labour force<sup>59</sup>.

4.21 The Inspector evidently came to a different view, and questioned whether such measures would be sufficient to prevent adverse housing and economic outcomes given the housing implications of the borough’s ageing population<sup>60</sup>. He concluded that the provision of fewer than 280 dwellings per annum would not reflect anticipated job growth and as such, in the context of the original NPPF, ‘*neither the objectively assessed housing needs nor the economic needs of the borough would be fully met*’<sup>61</sup>. This recognised that the range recommended in the Housing Requirement Update would only ‘*meet **the majority** of national policy objectives...and **the majority** of economic needs*’<sup>62</sup> (emphases added).

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<sup>55</sup> NLP (May 2013) Ribble Valley Housing Requirement Update: implications of the 2011-based CLG household projections

<sup>56</sup> *Ibid*, paragraph 4.31

<sup>57</sup> *Ibid*, paragraph 4.22

<sup>58</sup> *Ibid*, paragraph 4.24

<sup>59</sup> *Ibid*, paragraph 4.23

<sup>60</sup> Planning Inspectorate (November 2014) Report on the Examination into the Ribble Valley Core Strategy, paragraph 62

<sup>61</sup> *Ibid*, paragraph 59

<sup>62</sup> *Ibid*, paragraph 59

- 4.22 As such, the Inspector clearly regarded a figure of 280 dwellings per annum as the objectively assessed need (OAN) for housing in Ribble Valley. Such a figure reflected natural change in the population and allowed for higher net in-migration to support the creation of 100 jobs per annum.
- 4.23 This OAN is almost double the annual need for 148 homes suggested by the standard method, representing a significant departure from the previous assessment of need, albeit as noted above recognising that this is now a comparatively dated evidence report.
- 4.24 While some of this change can potentially be attributed to demographic factors, a key factor is the removal of the specific stage at which the relationship between employment growth and housing need is considered. The PPG was previously explicit in requiring *'an assessment of the likely change in job numbers...having regard to the growth of the working age population in the housing market area'*<sup>63</sup>. The standard method does not incorporate such a requirement, though the revised PPG accepts that the method *'does not attempt to predict the impact that...changing economic circumstances...might have on demographic behaviour'* and confirms that it is *'appropriate to consider whether actual housing need is higher'* in such a scenario<sup>64</sup>.
- 4.25 The omission of this step from the standard method therefore does not prevent the Council from continuing with the principles of an existing strategy that seeks to support job growth through the new Local Plan. The PPG expresses firm support for *'ambitious authorities who want to plan for growth'*<sup>65</sup> and importantly the NPPF emphasises the need to ensure that planning policies should *'create the conditions in which businesses can invest, expand and adapt'* by addressing *'potential barriers to investment, such as...housing'*<sup>66</sup>. This reaffirms an expectation that strategic policies on housing and employment provision are sufficiently aligned to ensure the former does not act as a constraint on the latter. This necessitates consideration of the evidenced relationship between job growth and housing need. Specifically in the context of Ribble Valley this recognises the implied consequences of provision in alignment with the standard method on the future size of the labour force as presented in section 3 of this report.
- 4.26 This relationship between housing need and economic growth in Ribble Valley is considered below.

### **Alignment with economic strategy**

- 4.27 Where housing provision is restricted to the minimum level set by the standard method, the modelling presented in section 3 indicates that the population of Ribble Valley would be unlikely to support job growth over the emerging plan period. Indeed, it suggests that labour force capacity would likely diminish in such circumstances.
- 4.28 This is not dissimilar to the recent trend, which has seen a degree of volatility but an overall trend of economic decline. The economic baseline report identified that around

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<sup>63</sup> PPG Reference ID 2a-018-20140306

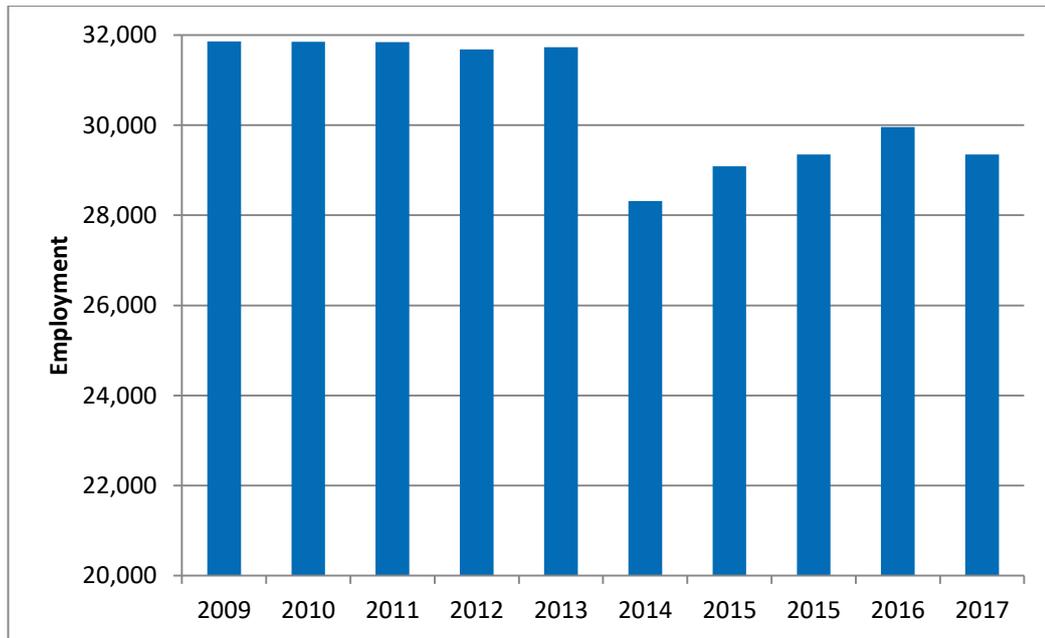
<sup>64</sup> PPG Reference ID 2a-010-20190220

<sup>65</sup> *Ibid*

<sup>66</sup> MHCLG (2019) National Planning Policy Framework, paragraphs 80-81

2,000 jobs had been lost between 2009 and 2016, and while the then-most recent year indicated ‘rising employment’, this has since been offset by an equivalent reduction in 2016/17<sup>67</sup>. The baseline report identified a potential discrepancy in this data – relating to the sharp and unverified fall recorded in 2013/14 – but there remains little evidence to suggest that Ribble Valley has seen strong or sustained job growth in recent years.

**Figure 4.5: Employment in Ribble Valley (2009 – 2017)**



Source: Business Register and Employment Survey

4.29 Economic forecasting houses have nonetheless recently considered there to be a reasonable prospect of future job growth in Ribble Valley, based on the existing structure of the local and regional economy and historic performance:

- **Experian** produces quarterly economic forecasts through its Regional Planning Service. The forecasts released in June 2019 suggested that the number of workforce jobs in Ribble Valley will increase by around 3% over the emerging plan period. This equates to growth of circa 0.2% per annum on average; and
- **Oxford Economics** was commissioned by the Lancashire Enterprise Partnership (LEP) to produce employment forecasts for authorities throughout the county, to form part of its 2018 Lancashire Labour Market Intelligence Toolkit<sup>68</sup>. These forecasts run only to 2028, but suggest that job growth of circa 0.1% per annum could occur in Ribble Valley over this period.

4.30 It is acknowledged that each of the above forecasts was produced before the outbreak of coronavirus, which is having a profound economic impact across the world at the time of finalising this report in April 2020. The longevity of this impact, its long-term consequences and the timescales for recovery are clearly unknown, and it would

<sup>67</sup> Turley (2018) Economic Evidence Base – Baseline Report, Ribble Valley Borough Council, paragraph 4.24

<sup>68</sup> <https://www.lancshireskillshub.co.uk/about-us/evidence-base/>

therefore be premature and inappropriate to speculate on such matters. In these circumstances, there is considered to remain a general need to balance negative sentiment against the positive approach expected of plan, particularly given that authorities have been recently encouraged to '*plan for the recovery*'<sup>69</sup>. The use of forecasts produced prior to the outbreak is therefore considered to remain justified and indeed is unavoidable at the current point in time, in the absence of timely and robust data with which to build local forecasts.

- 4.31 In interpreting the forecasts, it is also important to recognise that the suggested level of growth is influenced by assumptions on the prospects of individual sectors. These assumptions can be considered in the context of the local economic baseline, which has been previously commissioned by the Council to understand the operation of its local economy and inform future strategy to maintain resilience and support growth<sup>70</sup>.
- 4.32 Each of the above forecasts assumes that employment in the manufacturing sector – recognised in the baseline report as the largest industry in Ribble Valley<sup>71</sup> – reduces by around 13% over their respective horizons to 2033 and 2029, representing the largest absolute forecast change in any industrial sector. The manufacturing industry in Ribble Valley has actually proven to be fairly resilient in recent years<sup>72</sup>, suggesting that the assumptions applied by global forecasting houses in this regard may overstate the future scale of decline in the manufacturing industry of this locality.
- 4.33 The applicability of any such assumption must also be considered in the context of wider economic strategy. The LEP has specifically recognised a forecast decline in manufacturing employment, but has referenced '*initiatives*' which '*are underway to ensure this does not happen and that manufacturing sub-sectors with the potential to grow are fully supported*'<sup>73</sup>. Where manufacturing employment is assumed to remain stable throughout the plan period, rather than decline, the overall rate of employment growth within the above forecasts increases to 0.3-0.4% per annum, highlighting their sensitivity to assumptions on the prospects of this key local sector.
- 4.34 Where the above indicates that there is underlying potential for some employment growth in Ribble Valley, this appears unlikely to be supported by the standard method given that it would be expected to *reduce* the capacity of the labour force by an average of 0.2% each year. Such a shortage of labour could actively discourage the investment that is required to realise the economic potential of Ribble Valley.

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<sup>69</sup> MHCLG (March 2020) Planning Update Newsletter

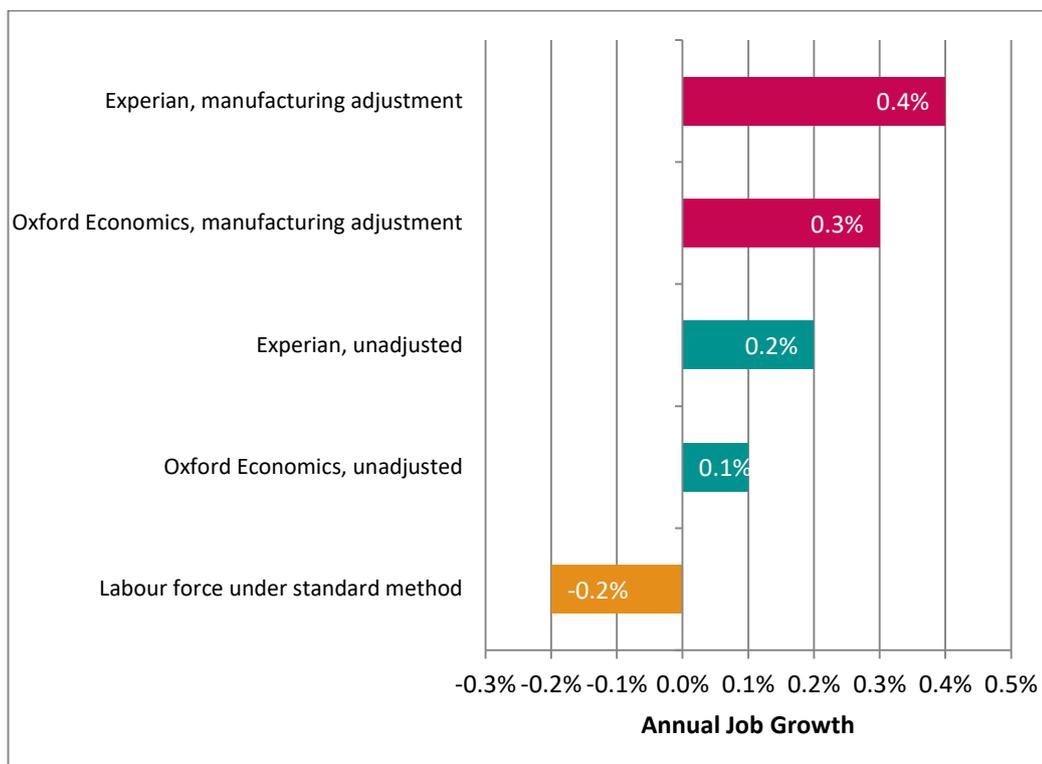
<sup>70</sup> Turley (2018) Economic Evidence Base – Baseline Report, Ribble Valley Borough Council

<sup>71</sup> *Ibid*, Table 4.2

<sup>72</sup> *Ibid*, Table 4.1. This shows that there had been no change in employment in the manufacturing sector between 2011 and 2016, and this remains the case based on the latest available data (7,000 jobs in total as of 2017)

<sup>73</sup> Lancashire Enterprise Partnership (2016) The Lancashire Skills and Employment Strategic Framework 2016-2021, p10

**Figure 4.6: Job Growth Supported by Standard Method Relative to Forecasts (annual; 2018-33)**



Source: Edge Analytics; Oxford Economics; Experian

- 4.35 A recent business survey indicates that there are already signs of a labour shortage in Ribble Valley, with 68% of the businesses that tried to recruit in the past two years experiencing difficulties<sup>74</sup>. In the context of an ageing workforce, the baseline report equally identified:

*“...a risk that the labour market will not be of a sufficient scale to support and maximise economic growth. A lack of young and skilled people will also result in businesses finding it increasingly difficult to attract and/or retain the right calibre of staff. As one of the key factors that attracts and retains businesses, ensuring that the full potential of the labour market is realised and the supply of labour is able to meet demand arising from new and growing businesses represents a key issue for future strategy”<sup>75</sup>*

- 4.36 This is mirrored in the Council’s emerging Economic Plan, with the discussion draft noting that ‘businesses are developing but are likely to be hindered by such issues as the availability of premises, ready availability of workforce to support their growth and competition from other areas who are also seeking skilled staff’<sup>76</sup>.

<sup>74</sup> Pearson Insight (2018) Ribble Valley Business Survey, p22

<sup>75</sup> Turley (2018) Economic Evidence Base – Baseline Report, Ribble Valley Borough Council, paragraph 8.6

<sup>76</sup> Ribble Valley Borough Council (2019) Economic Plan 2019-2022 Discussion Draft, paragraph 3.7

4.37 Within this context, the NPPF notably requires planning policies to ‘*address potential barriers to investment*’, which may include ‘*inadequate...housing*’<sup>77</sup>. It further states that:

*“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future...”*<sup>78</sup>

4.38 The baseline report objectively identified intrinsic strengths of the Ribble Valley economy, including<sup>79</sup>:

- The borough’s strategic location;
- The established manufacturing base;
- The growing aerospace cluster, anchored by BAE Systems;
- The growing visitor economy;
- The dominant role of the private sector;
- The buoyant and growing economy, in terms of its output;
- Relatively high rates of business survival;
- Relatively high rates of economic activity, with a workforce that is highly skilled and well paid; and
- The comparatively healthy employment land market.

4.39 It also identified opportunities to<sup>80</sup>:

- Support growth and investment in highly productive sectors;
- Capitalise on a growing aerospace industry, and its advanced manufacturing supply chain;
- Grow the local supply chain;
- Develop sectors with growth potential;
- Enable more business start-ups;

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<sup>77</sup> MHCLG (2019) National Planning Policy Framework, paragraph 81c

<sup>78</sup> *Ibid*, paragraph 80

<sup>79</sup> Turley (2018) Economic Evidence Base – Baseline Report, Ribble Valley Borough Council, paragraph 8.5

<sup>80</sup> *Ibid*, paragraph 8.7

- Grow the local skills base; and
- Directly or indirectly benefit from investment in the Northern Powerhouse.

4.40 This has informed the discussion draft of the Council’s Economic Plan, which identified a series of actions that will be implemented with partners to support the local economy. This Economic Plan is expected to be ‘a key part of delivering economic growth’<sup>81</sup>.

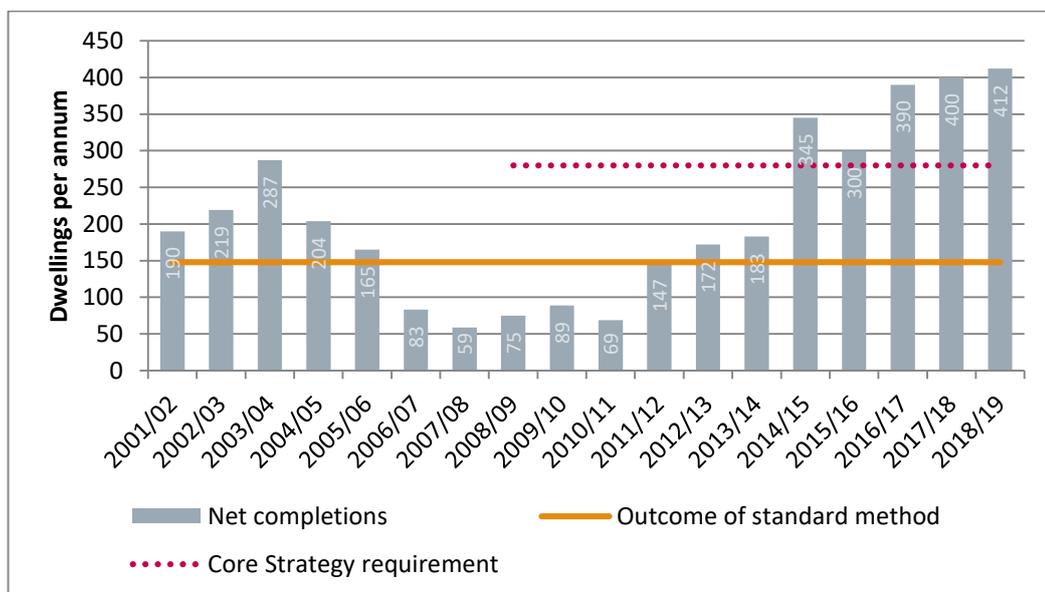
4.41 There is a risk that these efforts will be undermined if housing provision is lowered below the level suggested as being required to support employment growth, noting that this would be the case where the minimum figure generated for the borough by the standard method was used to represent future housing needs. Any such reduction appears more likely to intensify the existing shortage of skilled labour, rather than positively addressing this potential barrier to growth and investment.

### Previous levels of housing delivery

4.42 Where previous levels of housing delivery are significantly higher than the outcome of the standard method, the PPG confirms that this should be taken into account when considering whether it is appropriate to plan for a higher level of need<sup>82</sup>.

4.43 The following chart compares the Council’s monitoring of net completions with the outcome of the standard method, with the adopted housing requirement during the existing plan period from 2008 onwards also shown for context.

**Figure 4.7: Net Housing Completions Relative to Standard Method and Existing Requirement**



Source: Ribble Valley Borough Council, 2019

<sup>81</sup> Ribble Valley Borough Council (2019) Economic Plan 2019-2022 Discussion Draft, paragraph 4.1

<sup>82</sup> PPG Reference ID 2a-010-20190220

- 4.44 It is evident that housing delivery in Ribble Valley has consistently exceeded the minimum annual housing need now generated by the standard method over the past seven years. The past five years have seen delivery at an average rate of around 370 dwellings per annum which is more than double the standard method figure, and has provided circa 32% more homes than were planned through the housing requirement of the Core Strategy. An average of 235 dwellings per annum have been completed since the start of its plan period, in 2008.
- 4.45 The adoption of the Core Strategy in late 2014 is likely to have been a factor which supported the subsequent boosting in housing delivery. It is notable that this has since been sustained, thereby allaying concerns raised in the Housing Requirement Update around whether the local market could realistically or consistently deliver 280 homes per year<sup>83</sup>.
- 4.46 Over the longer-term, housing delivery has surpassed the minimum level now set by the standard method in all but six years since 2001. This period of lower delivery (2006-12) notably coincided with the recession, which caused a major and prolonged reduction in the national rate of housing development that only began to recover from 2013<sup>84</sup>. Even prior to the recession, however, delivery in Ribble Valley was being constrained by a housing moratorium, which operated from 2004 to 2008 and significantly reduced housing delivery at a time when the wider market was at its pre-recession peak<sup>85</sup>. Prior to the implementation of this policy, the borough consistently saw a higher level of delivery than is now suggested as needed by the standard method.
- 4.47 Within the context of the PPG, it is therefore reasonable to conclude that previous levels of housing delivery in Ribble Valley have been significantly greater than the outcome of the standard method. Such a rate of historic provision has evidently helped to avert a further worsening in affordability, given the relative stability of the affordability ratio in the borough shown at Figure 3.1 of this report. This must be taken into account when considering whether it is appropriate to plan for a higher level of need than the standard method suggests, as specified in the PPG.

## Implications

- 4.48 This section has identified no evidence to suggest that there will be a need for *fewer* homes than implied for Ribble Valley by the standard method. In contrast, and in the context of the PPG, it strongly suggests that housing need in the borough is likely to be higher than the '*minimum*' figure of 148 dwellings per annum generated through the standard method as of 2019. This equally applies to the slightly lower figure now generated at the time of finalising this report, in April 2020.

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<sup>83</sup> NLP (May 2013) Ribble Valley Housing Requirement Update: implications of the 2011-based CLG household projections, paragraph 4.24

<sup>84</sup> MHCLG (2019) Table 122: net additional dwellings by local authority district, England. Net additions to the housing stock consistently reduced year-on-year from 2008-09 until 2012-13, with 2013-14 recording the first increase in housing completions for six years

<sup>85</sup> NLP (2011) HEaDROOM Report: Ribble Valley Housing Requirement, paragraph 3.53

- 4.49 The outcome of the standard method for Ribble Valley is intrinsically linked to a demographic baseline projection which makes relatively conservative assumptions about the existing size of the borough's population, and the factors likely to change this in future. Recent evidence indicates that these assumptions are potentially unreliable, with the population of Ribble Valley already larger and growing to a much greater extent than assumed under the 2014-based household projections. This affects the baseline for the standard method, which estimates the households that could be formed by the existing and future population as a key input to the overall need calculated.
- 4.50 Previous levels of housing delivery have also been greater than the outcome of the standard method, in all but six years (2006-12) when provision was suppressed by a regional policy of constraint and the subsequent recession. The past five years have seen delivery at a rate which is more than double this figure, and around one third higher than planned through the housing requirement of the Core Strategy. This more positive picture is, likely to at least partially reflect the lower rates of delivery recorded prior to its adoption, due to a policy of constraint and the subsequent recession, but is irrespectively a strong indicator of local demand for new housing.
- 4.51 The adopted housing requirement sought to meet a previously assessed need for 280 dwellings per annum – almost double the number of homes suggested by the standard method – and the PPG confirms that any such disparity must be taken into account when considering whether it is appropriate to plan for a higher level of need. Whilst the informing assessment was produced six years ago, with some of the deviation potentially attributable to recent demographic factors, the reduction is also influenced by the omission in the standard method of a direct step to take '*economic circumstances*' into account, with this a key consideration in assessing the appropriateness of the '*minimum*' figure that it generates for Ribble Valley. There remains clear Government support for '*ambitious authorities who want to plan for growth*' and an expectation that planning policies '*create the conditions in which businesses can invest, expand and adapt*' by addressing '*potential barriers to investment, such as...housing*'.
- 4.52 As introduced in section 3, the standard method appears unlikely to support job creation in Ribble Valley, and indeed can reasonably be expected to actually reduce the existing capacity of the labour force. This could actively discourage investment in the borough, and intensify existing labour shortages. It would be unlikely to realise or support the employment growth potential of the local economy, with two baseline forecasts having recently shown a prospect for employment growth of circa 0.1-0.2% per annum. Modelling by Edge Analytics indicates that **up to 248 dwellings per annum would be needed in Ribble Valley to grow the labour force and support baseline employment growth at the upper end of this range**, based on the assumptions introduced in section 3 and further detailed in Appendix 1.
- 4.53 Table 4.1 compares the implied variant projected population where this is aligned with supporting the upper end of this baseline job growth range with that used to underpin the standard method in Ribble Valley. It is notable that the overall working age population would still be expected to decline through provision at this level, albeit not to the extent suggested where provision is limited to the minimum figure generated by

the standard method. It would nonetheless help to prevent a more severe reduction in the representation of families, and indeed would likely allow for a slight growth in the number of residents aged 30 to 44.

**Table 4.1: Implications of Supporting Baseline Forecast for Age Profile (2018-33)**

	Minimum outcome of standard method 148dpa		Supporting baseline employment growth 248dpa	
	Total change	% change	Total change	% change
15 and under	-998	-10%	-363	-4%
16 to 29	-1,185	-14%	-584	-7%
30 to 44	-187	-2%	566	+6%
45 to 64	-2,481	-13%	-1,722	-9%
65 and over	4,714	+33%	5,349	+38%
<b>Total</b>	<b>-136</b>	<b>0%</b>	<b>3,246</b>	<b>+5%</b>
16 to 64	-3,852	-11%	-1,740	-5%

Source: Edge Analytics, 2019

- 4.54 The overall level of employment growth suggested by these baseline forecasts is, however, sensitive to their assumptions on the manufacturing sector in particular. The Council's evidence base has highlighted that this sector of the local economy represents one of the borough's leading industries and one which has proven to be relatively resilient in recent years. In contrast, the baseline forecasts used to underpin the modelled estimate of housing need above anticipate job losses in the sector, conflicting with the economic strategy of the LEP and apparently failing to account for ongoing local initiatives to stabilise or indeed grow this sector of the economy. Recognising this limitation, and in order to inform a further understanding of the potential implications of economic strategies being successful, an exercise has been undertaken to adjust the forecasts to assume that employment in the sector remains stable, rather than declines. The outcome of this exercise is the suggestion that the overall rate of employment growth in the forecasts increases to 0.3-0.4% per annum.
- 4.55 Further modelling produced by Edge Analytics notably confirms that providing for **the existing Core Strategy housing requirement of 280 dwellings per annum throughout the period to 2033** would broadly deliver the labour force growth likely to be necessary to achieve this rate of job creation (0.3% per annum). Such a level of housing provision could therefore contribute towards maximising the resilience of the local economy, implicitly seeking to preserve or replace jobs that could be otherwise lost in the manufacturing sector in particular. A growing labour force, noting that this higher level of provision would come close to stabilising the working age population<sup>86</sup>, would

<sup>86</sup> Under this scenario the Edge Analytics modelling suggests that those of working age would reduce by only 3%, with those aged 30 to 44 increasing by 9%

also reduce the prospect of labour shortages, proactively alleviating a potential barrier to investment over the plan period in line with the objectives of the NPPF.

- 4.56 Establishing a likely level of housing need, beyond the standard method, requires a degree of judgement, particularly at this early stage of the plan-making process in Ribble Valley. In drawing together the above analysis, the existing requirement for 280 dwellings per annum appears a valuable reference point for the Council in this regard, precisely aligning with a previous assessment of housing need while falling broadly midway between the current outcome of the standard method (148dpa) and the current rate of delivery (c.400dpa). While falling short of current delivery – which is notably surpassing the adopted requirement – it is proportionate to the provision that has been historically achieved in stronger years over the long-term, being close to an upper quartile figure (297dpa) calculated to incorporate a degree of optimism that is considered appropriate in light of the Government’s ambitions.
- 4.57 Housing delivery and previous assessments feature in the PPG and should be taken into account by the Council when considering whether it is appropriate to plan for a higher level of need. The labour force growth that could result through a retention of the existing housing requirement would also proactively address a potential barrier to investment and job growth and therefore align with the objectives of the NPPF, as confirmed by the modelling above.
- 4.58 Accordingly, this analysis suggests that housing need in Ribble Valley is likely to be higher than the minimum figures generated through the standard method, and could actually remain in the region of the existing requirement for **280 dwellings per annum**. This conclusion is made in the knowledge that this report simply provides informing evidence, with the setting of a housing requirement and associated supply of housing through the emerging review of the Local Plan ultimately a judgement to be made by the Council. It is also made at an early stage of the plan-making process, in the absence of a full update to the employment land evidence and proposed policies. Where there is an identified evidenced need or strategic ambition to pursue a higher or indeed lower rate of employment growth than introduced through the analysis in this report, the Council is advised to further consider the implications for housing need.

## Summary

- 4.59 This section has identified no evidence to suggest that there will be a need for *fewer* homes than implied for Ribble Valley by the standard method. In contrast, and in the context of the PPG, it strongly suggests that housing need in the borough is likely to be higher than the ‘*minimum*’ need generated through the standard method, because:
- The population growth assumptions made 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;
  - **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 a higher level of need is justified;

- 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 remains of some relevance, as 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
- A higher rate of delivery would likely be needed to **support job growth** in Ribble Valley, as 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.

- 4.60 Establishing a likely level of housing need, beyond the standard method, requires a degree of judgement, particularly at this early stage of the plan-making process in Ribble Valley.
- 4.61 This section has presented modelling which indicates that **up to 248 dwellings per annum** could be needed to support the job growth potential implied by recent baseline employment forecasts, and provide the labour force required to secure job growth of 0.2% each year. This would slightly uplift the average rate of provision since the start of the current plan period (235dpa).
- 4.62 The baseline forecasts upon which such an assessment of need is based do, however, assume that jobs are lost in the manufacturing sector, with the forecasting houses' assumptions appearing to conflict with local evidence of a relatively resilient sector. Where this stability is assumed to continue throughout the plan period – in line with ongoing initiatives by the LEP in particular, and notwithstanding economic uncertainty at the current point in time – a higher rate of overall employment growth is implied for Ribble Valley (0.3-0.4% per annum).
- 4.63 Up-to-date modelling presented in this section 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, rather than lowering provision towards the minimum standard method figure which appears extremely likely to underestimate the housing needs of the borough and unlikely to support any level of job growth. In the context of the NPPF and PPG, retaining the existing requirement would proactively address a potential barrier to investment and enable a continuation of the housing delivery achieved in stronger years over the long-term.
- 4.64 **It is therefore concluded that in the order of 280 dwellings per annum in Ribble Valley could actually be needed in Ribble Valley** to respond to evidenced drivers of housing need including employment growth. This conclusion is reached in the

knowledge that this report simply provides informing evidence with the level of growth to be pursued through the emerging review of the Local Plan ultimately a judgement to be made by the Council. This conclusion should also 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 in this section, the Council is advised to reconsider the housing growth that may be needed in such circumstances.

## 5. Tenure, Size and Type of Housing Needed

5.1 The NPPF states that the planning system should:

*“...support strong, vibrant and healthy communities, by ensuring that a sufficient number **and range** of homes can be provided to meet the needs of present and future generations”<sup>87</sup> (emphasis added)*

5.2 It further confirms that:

*“The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies”<sup>88</sup>*

5.3 The PPG provides guidance on approaches that can be taken when identifying the need for different types of housing, and acknowledges that the standard method does not itself break down the minimum annual housing need figure into individual groups<sup>89</sup>. It does not, however, prescribe a single approach that must be taken to assess the mix of housing needed.

5.4 Edge Analytics’ modelling – introduced in sections 3 and 4 of this report – provides a breakdown of projected future change by age and household type over the plan period. The analysis in this and the subsequent section(s) uses this modelling to segment needs in accordance with the PPG. This is presented for the recent outcome of the standard method (148dpa) but on the basis of the analysis presented in section 4 outputs are also presented for the higher level of provision that is potentially more representative of the full scale of future housing needs in the borough over the plan period (280dpa).

5.5 Section 2 has shown that the tendency to occupy different sizes, types and tenures of housing in Ribble Valley varies by age and household type. This section therefore estimates how projected change in the demographic profile will influence the size, type and tenure of housing needed in the borough, when assuming that these evidenced local tendencies are maintained throughout the period to 2033. This does not seek to estimate how market factors – such as changes to house prices, incomes and household preferences – will impact upon households’ propensities to occupy different sizes or tenures of housing. Recognising market volatility over the longer term, this approach is considered reasonable as it ensures that the analysis is grounded in a robust evidence-based position of household choices. It is, however, recognised that these choices will be reflective of the current stock profile available.

### Projected change by age and household type

5.6 Figure 5.1 shows the scale of growth in different household types projected over the plan period where housing provision in Ribble Valley is limited to either the minimum

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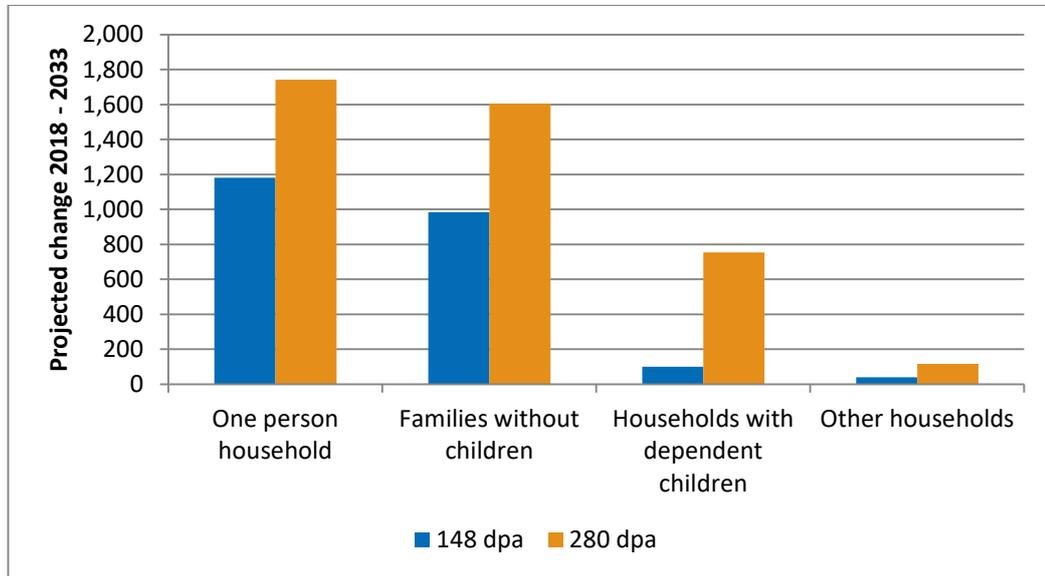
<sup>87</sup> MHCLG (2019) National Planning Policy Framework, paragraph 8(b)

<sup>88</sup> *Ibid*, paragraph 61

<sup>89</sup> PPG Reference ID 67-001-20190722

standard method figure (148dpa) or the higher level of need suggested in section 4 (280dpa).

**Figure 5.1: Projected Change in Ribble Valley Household Profile (housing growth scenarios comparison), 2018 – 2033**

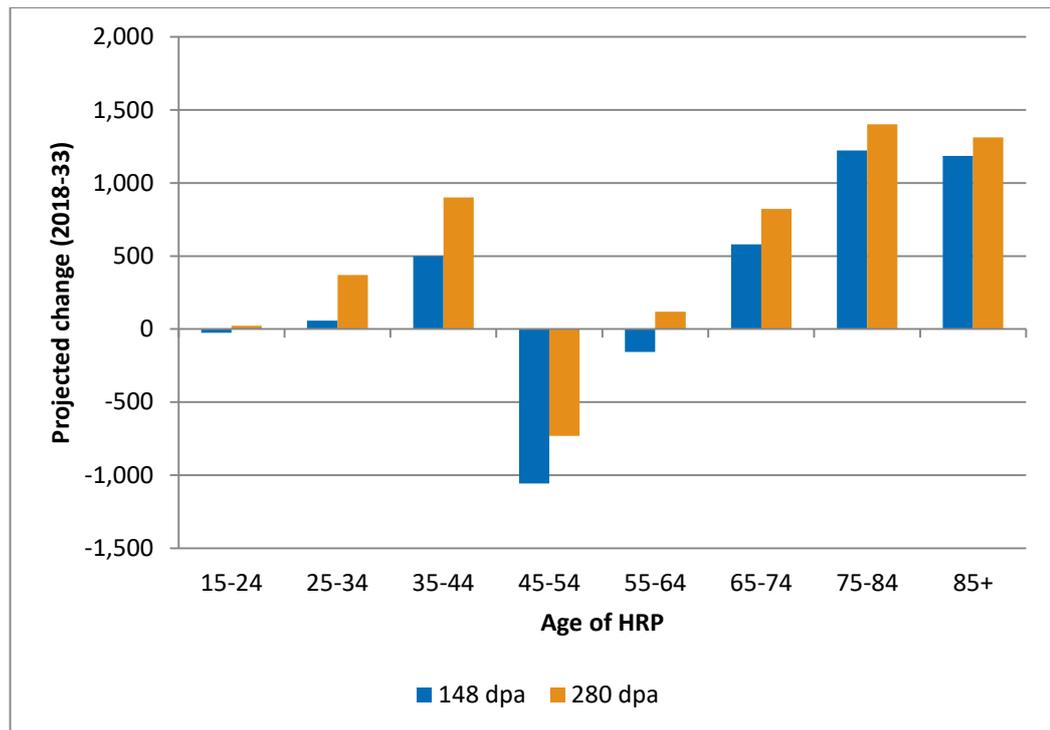


Source: Edge Analytics, 2019

- 5.7 For both scenarios, the modelling projects strong growth in the number of one-person households, which includes younger single-person households as well as pensioner and other single person households. The delivery of 280 dwellings per annum would naturally enable a more pronounced growth in these, and indeed all, household types, relative to the change associated with providing only 148 dwellings per annum. The profile of change by type under the 280 dwellings per annum scenario is, however, more balanced. For example, where one-person households constitute 51% of overall household growth where provision is assumed to align with the standard method, this falls to 41% where the higher need is assumed to be met.
- 5.8 The number of households defined as ‘families without children’ is projected to grow at a similar (albeit slightly lower) scale as the number of one-person households for each scenario, this again meaning that 280 dwellings per annum will support greater rates of this type of household formation than 148 dwellings per annum.
- 5.9 There is a more pronounced difference for those households with dependent children. Whilst the number of households with dependent children is projected to grow by 754 under the higher scenario, the representation of this household type would be expected to grow by just 100 where provision is limited to the minimum standard method figure. The number of households defined as ‘families with other adults’ would be expected to increase only slightly under both scenarios, albeit to a greater extent under the higher housing delivery scenario.
- 5.10 Edge Analytics modelling also projects change in households in terms of the age of household reference persons (HRPs). Figure 5.2 demonstrates that household

formation over the plan period under both scenarios will be driven to a large extent by older households. The number of households headed by 25-34 and 35-44 year olds will, however, increase under the higher scenario by a combined 1,272 households in comparison with 556 under the lower standard method-based scenario. A notable decrease in the number of households headed by 45-54 year olds is also projected under both scenarios, albeit falling to a greater extent where provision is limited to the standard method figure.

**Figure 5.2: Projected Change in Households in Ribble Valley by Age of Households Reference Person, 2018 – 2033**



Source: Edge Analytics, 2019

### Size and type of housing needed

5.11 Figure 2.11 is tabulated at Table 5.1 overleaf to show the number of bedrooms in properties that were occupied by each of the above household types in Ribble Valley, as of the 2011 Census.

**Table 5.1: Number of Bedrooms by Household Type in Ribble Valley, 2011**

Household Composition	1 bed	2 beds	3 beds	4+ beds
One person households	18%	43%	30%	9%
Families without children	4%	30%	42%	24%
Households with dependent children	1%	16%	42%	42%
Families with other adults	1%	15%	50%	34%
Other households	2%	29%	37%	32%
<b>All households</b>	<b>7%</b>	<b>28%</b>	<b>39%</b>	<b>26%</b>

Source: Census 2011

- 5.12 As could be expected, one-person households in Ribble Valley demonstrated the strongest tendency to occupy smaller housing, with 61% occupying homes with two bedrooms or fewer. However, this does mean that almost two fifths (39%) lived in houses with three bedrooms or more. Almost three quarters (72%) of families without children lived in properties with two or three bedrooms.
- 5.13 Households with dependent children and families with other adults demonstrated the strongest tendency (both 84%) towards occupying homes with three or more bedrooms. These households were also the least likely to occupy smaller housing with two bedrooms or fewer. Other households in Ribble Valley predominantly occupied housing with three or more bedrooms.
- 5.14 Reflecting these propensities to occupy different sizes of home, the overall profile of household growth – illustrated at Figure 5.1 – will shape demand for different sizes of housing over the plan period. By proportionately applying households' existing tendencies to occupy different sizes of housing, an illustrative profile of the size of housing likely to be required by additional households forming in Ribble Valley over the plan period has been established. The outputs of this calculation are shown in Table 5.2. This analysis relates to all additional households projected to form and has not been broken down by tenure at this stage, though further consideration is given to tenure later in this section.

**Table 5.2: Implied Size of Housing Required in Ribble Valley, 2018 – 2033**

	1 bed	2 beds	3 beds	4+ beds
148 dwellings per annum	11%	38%	35%	16%
280 dwellings per annum	9%	33%	37%	21%

Source: Turley, 2019; Edge Analytics, 2019; Census 2011

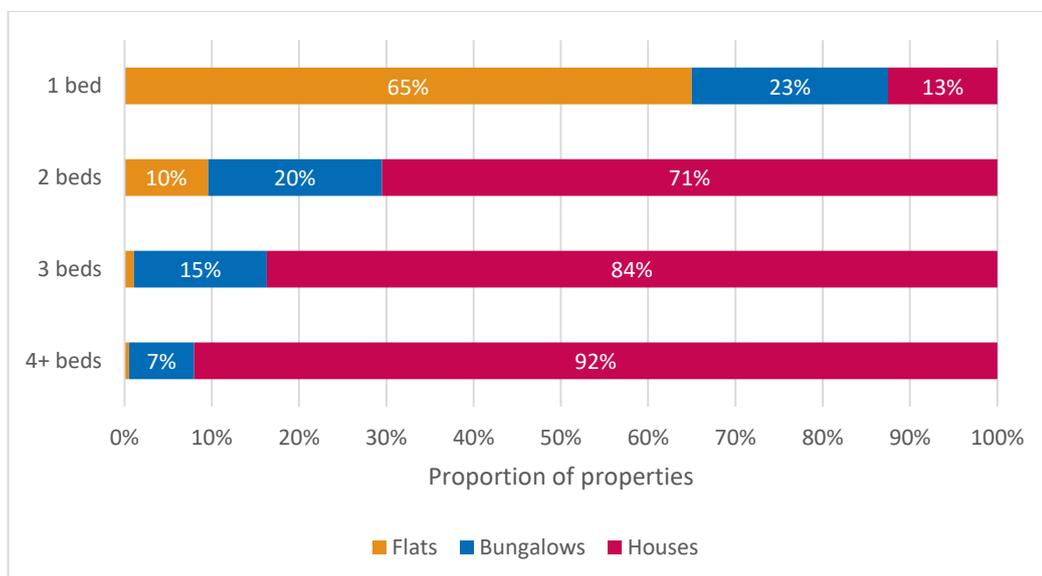
- 5.15 The analysis suggests that there would be a greater proportionate need for larger homes (i.e. 3 and 4+ beds) where provision was made for 280 dwellings per annum. This reflects the more balanced profile of population and household growth under this scenario, and particularly the growth in families with children that could be likely supported through such a level of delivery. Circa 58% of households would be expected

to require at least 3 bedrooms under this scenario, compared to 51% where provision aligned with the standard method.

5.16 As such, the higher scenario would be expected to necessitate a lower proportion of 1 and 2 bed properties (9% and 33% respectively) than under the lower growth scenario (11% and 38%).

5.17 The type of property that may be required to provide homes of this size in Ribble Valley has also been estimated. In an update to the draft version of this report, this exercise draws upon VOA data introduced in section 2 of this report to provide an indication of the potential role of bungalows. This data, summarised at Figure 5.3, shows that the majority of one bedroom properties are flats, with circa one in four a bungalow. Houses then account for the majority of other property sizes.

**Figure 5.3: House types by number of bedrooms in Ribble Valley, 2018**



Source: VOA, 2018

5.18 Based on this profile, meeting the need for different property sizes implied by Table 5.2 could require around three quarters of homes to be houses. This exceeds the more modest implied need for bungalows and flats. This varies only marginally between the scenarios, suggesting a fractionally greater need for bungalows and flats where provision is limited to the standard method reflecting the differing profile of the projected population.

**Table 5.3: Implied Type of Housing Required in Ribble Valley, 2018 – 2033**

	Houses	Bungalows	Flats
148 dwellings per annum	72%	17%	11%
280 dwellings per annum	74%	16%	10%

Source: Turley, 2019; Edge Analytics, 2019; Census 2011; VOA, 2018

5.19 The outcomes of this exercise should be considered in the context of the borough’s existing housing stock, profiled within section 2. Figure 2.5 showed that flats currently account for circa 7% of properties in Ribble Valley, although this type of property accounted for around 11% of the change recorded between the years 2015 and 2018. The above would suggest that whilst there is a considerably greater need for houses overall, recognising the low representation of flats in the current stock profile even under the higher need scenario, they will also form an important component of future supply.

### Tenure of housing needed

- 5.20 The projected change in the demographic profile of Ribble Valley would also be expected to have implications for the tenure of housing needed in the borough over the assessment period. As with the above analysis, estimates as to the requirements for different tenures of housing can be calculated for illustrative purposes through reference to local trends recorded by the 2011 Census<sup>90</sup>, again assuming that tendencies of different household compositions to occupy different tenures of housing are maintained throughout this period.
- 5.21 Such an approach is distinct from the separate calculation of affordable housing need, which follows a well-established methodology that continues to be prescribed by the PPG<sup>91</sup>. This is presented separately in section 6 of this report.
- 5.22 Table 5.4 summarises the tenure of housing occupied by each household type in Ribble Valley, as of the 2011 Census. Due to the format of data available to analyse tenure, ‘families with other adults’ have been combined with ‘families without children’, rather than separated as in the preceding analysis.

**Table 5.4: Tenure by Household Type in Ribble Valley, 2011**

	Owned or shared ownership	Private rented	Social rented
One person household	67%	19%	15%
Families without children	86%	10%	4%
Families with dependent children	76%	19%	5%
Other households	58%	35%	8%
<b>All households</b>	<b>77%</b>	<b>8%</b>	<b>15%</b>

*Source: Census 2011*

5.23 It can be seen that home ownership is the most common tenure amongst all types of household and is particularly prevalent amongst families without children and (to a slightly lesser extent) amongst families with dependent children. Other household types are the most likely to rent in the private market, with one-person households and families with dependent children more likely to rent privately than families

<sup>90</sup> Census Table DC1402EW – Household composition by number of bedrooms

<sup>91</sup> PPG Reference ID 2a-018-20190220 – 2a-024-20190220

without children. A notably greater proportion of one-person households live in social rented accommodation than other household types.

- 5.24 Reflecting these propensities to occupy different tenures of housing, the overall profile of household growth – illustrated at Figure 5.1 – could be expected to influence the tenure of housing required over the plan period. By proportionately applying households’ existing tendencies to occupy different tenures, an illustrative profile of the housing likely to be required by additional households forming over the plan period can be established.

**Table 5.5: Implied Tenure of Housing Required in Ribble Valley, 2018 – 2033**

	Owned or shared ownership	Private rented	Social rented
148 dwellings per annum	74%	15%	11%
280 dwellings per annum	75%	16%	9%

*Source: Census 2011*

- 5.25 There is a strong degree of consistency across these scenarios. Each suggests that around three quarters of additional households could be owner occupiers, with circa 15% privately renting and around 10% living in social rented housing.
- 5.26 This also indicates that a similar proportion (albeit slightly lower) of owned / shared ownership properties will be required over the period 2018 – 2033 as was recorded at the time of the 2011 Census (see Table 6.4). Greater change between the current tenure profile and requirements up to 2033 is recorded for private and social rented homes. For both scenarios, private rented homes are forecast to make up a greater proportion of need for new housing (15% or 16%, depending on the housing figure) than they currently contribute to total housing stock (8%). Conversely, social rented homes are forecast to represent a lower proportion of housing need (10% or 9%) than the existing proportion of homes that are of this tenure (15%).
- 5.27 As previously noted, this is entirely premised upon the assumption that existing tenure trends are maintained. It assumes that different household types can continue to access the tenures occupied in 2011, whereas in practice this will be influenced by the availability and affordability of different options. It is challenging to robustly predict the cumulative impact of such dynamics on household preferences and tenure requirements, with an approach grounded in existing trends therefore considered to form a preferable basis for such an assessment. In this context, it is important to also have reference to the separately calculated need for affordable housing presented in the next section of this report in informing the development of evidenced housing policies related to planning for future tenure mixes.

### Interpreting the evidence

- 5.28 This modelling exercise provides an illustrative interpretation of available historic evidence to estimate the size of housing which may be required in Ribble Valley over the period assessed in this report.

- 5.29 The analysis presented above should be used for guidance in its translation into policy and for the monitoring of future development.
- 5.30 While this evidence provides a valuable overall indication of the broad mix of housing which may be required, it is recommended that policies are not overly prescriptive in directly basing requirements for individual sites on the illustrative mix presented above. The individual mix of housing provided on a site-by-site basis will need to respond to the changing demands and needs of the market and take account of local market evidence and viability considerations, which will have an important influence on the appropriate mix.
- 5.31 Equally, and as noted earlier, the estimated proportion of households living in social rented housing is purely illustrative and should not be interpreted as a percentage of affordable housing to be delivered on individual schemes. It is based only on '*projected new households*' whereas affordable housing need must take account of both current and future households '*who lack their own housing or who cannot afford to meet their housing needs in the market*'<sup>92</sup>. The full scale of affordable housing need in Ribble Valley is separately calculated in section 6 of this report and should not be directly compared with this analysis.

## Summary

- 5.32 Looking at future projections of the changing profile of households in Ribble Valley, the modelling projects a strong growth in the number of one-person households and the number of families without children.
- 5.33 The number of households with dependent children is forecast to grow in Ribble Valley. Under the standard method, this household typology is forecast to grow modestly. However, where the conclusions in the preceding section that the full need for housing is higher than this minimum need are reflected, then the modelling confirms that needs for this household typology will be more significant. The same is also true when considering the age profile of the households projected to form. The higher assessment of need suggests growth not only of older households but also a significant growth of those headed by people aged 25 to 44.
- 5.34 Due to the greater forecast growth in the number of families, meeting the higher level of need could require larger properties (i.e. with 3 and 4+ beds) to a slightly greater extent than implied by the standard method figure. Similarly, the higher figure could generate slightly increased demand for houses as opposed to bungalows and flats.
- 5.35 Based on current trends, the modelling indicates that in terms of future tenures there will be increased demand going forward for private rented homes than this tenure's current contribution to Ribble Valley's stock, albeit evidently as the analysis recognises such demand will be influenced by a range of factors other than demographics which are not directly considered in this section.

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<sup>92</sup> PPG Reference ID 67-001-20190722 and 67-006-20190722

## 6. Affordable Housing Need

- 6.1 The PPG has retained within the methodology required to be followed to prepare a local housing need assessment the well-established stepped methodology through which affordable housing needs are calculated<sup>93</sup>.
- 6.2 This methodology requires the calculation of *‘the total net need (subtract total available stock from total gross need)’* and a conversion into *‘an annual flow based on the plan period’*. The outcome, which is presented as an annual need for affordable housing, should 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 requirement included in the plan may need to be considered where it could help deliver the required number of affordable homes”<sup>94</sup>*
- 6.3 This section applies the PPG methodology and presents a calculation of affordable housing needs in Ribble Valley, broken down by the number of bedrooms required to address needs. The calculation uses information held by the Council and Onward Homes, its registered provider, which is identified throughout and supplemented with secondary data. The section presents each of the stepped inputs into the calculation listed in the PPG to provide a clear basis to understand how the need has been calculated.
- 6.4 In accordance with the PPG, the scale of calculated need for affordable housing is then considered in the context of anticipated delivery. At this point in time, noting the early stage of plan-making, this is considered on the basis of the current adopted policy. It is noted that the Council will need to continue to consider this as they develop housing policies within the emerging Local Plan, including the requirement for all tenures of housing.

### Current unmet gross need

- 6.5 This part of the calculation identifies the existing backlog of households in need of affordable housing, taking account of supply that is anticipated in the short-term. This provides a short-term position on the potential shortfall in affordable housing supply.

### Stage 1 – Current Housing Need (Gross Backlog)

- 6.6 The Housing Register identifies existing households classified as being in the greatest need of affordable housing, and is explicitly recognised as providing *‘relevant information’* in the PPG<sup>95</sup>. While other data sources are also suggested, the PPG warns of the risk of double-counting, and emphasises that care should be taken to include

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<sup>93</sup> PPG section 67 – “Housing needs of different groups”; last revised 22 July 2019. At the time of writing, section 2a (“Housing and economic needs assessment”) retains almost identical guidance on assessing affordable housing needs, which was last revised on 20 February 2019

<sup>94</sup> PPG Reference ID 67-008-20190722

<sup>95</sup> PPG Reference ID 67-006-20190722

*'only those households who cannot afford to access suitable housing in the market'*<sup>96</sup>. Given that households' eligibility is assessed when joining the Housing Register, it is considered the most suitable and reliable source of information for the purposes of this assessment.

- 6.7 A snapshot of the Housing Register was shared by the Council in September 2019 to inform this calculation. A filtering exercise has subsequently sought to isolate those households in the greatest need, with Onward Homes recommending that 66 applicants with few points (less than 5) are omitted for the purposes of this assessment.
- 6.8 Table 6.1 confirms that the Housing Register indicates that 802 households in Ribble Valley are currently classified as being in reasonable need of affordable housing, based on allocation policies and excluding those considered by Onward Homes to have little or no need. This includes 94 households that are currently occupying affordable housing. The number of bedrooms assessed as being required for each of these households is also recorded by the Housing Register, indicating that over half of these households require only one bedroom (55%). Fewer than one in five (17%) require three or more bedrooms.

**Table 6.1: Stage 1 – Current Housing Need**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>1.1</b> Existing affordable housing tenants in need	Housing Register; application for transfer	45	25	20	4	<b>94</b>
<b>1.2</b> Other groups on Housing Register	Housing Register, excluding those identified above	393	202	93	20	<b>708</b>
<b>1.3</b> Total current housing need (gross)	<b>1.1 + 1.2</b>	<b>438</b>	<b>227</b>	<b>113</b>	<b>24</b>	<b>802</b>

**Stage 2 – Affordable Housing Supply**

- 6.9 The PPG recognises that *'there will be a current supply of housing stock that can be used to accommodate households in affordable housing need. As well as future supply'*<sup>97</sup>. It therefore requires the identification of affordable homes that will be vacated by current occupiers, suitable surplus stock and the committed supply of new affordable homes at the point of the assessment.
- 6.10 The Council has advised that there is no long-term vacant surplus stock that will become available to meet needs over the short-term, and no existing units are planned

<sup>96</sup> *Ibid*

<sup>97</sup> PPG Reference ID 67-007-20190722

to be taken out of management based upon data they currently hold. There are, however, affordable homes currently occupied by households in need – identified at Step 1.1, in Table 6.1 – which will be vacated when these households’ needs are met, thereby allowing other households in need to potentially occupy habitable units.

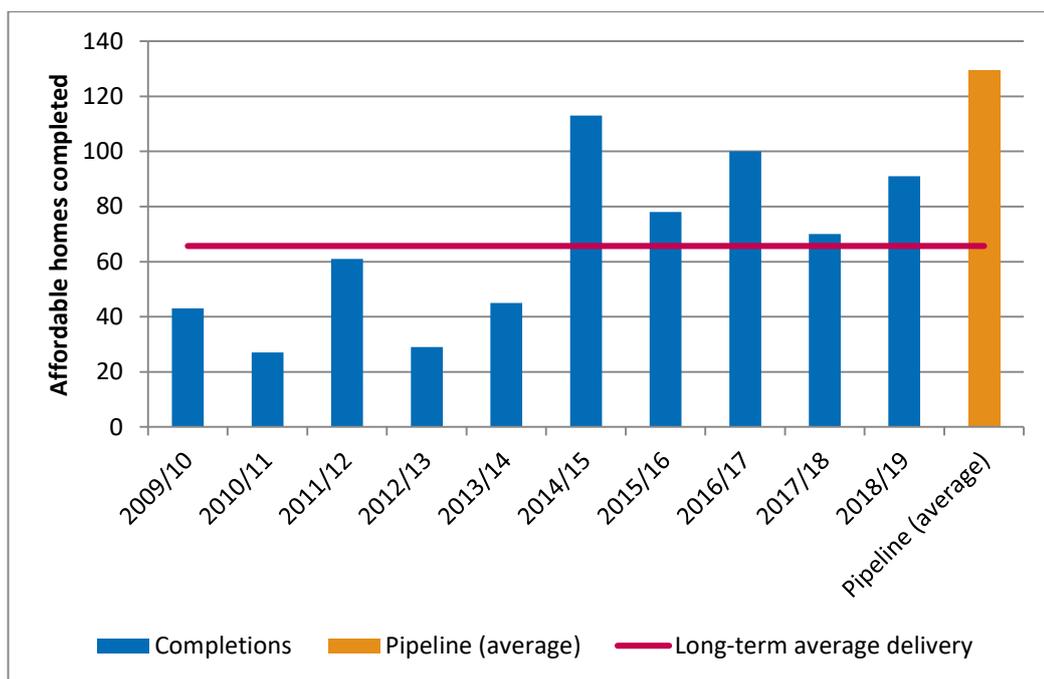
- 6.11 In accordance with the PPG, the calculation also takes account of the affordable dwellings that the Council expects to be delivered over the next five years, as of 16 August 2019. This includes sites which are currently under construction, and further sites with planning permission. The Council does not actively monitor the number of bedrooms in each affordable home for which it grants permission, but five of the largest applications – which collectively account for almost half of the pipeline identified by the Council (47%) – have been reviewed by Turley to illustratively estimate the size of housing that may be delivered across all sites.
- 6.12 Collectively, this indicates that some 741 affordable homes will become available over the next five years, and will make a short-term contribution towards meeting existing needs. As shown in the table below, this is largely comprised of the pipeline of 647 affordable homes, which the Council anticipates over the next five years. The sample reviewed by Turley indicates that this will predominantly relate to two and three bedroom properties, with the overall supply calculated at this stage thus oriented towards units of this size (91%).

**Table 6.2: Stage 2 – Affordable Housing Supply**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>2.1</b> Affordable dwellings occupied by households in need	Transfer tenants identified at Step 1.1	45	25	20	4	<b>94</b>
<b>2.2</b> Vacant stock returned to use	Long-term vacant stock identified by the Council	0	0	0	0	<b>0</b>
<b>2.3</b> Committed supply of new affordable housing	Pipeline identified by the Council, as of August 2019	16	365	266	0	<b>647</b>
<b>2.4</b> Units to be taken out of management	Planned stock removal identified by the Council	0	0	0	0	<b>0</b>
<b>2.5 Total affordable housing stock available</b>	<b>2.1 + 2.2 + 2.3 – 2.4</b>	<b>61</b>	<b>390</b>	<b>286</b>	<b>4</b>	<b>741</b>

6.13 The assumption that 647 affordable homes will be delivered to meet needs over the next five years can be considered in the context of recent delivery. Monitoring data supplied by the Council notably indicates that a comparable number of affordable homes (657) have been completed in Ribble Valley over the past *ten* years. The assessment therefore explicitly assumes that the Council successfully doubles the long-term rate of provision, sustaining and on average exceeding the recent peak of 113 units delivered in 2014/15. This is, however, relatively consistent with the broadly upward trajectory shown below, which has been facilitated by an increase in overall housing delivery in the borough (Figure 4.7).

**Figure 6.1: Anticipated Pipeline of Affordable Housing Relative to Recent Delivery**



Source: Ribble Valley Borough Council

**Stage 3 – Shortfall in Affordable Housing to Meet Current Backlog**

6.14 The output from Stage 2 is subtracted from Stage 1 to provide an estimate of the total shortfall in affordable housing supply, in the context of the current backlog of housing need.

6.15 In overall terms, this suggests a slight imbalance between the 802 households currently on the Housing Register and the 741 affordable homes expected to become available over the next five years, predominantly through the delivery of a sizeable pipeline of committed schemes. This implies that there is a current overall shortfall of 61 affordable homes, as shown at Table 6.3 overleaf.

6.16 A more complex position emerges once unit size is taken into account, however. As shown in the following table, the majority of households on the Housing Register are considered to require only one bedroom, but units of this size account for only 8% of the stock expected to become available. This implies that there is a sizeable shortfall in terms of one bedroom properties, and – to a much lesser extent – larger properties

with at least four bedrooms. In contrast, the anticipated supply of circa 676 affordable homes with two or three bedrooms is almost double the 340 households registered as being in need of units of this size. It is important to note that any such “overprovision” suggested by the data will nonetheless contribute towards meeting future needs that arise every year, as explored in the next section of the calculation.

**Table 6.3: Stage 3 – Shortfall in Affordable Housing to Meet Current Backlog**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>3.1</b> Total current housing need (gross)	1.3	438	227	113	24	<b>802</b>
<b>3.2</b> Total affordable housing stock available	2.5	61	390	286	4	<b>741</b>
<b>3.3</b> Total shortfall in affordable housing to meet current backlog	<b>3.1 – 3.2</b>	<b>377</b>	<b>-163</b>	<b>-173</b>	<b>20</b>	<b>61</b>

6.17 This analysis suggests that the Council will need to specifically consider how the apparent backlog of need for one bedroom properties can be met through supply and measures which can be taken to address these needs. This will require careful monitoring of both the Housing Register and the profile of supply, and could benefit from further research to establish the extent to which larger properties actually meet the needs of those assessed as requiring only one bedroom. Broader factors that have led to a pipeline orientated towards two and three bedroom properties should also be explored in further detail by the Council to see if this presents opportunities to create a more balanced supply.

### Calculating annual net new need

6.18 An additional demand for housing is generated as new households form, with a resultant need for affordable housing when households are unable to access the open market. Existing households also fall into need as their circumstances change, although again both factors can be balanced against supply.

6.19 It is inherently more challenging to predict the scale of future need, relative to the need outlined above which exists and can be quantified at the current point in time. At the time of writing, the newly restructured PPG provides more limited guidance on how authorities should estimate the ‘*projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market*’<sup>98</sup>. Previous guidance on how ‘*the number of newly arising households likely to be in affordable housing need*’ can be calculated has not been copied across to the new section of the PPG, but at the time of writing remains in its former location<sup>99</sup>. This section therefore continues to adhere to this latest available guidance by estimating

<sup>98</sup> PPG Reference ID 67-006-20190722

<sup>99</sup> PPG Reference ID 2a-021-20190220

both the number of newly forming households unable to buy or rent in the local market, and the number of existing households falling into need from other tenures. It then deducts anticipated annual supply to estimate the scale of net new need for affordable housing, each year.

#### **Stage 4 – Future Housing Need**

- 6.20 The PPG states that this stage of the calculation should ‘*reflect new household formation*’, though does not provide specific guidance on how newly forming households should be calculated<sup>100</sup>. This has, however, featured in guidance historically issued by the Department for Communities and Local Government, which set a detailed framework for the long-established methodology that continues to be broadly reflected in the PPG<sup>101</sup>. This uses a *gross* annual household formation rate, rather than the *net* figures typically reported, based on changes in the number of households in specific five year age bands relative to numbers in the age band five years previously. In order to provide a more representative assessment of newly forming households, these estimates are limited to households led by somebody aged 44 years or younger as recommended in the original guidance.
- 6.21 It is likely that a proportion of newly forming households will be unable to afford the cost of market housing, as acknowledged in the PPG. This can be estimated through an affordability benchmarking exercise, which takes account of the cost of purchasing or renting at the entry level of the open market relative to the income profile of households in Ribble Valley. The lower quartile is traditionally used to represent the entry level of the market.
- 6.22 Over the year to December 2018, the lower quartile price paid to purchase housing in Ribble Valley was £152,250<sup>102</sup>. It is estimated that purchasing such housing with a mortgage could generate an annual cost of circa £10,150 each year, excluding the cost of saving for a deposit<sup>103</sup>. This is higher than the annual cost of renting, with the VOA recording a lower quartile rent of £6,300 per annum over the year to March 2019<sup>104</sup>.
- 6.23 The income required to purchase or rent entry level market housing in Ribble Valley can be estimated based on these benchmarks. This is based on the assumption that no more than one third of income is spent on housing costs, aligning with a benchmark used by the Resolution Foundation which is regularly cited by both Shelter and the Joseph Rowntree Foundation. This reflected evidence that ‘*households spending at or above this threshold are far more likely to struggle to actually make housing payments...and are also more likely to experience material hardship*’<sup>105</sup>.
- 6.24 As shown at Table 6.4 overleaf, the application of this benchmark to the annual housing costs presented above suggests that an annual income of around £18,900

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<sup>100</sup> *Ibid*

<sup>101</sup> DCLG (2007) Strategic housing market assessments: practice guidance, Annex B

<sup>102</sup> ONS (June 2019) House price statistics for small areas dataset 15; Table 2a

<sup>103</sup> A 5% deposit is assumed, with repayment over a 25 year period at a fixed interest rate of 5%.

<sup>104</sup> VOA (2019) Private rental market statistics, Table 2.7

<sup>105</sup> Resolution Foundation (2014) Housing pinched: understanding which households spend the most on housing costs

would likely be required to rent at the entry level in Ribble Valley, increasing to around £30,400 to purchase with a mortgage.

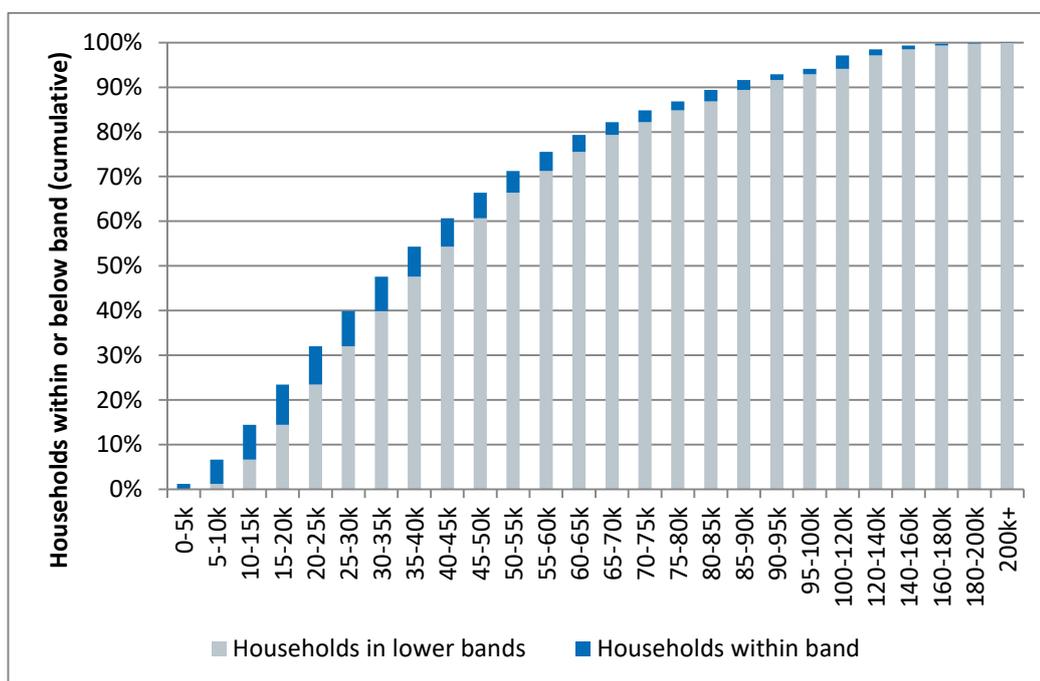
**Table 6.4: Income Required to Access Market Housing in Ribble Valley**

	Price of purchase	Annual cost	Income required
Market purchase	£152,250	£10,146	<b>£30,439</b>
Private rent	–	£6,300	<b>£18,900</b>

Source: Turley; ONS; VOA

- 6.25 This can be considered in the context of households' incomes in Ribble Valley, drawing upon Paycheck data purchased from CACI in August 2019. This assigns households to rounded annual income bands and is regularly used for the purpose of assessing the affordability of housing through similar calculations.
- 6.26 The following chart highlights the proportion of households with annual earnings that fall within each band. A cumulative position is also shown to illustrate the proportion of households with lower earnings. This allows the identification of the proportion of all households earning *up to* a certain amount.

**Figure 6.2: Annual Income of Households in Ribble Valley**



Source: CACI, 2019

- 6.27 Table 6.4 suggested that an annual income of circa £30,400 would be required to purchase entry level housing in Ribble Valley. The above chart indicates that around 40% of households in the borough earn less than £30,000, indicating that such households will be unable to afford the cost of purchase. It is important to recognise that this takes no account of households' savings or capital from the scale of a property

vacated by the household, albeit the latter would not affect households looking to enter the market for the first time, with this information not readily available at a local level from secondary data sources.

- 6.28 A lower income of circa £18,900 is estimated as being required to privately rent in the borough. When rounded to align with the income bands presented above, CACI data indicates that 23% of households in Ribble Valley earn less than £20,000 per year, and therefore may be unable to afford the cost of renting; the most accessible method of entering the open market.
- 6.29 The income profile introduced above is based on all types of households in Ribble Valley, including recently formed households, working households, older households with pensions and households claiming benefits. In the absence of a local breakdown of the comparative earnings of such households, it is necessary to assume for the purposes of this calculation that the income of newly forming households reflects the profile of existing households introduced above. As such, it is assumed that those 23% of households unable to access the most affordable market option in Ribble Valley – namely private rent – will require affordable housing.
- 6.30 The method of calculating gross household formation does not allow the identification of household size, while available data is not sufficiently granular to enable the calculation of affordability benchmarks for different sizes of property at the local level. Once assumed that 23% of newly forming households are unable to afford the cost of private renting, therefore, the number of bedrooms required has been subsequently estimated based on the size of property occupied by social rented households in Ribble Valley at the 2011 Census. This is considered to represent a robust basis for estimating needs in the absence of a sufficiently comprehensive dataset.
- 6.31 In addition to newly forming households, a number of existing households can also be expected to fall into need from other tenures. Waiting list data supplied by the Council enables calculation of the average number of households to have annually registered a need during each of the past three years, excluding transfers and those in lower priority. It is recognised that this metric has limitations, in that it includes newly forming households and excludes those whose needs have been met since joining the Housing Register in any given year. This detail cannot be extracted from the data supplied to inform this calculation, which does not record the previous living arrangements of those on the Housing Register or the previous tenure of those receiving a letting. However, by *including* newly forming households and *excluding* those that are no longer on the waiting list, it is reasonable to believe that there is a degree of counterbalancing, reducing the impact of this limitation of data accessible to the Council. As such, it is considered to provide a reasonable if illustrative estimate of the number of existing households that may fall into need from other tenures, for the purposes of this assessment. It is, however, recommended that the Council liaises with the custodians of the dataset to see if such information can be recorded and made available.
- 6.32 When drawing together both new household formation and existing households falling into need, the table below shows that a new gross need for 235 affordable homes could arise in Ribble Valley each year. Around half of this need relates to one bedroom

properties, with a progressively smaller need than implied for larger homes. This will, however, be influenced to an extent by the Census-based proxy applied to estimate the number of bedrooms required by newly forming households in need of affordable housing, which will itself be influenced by the existing housing stock in the borough.

**Table 6.5: Stage 4 – Future Housing Need (Gross Annual)**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>4.1</b> New household formation	Projected younger household formation (gross)	–	–	–	–	<b>380</b>
<b>4.2</b> Newly forming households unable to privately rent in the open market	Proportion derived from VOA and CACI data	–	–	–	–	<b>23%</b>
	Applied to new household formation (4.1)	42	27	19	2	<b>89</b>
<b>4.3</b> Existing households falling into need	Households annually joining the Housing Register (average; 2016-19)	79	41	21	5	<b>146</b>
<b>4.4 Total newly arising need (gross annual)</b>	<b>(4.1 x 4.2) + 4.3</b>	<b>121</b>	<b>68</b>	<b>39</b>	<b>7</b>	<b>235</b>

**Stage 5 – Affordable Housing Supply**

6.33 Lettings data supplied by the Council and Onward Homes has been used to estimate the number of affordable homes that have annually become available to non-transfer tenants, based on trends recorded in the past year (2018/19). The Council has also supplied data on shared ownership sales recorded over the past two years (2017-19) from which an annual average has been calculated. The size of shared ownership housing completed has not been recorded by the Council, however, and an assumption has therefore been derived from a review of around 70 shared ownership properties currently advertised on Rightmove within the borough.

6.34 As shown below, this indicates that an average of 152 affordable homes become available annually in Ribble Valley, of which around half contain one bedroom. The

majority relate to lettings of affordable housing to non-transfer tenants. It is evident, however that there has also been a strong delivery of intermediate housing over the last few years which could contribute towards meeting needs where this supply is assumed to continue.

**Table 6.6: Stage 5 – Affordable Housing Supply**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>5.1</b> Annual supply of social re-lets	Lettings excluding transfers (2018/19)	72	19	10	2	<b>103</b>
<b>5.2</b> Annual supply of intermediate housing available at sub-market levels	Data supplied by Council (2017-19)	6	21	20	2	<b>49</b>
<b>5.3</b> Annual supply of affordable housing	<b>5.1 + 5.2</b>	<b>78</b>	<b>40</b>	<b>29</b>	<b>5</b>	<b>152</b>

**Stage 6 – Annual Net New Need**

- 6.35 The output from Stage 5 can be subtracted from Stage 4 to provide an estimate of the number of households likely to have unmet needs for affordable housing. Unless sufficient new stock is available to meet annual new need in full, this will add to the backlog position each year.
- 6.36 The calculation indicates that the future supply of all sizes of affordable housing in Ribble Valley is unlikely to be sufficient to fully meet newly arising generated by new households and existing households falling into need from other tenures. This implies a net annual need for 83 affordable homes in the borough, which predominantly but not exclusively relates to one bedroom properties.

**Table 6.7: Stage 6 – Annual Net New Need**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>6.1</b> Total newly arising need	4.4	121	68	39	7	<b>235</b>
<b>6.2</b> Annual supply of affordable housing	5.3	78	40	29	5	<b>152</b>
<b>6.3</b> Annual net new need	<b>6.1 + 6.2</b>	<b>43</b> 52%	<b>28</b> 34%	<b>10</b> 12%	<b>2</b> 2%	<b>83</b> 100%

**Total affordable housing need**

- 6.37 The final stage of the calculation identifies the total affordable housing need on a net annual basis, drawing upon the steps outlined above. It requires the backlog identified at Step 3 to be converted into an annual flow; while this has traditionally been divided

by five to address any backlog early in the plan period, the PPG now more clearly expects any such annual flow to be 'based on the plan period'<sup>106</sup>. It is therefore assumed that any backlog – or in the case of Ribble Valley, surplus of emerging supply relative to current need – is accounted for over the remaining fourteen years from 2019 to the end of the proposed plan period in 2033. The net additional need arising on an annual basis over the same period is also taken into account.

**Table 6.8: Stage 7 – Total Affordable Housing Need (Net)**

Step	Source	1 bed	2 beds	3 beds	4+ beds	Total
<b>7.1</b> Shortfall in affordable housing to meet current backlog over remainder of plan period	3.3	377	-163	-173	20	<b>61</b>
<b>7.2</b> Newly arising future need (annual and total over remainder of plan period)	6.3	43	28	10	2	<b>83</b>
	6.3 x 14yrs	603	392	142	29	<b>1,167</b>
<b>7.3</b> Net affordable housing need over plan period	<b>3.3 + (6.3 x 14)</b>	<b>980</b>	<b>229</b>	<b>-31</b>	<b>49</b>	<b>1,228</b>
<b>7.4</b> Net annual affordable housing need	<b>7.3 / 14</b>	<b>70</b> 80%	<b>16</b> 19%	<b>-2</b> -3%	<b>4</b> 4%	<b>88</b> 100%

- 6.38 The calculation therefore indicates that an average of 88 affordable homes are needed annually over the remainder of the Council's chosen plan period, with this level of provision assumed to clear the backlog – in overall terms – while meeting new need arising during this period. As noted earlier, this is dependent upon the Council delivering its committed pipeline of affordable housing, and thus doubling the average rate of provision over the past decade. It is recommended that delivery over the short-term, and its effect on the size of the Housing Register, is closely monitored by the Council.
- 6.39 The calculated need predominantly relates to smaller property, suggesting a sizeable need for one bedroom properties and a more modest but clear need for two bedroom units. It implies that no additional three bedroom properties are needed, principally due to the surplus of committed units of this size relative to the comparatively small number of households assessed as being in need of such properties. Again, it is recommended that this is actively monitored, taking account of trends in both delivery and the Housing Register while capturing the views of those involved in letting and

<sup>106</sup> PPG Reference ID 67-008-20190722

assessing eligibility for affordable housing on an ongoing basis to add further qualitative understanding to the calculation outputs.

- 6.40 The calculation provides a total affordable housing need which, as per the PPG, must 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'*<sup>107</sup>. It invites authorities to consider *'an increase in the total housing requirement included in the plan...where it could help deliver the required number of affordable homes'*<sup>108</sup>.
- 6.41 The adopted Core Strategy aims to secure 30% of the units delivered through larger residential schemes as affordable housing<sup>109</sup>. On a purely numerical basis, and assuming for illustrative purposes that all sites make such a contribution, meeting an annual need for 88 affordable homes could conceivably require provision for at least 292 dwellings per annum. This closely aligns with the existing requirement for 280 dwellings per annum, forming an important consideration – alongside the conclusions of section 4 of this report – for the Council in setting an appropriate housing requirement. It is also considered to highlight the limitations of providing for only the minimum need for 148 dwellings per annum implied for Ribble Valley by the standard method, which on the same basis could lead to the provision of only 44 affordable homes each year and thereby meet only half of the calculated need in the borough.

### Considering the role of different affordable housing products

- 6.42 The revised NPPF was published after a prolonged period in which the Government had acknowledged increased *'innovation by housing providers in meeting the needs of a wide range of households who are unable to access market housing'*<sup>110</sup>. It expressed support for such innovation, and proposed a revised definition for affordable housing to ensure that innovation is not *'unnecessarily constrained by the parameters of products that have been used in the past'*.
- 6.43 The updated definition presented within the revised NPPF therefore made clear that affordable housing should be:
- "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 essential for local workers)"*<sup>111</sup>
- 6.44 It proceeds to distinguish between:
- **Affordable housing for rent**, which incorporates both nationally derived social rent and affordable rent set relative to the local market. While the definition

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<sup>107</sup> *Ibid*

<sup>108</sup> *Ibid*

<sup>109</sup> Ribble Valley Borough Council (2014) Core Strategy 2008-2018: A Local Plan for Ribble Valley, Key Statement H3: Affordable Housing

<sup>110</sup> DCLG (2015) Consultation on proposed changes to national planning policy, paragraph 7-9

<sup>111</sup> MHCLG (2019) National Planning Policy Framework, Annex 2

builds upon that established in the previous iteration of the NPPF, it is less explicit in distinguishing between social rented housing and affordable rent; and

- **Starter homes, discounted market sales housing, and other affordable routes to home ownership.** Although each are defined separately, they have evidently been designed with a shared goal of providing low-cost housing for sale for those whose needs are not met by the market.

6.45 The potential role of these products in meeting an evidenced need for affordable housing is considered below.

#### ***Affordable housing for rent***

6.46 The likely cost of affordable rents relative to the open market can be estimated through reference to the lower quartile rent introduced earlier in this section, which was based on VOA data. The following table estimates the annual cost of renting at 60% and 80% of this market level, which – as would be anticipated – reduces the cost of renting. As in the preceding analysis, the implied thresholds can then be considered in the context of household income, where assumed that no more than one third of earnings are spent on housing costs. This shows, for example – based on income alone – that some 93% of households could access 60% market rent.

**Table 6.9: Estimated Annual Cost of Affordable Rent and Income Required**

	Annual rent	Income required	Households <i>able</i> to afford	Households <i>unable</i> to afford	Deviation from market rent
<b>Market rent</b>	<b>£6,300</b>	<b>£18,900</b>	<b>77%</b>	<b>23%</b>	–
80% market rent	£5,040	£15,120	86%	14%	9%
60% market rent	£3,780	£11,340	93%	7%	16%

*Source: VOA; CACI; Turley analysis*

6.47 The calculation presented earlier in this section assumes that households with an income that is insufficient to access the private rental market will generate a need for affordable housing. Delivery of this product naturally lowers the entry threshold, thus potentially benefiting up to 16% of households that are unable to afford market rent but *could* afford a rental product priced at 60% of market levels for example. Comparatively few households (7%) would remain unable to rent such a product, in broad terms and taking no account of property size.

6.48 In headline terms, such modelling of the income that could be required to access rents set below the market level can also apply to rental products that eventually offer a route to home ownership, on the basis that this subsequent opportunity does not affect the short-term annual cost of initially accessing the product. “Rent to Buy” products, for example, can offer housing to rent below the market rate with a view to saving towards a deposit, and their specific role in meeting housing needs should be considered by the Council.

### ***Starter homes and discounted market sale***

- 6.49 Discounted market sale (DMS) is the sale of new build properties at a discount from their market value, typically of at least 20% and as much as 50%. Restrictions are placed on the property's Land Registry title to ensure that the property remains at that discounted rate in perpetuity for future purchasers, and the NPPF requires such provisions to be in place to qualify as DMS. The NPPF equally makes clear that '*eligibility is determined with regard to local incomes and local house prices*'<sup>112</sup>.
- 6.50 In terms of an entry threshold, there are various similarities with starter homes; announced by the Coalition Government in 2014, but yet to be delivered at the scale envisaged. The Housing and Planning Act 2016 provides the statutory framework through which such homes can be delivered, and defines starter homes as new homes costing up to £250,000 outside London that are discounted by a minimum of 20% from market value and made available to eligible first-time buyers aged between 23 and 40 years. As with DMS, therefore, there is a similar intention to reduce the cost of new-build properties relative to their market value, with the primary difference relating to the later sale of the purchased home. Although DMS remains at a discounted cost in perpetuity, the Government envisages a "tapered" approach for starter homes, which allow them to be sold at an increasing proportion of market value over a period of 15 years<sup>113</sup>. This distinction evidently would not affect the affordability of starter homes when first delivered and occupied, and it is therefore appropriate to consider the contribution of such products collectively.
- 6.51 The relative affordability of these products can be estimated through the calculation of a likely annual cost of purchase with a mortgage, retaining the same assumptions applied in the main calculation earlier in this section. It should be noted that the discount is applied to the lower quartile price paid for *new build* properties in Ribble Valley, rather than the price paid for all properties<sup>114</sup>. This reveals a price premium which alone increases the entry threshold beyond that shown at Table 6.4; a newly built property in the borough would need to be sold at 68% of its market value to align with the entry level of the market as a whole.
- 6.52 The role of DMS and starter homes in lowering the cost of purchasing, and the income threshold relative to the most affordable market product – namely open market rent – can nonetheless be considered. The table overleaf summarises the income likely to be required to purchase products discounted to various extents, and shows how this differs from both purchasing any type of entry level housing (new build and resale) and privately renting.

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<sup>112</sup> *Ibid*, Annex 2

<sup>113</sup> DCLG (2017) Government response to the technical consultation on starter homes regulations

<sup>114</sup> ONS (June 2019) House price statistics for small areas dataset 16; Table 2a

**Table 6.10: Benchmarking Cost of Discounted Market Sale in Ribble Valley**

	Price of purchase	Annual cost	Income required	Hholds <i>able</i> to afford	Hholds <i>unable</i> to afford	Deviation from market rent
Purchase	£152,250	£10,146	£30,439	60%	40%	-17%
New build only	£224,995	£14,994	£44,983	39%	61%	-38%
80% market value	£179,996	£11,996	£35,987	52%	48%	-25%
50% market value	£112,498	£7,497	£22,492	77%	23%	0%
<b>Market rent</b>	–	<b>£6,300</b>	<b>£18,900</b>	<b>77%</b>	<b>23%</b>	–

Source: ONS; VOA; CACI; Turley analysis

- 6.53 In general terms, this implies that even a discount of 50%, which is uncommon, would necessitate an income that remains slightly higher than that required to privately rent, and below which households are assumed to generate a need for affordable housing. A smaller discount, to 80% market value, could be affordable to *fewer* households than general market purchase, due to the price premium associated with the new build properties that are subjected to any reduction.
- 6.54 While such products could therefore play a role in the wider market, enabling movement and in turn potentially freeing up more affordable homes, they would not be expected to make a significant contribution towards meeting the affordable housing need that has been quantified in this section.

#### **Shared ownership**

- 6.55 The NPPF states that shared ownership represents a further affordable route to home ownership, and it is evident from Step 5.2 of the calculation in this section that such products have been delivered in Ribble Valley in recent years.
- 6.56 Shared ownership enables households to buy a share of a new home (between 25% and 75% of its value) and pay rent on the remaining share to supplement the mortgage on the purchased share. Bigger shares can be purchased when the household can afford to, but this would not affect the initial cost of entry.
- 6.57 It is again possible to estimate the likely annual cost of purchasing equity in a shared ownership product in Ribble Valley, in Table 6.11 overleaf. As with DMS, shared ownership is only available for new build properties, with the cost of purchasing a 25% or 50% share with a mortgage estimated below on a consistent basis. It has been additionally assumed that households annually pay a rent equivalent to 2.75% of the unsold equity<sup>115</sup>.

<sup>115</sup> Homes England (2019) Capital Funding Guide, paragraph 4.1.4

**Table 6.11: Income Required to Access Shared Ownership**

	Annual cost of mortgage	Annual rent	Total annual cost	Income required	Hholds <i>unable</i> to afford	Deviation from market rent
Market	£10,146	–	£10,146	£30,439	40%	-17%
New build	£14,994	–	£14,994	£44,983	61%	-38%
50% share	£7,892	£3,094	£10,985	£32,956	48%	-25%
25% share	£3,157	£4,641	£7,797	£23,392	32%	-9%
<b>Rent</b>	<b>–</b>	<b>£6,300</b>	<b>£6,300</b>	<b>£18,900</b>	<b>23%</b>	<b>–</b>

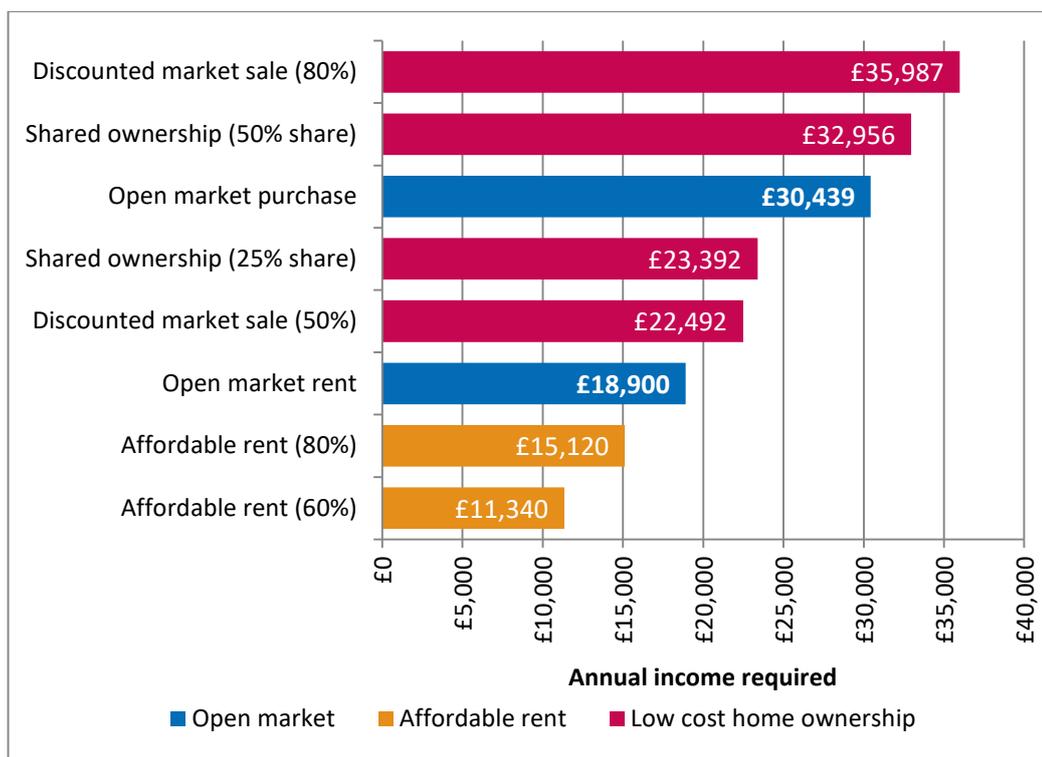
Source: ONS; VOA; CACI; Turley analysis

- 6.58 The above indicates that shared ownership can reduce the income required to purchase entry level property in Ribble Valley, particularly where a smaller share is purchased. The necessary income remains larger than that which would be required to privately rent, minimising its direct contribution towards addressing the need that has been quantified in this section but evidently providing the option of a different type of product for those with earnings at this broad level.

### **Summary**

- 6.59 Figure 6.3 overleaf draws together the analysis above by benchmarking the income required to access each product, relative to that required to purchase rent at the entry level of the market. This shows that, of the products assessed in this report, only those priced at or below the level of affordable rent could require a markedly lower income than required to rent in the open market. A number of the other products do, however, play a role in potentially bridging the gap between open market rent and open market purchase. It is of note that a number actually suggest a higher level of income being required than that required to purchase on the open market, albeit it must be recognised that this does not take into account the assistance they provide with regards to overcoming issues associated with having sufficient savings for a deposit for example.

**Figure 6.3: Benchmarking Income Required to Access Products**



Source: Turley analysis

### Summary

- 6.60 This section has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated, before being considered in the context of their likely delivery as a proportion of market housing led developments.
- 6.61 The first part of the calculation establishes the scale of the current backlog, revealing a slight imbalance between the 802 households currently in the greatest need on the Housing Register and the 741 affordable homes expected to become available over the next five years. The latter is predominantly comprised of a sizeable pipeline of committed schemes, and as such there is an implicit assumption that the long-term rate of affordable housing delivery is successfully doubled in line with an improving trend. An overall shortfall of 61 affordable homes is calculated. A more complex position emerges once unit size is taken into account with a more substantial shortfall of one bedroom properties in particular and an apparent “overprovision” of two and three bedroom units relative to the number of households registered as being in need of property of this size. Delivery of these homes will nonetheless contribute towards meeting future needs that arise every year.
- 6.62 The second part of the calculation estimates this net new need that may arise in the future, as new households form, existing households’ circumstances change and properties continue to be let or made available. This implies that there will be a newly

arising need for 83 affordable homes each year, which predominantly relates to one bedroom units but notably identifies a forward requirement for all sizes of property.

- 6.63 Drawing together the two parts of the calculation, it is concluded that clearing the existing backlog while meeting newly arising need over the emerging plan period to 2033 will generate an overall need for **88 affordable homes each year**, predominantly for smaller properties. As noted above, this is dependent upon the Council delivering its committed pipeline of affordable housing, and this should be closely monitored alongside its impact on the size of the Housing Register.
- 6.64 Meeting this annual need for affordable housing could conceivably require provision for at least 292 dwellings per annum, based on the Council's adopted affordable housing policies. This closely aligns with the existing requirement for 280 dwellings per annum, forming an important consideration – alongside the conclusions of section 4 – for the Council in setting an appropriate housing requirement. It further highlights the limitations of simply providing for the minimum need generated by the standard method, which could deliver only half of the affordable homes needed in the borough.
- 6.65 This section has also considered the potential role of different affordable housing products, with the analysis indicating in general terms that only those products priced at or below the level of affordable rent require a markedly lower income than would be required to rent in the open market. Other products, such as shared ownership and discount market sale, do however play a role in potentially bridging the gap between open market rent and purchase.

## 7. Specific Needs of Different Groups

- 7.1 The NPPF requires the housing needs of ‘different groups in the community’ to be ‘assessed and reflected in planning policies’<sup>116</sup>. The PPG provides further clarity on how the housing requirements of particular groups can be addressed in plans, stating that:

*“Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period”<sup>117</sup>*

- 7.2 Section 5 of this report illustrates the likely cumulative impact of households’ individual preferences on overall housing need, while section 6 provides a standalone assessment of affordable housing need. This section draws upon available evidence, including that available only to the Council, to provide further analysis of the current and future housing needs of certain groups identified by the Council, namely older people, families, people with disabilities, key workers and people wishing to build their own home.

### Older people

- 7.3 The importance of suitably accommodating a growing elderly population has long since been recognised by the Government. Its Housing White Paper recognised the importance of ‘offering older people a better choice of accommodation’<sup>118</sup>, and its publication also coincided with the launch of a Select Committee inquiry into the issue of housing for older people in response to the ‘ageing population with resultant health and care needs and a general shortage of homes’<sup>119</sup>. The Government’s formal response to the recommendations made following this inquiry by highlighting its ‘endeavour...to ensure that our planning and housing policies positively reflect the requirements of older people’<sup>120</sup>. Reference was made in this context to its ‘strengthened’ NPPF and the ongoing preparation of new guidance on housing for older people, eventually published in June 2019.

- 7.4 This updated PPG now describes ‘the need to provide housing for older people’ as ‘critical’, and recognises that:

*“Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an*

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<sup>116</sup> MHCLG (2019) National Planning Policy Framework, paragraph 61

<sup>117</sup> PPG Reference ID 63-006-20190626

<sup>118</sup> DCLG (2017) Fixing our Broken Housing market, paragraph 4.42

<sup>119</sup> House of Commons Communities and Local Government Committee (2018) Housing for older people, second report of session 2017-19, paragraph 2

<sup>120</sup> Government response to the Second Report of Session 2017-19 of the Housing, Communities and Local Government Select Committee inquiry into Housing for Older People, September 2018

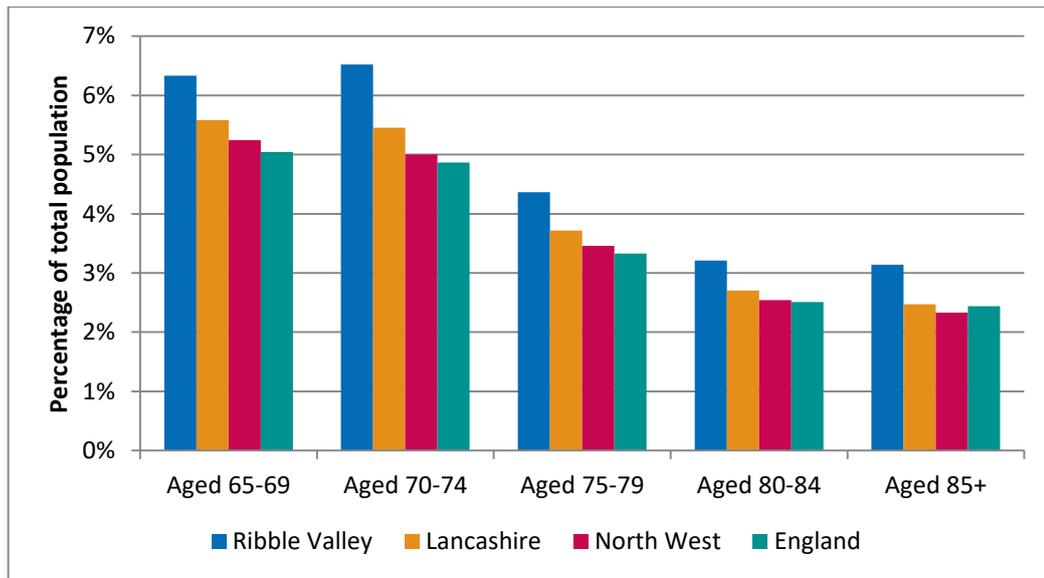
*understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking”<sup>121</sup>*

7.5 There is further acknowledgement that:

*“The health and lifestyles of older people will differ greatly, as will their housing needs, which can range from accessible and adaptable general needs housing to specialist housing with high levels of care and support. For plan-making purposes, strategic policy-making authorities will need to determine the needs of people who will be approaching or reaching retirement over the plan period, as well as the existing population of older people”<sup>122</sup>*

7.6 As can be seen in the below chart, there is a comparatively strong representation of older people in Ribble Valley, as of 2018. The proportionate representation of all groups aged 65 and over is notably greater than that recorded in wider Lancashire and indeed the North West and England as a whole.

**Figure 7.1: Older age-groups as a percentage of total population in Ribble Valley and comparator geographies, 2018**



Source: ONS via Nomis, 2019

7.7 In 2018, the number of Ribble Valley residents aged 65 and over accounted for circa 24% of the borough’s total population, and it can be seen that the representation of older age-groups has increased steadily over time. As set out in the below table, the proportion of the population aged 65 and over at the 2001 Census was 17%. This subsequently rose to 20% by the 2011 Census, and further to 24% by mid-2018. The absolute number of people within this age-group increased from 9,329 in the year 2001 to 14,154 by 2018, these additional 4,825 residents representing a growth of 52%. This is also inclusive of 2,107 additional residents aged 75 and older.

<sup>121</sup> PPG Reference ID 63-001-20190626

<sup>122</sup> PPG Reference ID 63-003-20190626

**Table 7.1: Population growth in older age-groups in Ribble Valley, 2001 – 2018<sup>123</sup>**

	Number of residents	% of total population	Number of residents	% of total population	Number of residents	% of total population
	2001		2011		2018	
Aged 65-74	5,001	9%	6,321	11%	7,719	13%
Aged 75-84	3,160	6%	3,838	7%	4,548	8%
Aged 85+	1,168	2%	1,492	3%	1,887	3%
<b>Aged 65+</b>	<b>9,329</b>	<b>17%</b>	<b>11,651</b>	<b>20%</b>	<b>14,154</b>	<b>24%</b>
Aged 75+	4,328	8%	5,330	9%	6,435	11%

Source: ONS via Nomis, 2019

- 7.8 As outlined at Figure 2.8 in section 2, the propensity for home-ownership is high for older age-groups, with 81% of those living in households headed by a person aged 65 and older in Ribble Valley owning their home. Circa 11% of such households rent social housing in the borough, this also being a relatively high proportion in comparison to other age-groups. Conversely older cohorts were identified as the least likely age-group to rent privately.
- 7.9 Further analysis of the 2011 Census data presented in section 2 shows that the majority (60%) of Ribble Valley’s residents living in housing where all members of the household are over the age of 65 live in one family households. Around 39% of people aged 65 and older live alone, with a small number (1%) living in other types of household.

**Table 7.2: Household composition of Ribble Valley residents in households where all are aged older than 65, 2011**

Household Type	Number of residents	% of total residents
One person household – aged 65+	3,396	39%
One family household – all aged 65+	5,310	60%
Other household types – all aged 65+	97	1%
<b>Total in households where all are aged 65+</b>	<b>8,803</b>	<b>100%</b>

Source: 2011 Census

- 7.10 Edge Analytics’ modelling of population growth over the plan period produces estimates as to the resultant change that will be seen in the older population. The following table shows how older age cohorts are projected to change under these two scenarios.

<sup>123</sup> Some percentages in the table appear not to sum due to rounding.

**Table 7.3: Projected change in older population of Ribble Valley, 2018 – 2033**

	Population 2018	Population 2033	Change	% change
<b>Provision in line with the minimum outcome of the standard method (148dpa)</b>				
65 to 74	7,719	9,240	1,521	20%
75 to 84	4,548	6,202	1,654	36%
85+	1,887	3,427	1,540	82%
<b>65+</b>	<b>14,154</b>	<b>18,868</b>	<b>4,714</b>	<b>33%</b>
75+	6,435	9,628	3,193	50%
<b>Higher estimate of housing need (280dpa)</b>				
65 to 74	7,719	9,661	1,942	25%
75 to 84	4,548	6,446	1,898	42%
85+	1,887	3,599	1,712	91%
<b>65+</b>	<b>14,154</b>	<b>19,706</b>	<b>5,552</b>	<b>39%</b>
75+	6,435	10,045	3,610	56%

Source: Edge Analytics, 2019

- 7.11 The number of Ribble Valley residents aged 65 and over is projected to increase over the plan period; by 33% under the standard method and by 39% under the higher need of 280 homes per annum, these represent respective absolute increases of 4,714 and 5,552 people. The proportionate growth of people aged 75 and older is higher still; each scenario projects growth of circa 50% or more in the population of this cohort. Furthermore, the number of people aged 85 and older is projected to almost double under both scenarios (growing by 82% and 91% respectively).
- 7.12 The PPG confirms that such '*projections of population and households by age group can...be used*' to identify the housing needs of older people<sup>124</sup>. It states that the future need for specialist accommodation can be assessed through reference to '*online tool kits provided by the sector*', and specifically references the Strategic Housing for Older People Analysis (SHOP@) toolkit produced by Housing LIN as '*a tool for forecasting the housing and care needs of older people*'<sup>125</sup>. This should not however be necessarily perceived as the definitive position on the housing needs of this group, as it is acknowledged that comparable analyses of need – albeit with potentially variant projections using earlier datasets – have informed the development of county-wide strategies produced by Lancashire County Council for example<sup>126</sup> which can be compared with and considered alongside these more up-to-date calculations.

<sup>124</sup> PPG Reference ID 63-004-20190626

<sup>125</sup> *Ibid*

<sup>126</sup> Lancashire County Council (2018) Housing with Care and Support Strategy 2018-25

- 7.13 The SHOP@ toolkit estimates the rate at which those aged 75 and over require different forms of specialist housing provision, and suggests that there could be demand for:
- **125 sheltered housing units per 1,000 residents** aged 75+;
  - **20 enhanced sheltered housing units per 1,000 residents** aged 75+; and
  - **25 extra care units with 24/7 support per 1,000 residents** aged 75+.
- 7.14 Edge Analytics' modelling presented above suggests that the number of Ribble Valley residents aged 75 and over will increase by:
- **3,193** persons where provision is made for 148 dwellings per annum; and
  - **3,610** persons where provision is made for 280 dwellings per annum.
- 7.15 In line with the approach taken by official projections, the modelling also assumes that a component of this growth will be accommodated within communal establishments. The number of residents aged 75 and over living in private households – *excluding* those in communal accommodation, considered separately later in this section – is projected to grow over the plan period by:
- **2,880** persons where provision is made for 148 dwellings per annum; and
  - **3,255** persons where provision is made for 280 dwellings per annum.
- 7.16 The private household population is assumed to occupy these dwellings as they are delivered over the plan period, with this demand therefore *included* within the standard method and the higher level of need concluded in section 4. The demand for different types of specialist accommodation generated by this older population growth is presented in the following table.

**Table 7.4: Projected Need for Specialist Housing in Ribble Valley<sup>127</sup> (2018 – 2033)**

	Total additional demand 2018 – 2033	Average per annum
<b>Provision in line with the minimum outcome of the standard method (148dpa)</b>		
Sheltered housing	399	27
Enhanced sheltered housing	64	4
Extra care units with 24/7 support	80	5
<b>148 dpa Total</b>	<b>543</b>	<b>36</b>
<b>Higher estimate of housing need (280dpa)</b>		
Sheltered housing	451	30
Enhanced sheltered housing	72	5
Extra care units with 24/7 support	90	6
<b>280 dpa Total</b>	<b>614</b>	<b>41</b>

Source: Edge Analytics, 2019; Turley, 2019; Housing LIN, 2019

- 7.17 The modelling suggests that growth in the older private household population of Ribble Valley will generate an annual demand for either 36 or 41 specialist housing units, depending on the level of housing provision.
- 7.18 Furthermore – and as noted above – the modelling also assumes that the number of people living in communal establishments will increase over the assessment period. Edge Analytics’ approach is consistent with that applied in the development of official household projections, specifically:
- For all ages up to 74, the *number* of people in each age group that are not in households is based on the 2011 Census value; and
  - For ages 75 and over, the *proportion* of the population that are not in households is recorded as a percentage. Therefore, the population that are not in households in these age groups varies across the forecast period, depending on the size of the population.
- 7.19 Consequently, modelled growth in the number of people living in communal establishments is therefore entirely attributable to an increased population of older people aged 75 and over. These persons are not assumed to live within dwellings, and are therefore **excluded from and additional to** the overall housing requirements of the borough. As such, they should be considered and presented separately.

<sup>127</sup> Some figures in table appear not to sum due to rounding

7.20 As shown in the following table, additional provision of circa 21-24 bedspaces per annum would therefore be required to meet this specific need beyond the assumed provision of 148 and 280 dwellings per annum respectively.

**Table 7.5: Projected Change in Communal Population of Ribble Valley (2018 – 2033)**

	Total change in communal population 2018 – 2033	Average change per annum
148 dwellings per annum	313	21
280 dwellings per annum	355	24

Source: Edge Analytics, 2019

7.21 In considering how this need for specialist and institutional accommodation is met, it is important to recognise the significant uncertainties around residents’ requirement or indeed preference for residential institutions (Use Class C2) or extra care housing (C3). The type of accommodation delivered may slightly vary over time, in response to supply and demand within the market and the complexities of funding.

7.22 The analysis presented above does not apply any adjustment to consider the potential for C3 housing to accommodate those assumed to be in need of C2 accommodation, which could result from the implementation of Council strategies or the provision of appropriate housing of this nature. Where it is evidenced that an element of the separate need for extra care housing (C2) identified above is actually being met through C3 accommodation this would have a direct relationship with the overall level of housing need, elevating it to accommodate these households which sit outside of the demographic projection used. Irrespective it is important to acknowledge the scale of need calculated in Table 7.5 alongside the overall calculated need (as considered in section 4) to ensure the needs of all households are met.

## Families

7.23 The 2011 Census provides the most recent data as to the representation of families in Ribble Valley. It can be seen that a high proportion (67%) of Ribble Valley’s households are families<sup>128</sup>, in comparison to the rates recorded at wider comparator geographies. A similar – albeit slightly higher – proportion of households in Ribble Valley had dependent children at the time of the 2011 Census (27%) in comparison with wider geographies (all 26%).

7.24 Notably, the borough currently has a higher representation of families consisting of members who are married / in civil partnerships and have dependent children (18% of all households) in comparison with Lancashire or the North West as a whole (both

<sup>128</sup> The glossary for the 2011 Census defines families as a group of people who are either: a married, same-sex civil partnership or cohabiting couple, with or without child(ren); a lone parent with child(ren); a married, same-sex civil partnership, or cohabiting couple with grandchild(ren) but with no children present from the intervening generation; or a single grandparent with grandchild(ren) but no children present from the intervening generation

14%). As could be predicted by the analysis earlier in this section, the borough's proportion of households comprised of members aged 65 and older is also higher than the wider comparator areas. Conversely, the borough's share of cohabiting couples (9% of all households) is slightly lower than that recorded at wider geographies.

**Table 7.6: Family types as a proportion of all households in Ribble Valley and comparator geographies, 2011**

	Ribble Valley	Lancashire	North West	England
Married / civil partnerships	39%	33%	32%	33%
Married / civil partnerships: no children	15%	13%	12%	12%
Married / civil partnerships: dependent children	18%	14%	14%	15%
Married / civil partnerships: all children non-dependent	7%	6%	6%	6%
Cohabiting couples	9%	10%	10%	10%
Cohabiting couples: no children	5%	5%	5%	5%
Cohabiting couples: dependent children	4%	4%	4%	4%
Cohabiting couples: all children non-dependent	<1%	1%	1%	<1%
Lone parents	8%	11%	12%	11%
Lone parents: dependent children	6%	7%	8%	7%
Lone parents: all children non-dependent	3%	3%	4%	3%
All family members aged 65+	11%	9%	8%	8%
<b>Total families</b>	<b>67%</b>	<b>62%</b>	<b>61%</b>	<b>62%</b>
<b>Families with dependent children</b>	<b>27%</b>	<b>26%</b>	<b>26%</b>	<b>26%</b>

Source: Census 2011

- 7.25 Focusing on Ribble Valley, Census data indicates that the number of families in the borough increased by 819 between 2001 and 2011, this representing a growth of 5%. Closer analysis of this data shows that growth in families was driven to a large extent by cohabiting couples (both with and without dependent children), lone parents and older families. Conversely, the number of families with members who are married / in civil partnerships fell by 306, this change particularly driven by the drop (of 327 families) in the number with dependent children. The total number of family types with

dependent children in Ribble Valley increased by 178 between 2001 and 2011, growth of 3%.

- 7.26 Despite the absolute growth recorded in terms of the number of family households, it can be seen that the proportionate representation of families in Ribble Valley actually fell slightly between 2001 and 2011. Families represented 69% of the borough's households in 2001, but this fell to 67% in 2011. Much of this proportionate decrease can be attributed to the drop in the number of households with members who are married / in civil partnerships with dependent children (as described above). The total representation of families with dependent children fell slightly from 28% of all households in 2001 to 27% of households by 2011.

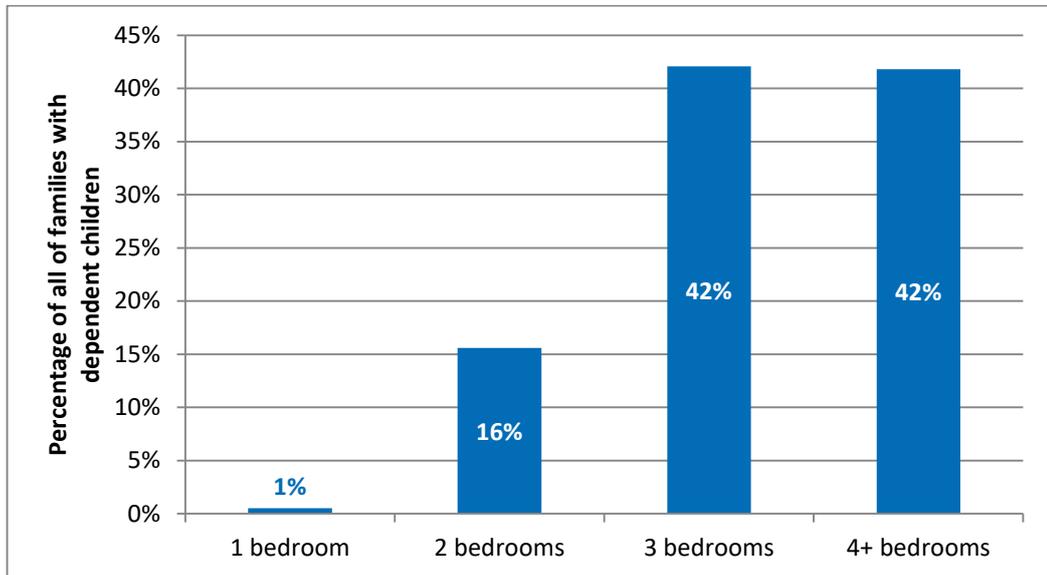
**Table 7.7: Change in representation of family types in Ribble Valley, 2001 – 2011**

	2001 (% of total households)	2011 (% of total households)	Absolute change	% change
Married / civil partnerships	9,756 (44%)	9,450 (39%)	-306	-3%
Married / civil partnerships: no children	3,632 (16%)	3,624 (15%)	-8	0%
Married / civil partnerships: dependent children	4,558 (21%)	4,231 (18%)	-327	-7%
Married / civil partnerships: all children non-dependent	1,566 (7%)	1,595 (7%)	29	2%
Cohabiting couples	1,559 (7%)	2,054 (9%)	495	32%
Cohabiting couples: no children	887 (4%)	1,091 (5%)	204	23%
Cohabiting couples: dependent children	613 (3%)	881 (4%)	268	44%
Cohabiting couples: all children non-dependent	59 (0%)	82 (0%)	23	39%
Lone parents	1,651 (7%)	2,020 (8%)	369	22%
Lone parents: dependent children	1,086 (5%)	1,323 (6%)	237	22%
Lone parents: all children non-dependent	565 (3%)	697 (3%)	132	23%
All family members aged 65+	2,394 (11%)	2,655 (11%)	261	11%
<b>Total families</b>	<b>15,360 (69%)</b>	<b>16,179 (67%)</b>	<b>819</b>	<b>5%</b>
<b>Families with dependent children</b>	<b>6,257 (28%)</b>	<b>6,435 (27%)</b>	<b>178</b>	<b>3%</b>

Source: Census 2001; Census 2011

- 7.27 The analysis in section 2 established that families with dependent children are most likely to occupy larger housing, with 3 and 4+ bedroom housing being the most prevalent sizes for this household type. For reference, the analysis relating to housing size is shown in the below chart.

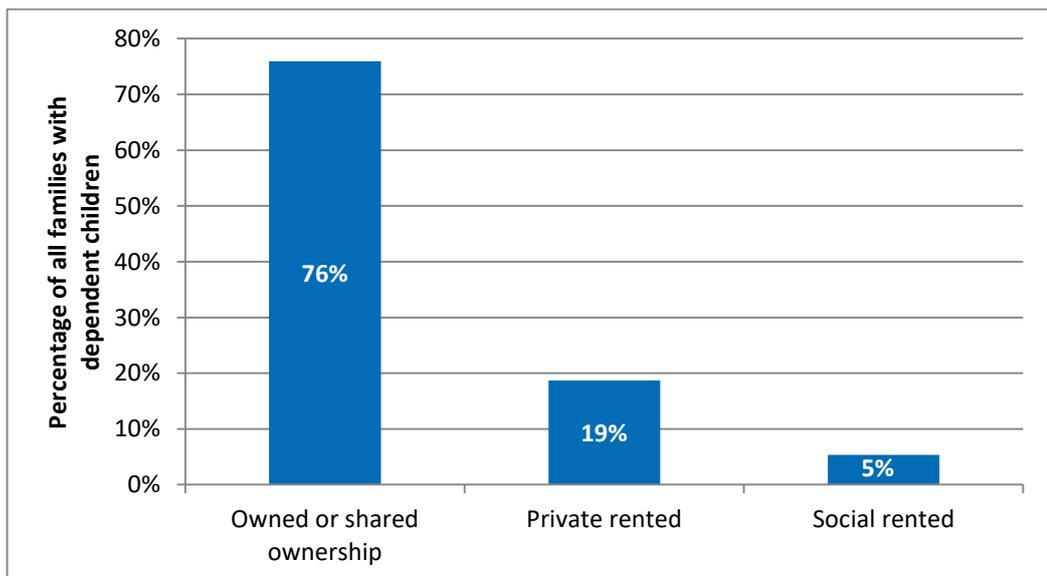
**Figure 7.2: Size of housing occupied by families with dependent children in Ribble Valley, 2011<sup>129</sup>**



Source: Census 2011

7.28 The 2011 Census additionally recorded that over three quarters (76%) of these families own their home, with private rented and social rented accommodation being less prevalent amongst families with dependent children (accounting for 19% and 5% respectively). Again, this is shown in the below chart for ease of reference.

**Figure 7.3: Tenure of housing occupied by families with dependent children in Ribble Valley, 2011**



Source: Census 2011

<sup>129</sup> Percentages appear not to sum due to rounding.

7.29 Edge Analytics' modelling of household growth produces estimates as to the resultant change that will be seen in the number of families with dependent children. The following table shows how the representation of this household type (disaggregated by number of children) is projected to change over the plan period.

**Table 7.8: Projected change in families with dependent children (households) in Ribble Valley, 2018 – 2033**

	Households 2018	Households 2033	Change	% change
<b>Provision in line with the minimum outcome of the standard method (148dpa)</b>				
Families with one child	2,966	2,871	-95	-3%
Families with two children	2,887	3,041	154	5%
Families with three or more children	962	1,003	41	4%
<b>Total</b>	<b>6,815</b>	<b>6,915</b>	<b>100</b>	<b>1%</b>
<b>Higher estimate of housing need (280dpa)</b>				
Families with one child	2,966	3,131	164	6%
Families with two children	2,887	3,332	445	15%
Families with three or more children	962	1,107	145	15%
<b>Total</b>	<b>6,815</b>	<b>7,570</b>	<b>754</b>	<b>11%</b>

Source: Edge Analytics, 2019

7.30 The modelling indicates that the number of families with dependent children in Ribble Valley is projected to increase over the plan period, with the scale of increase varying depending upon the scale of need used, as considered in section 4. As set out in section 5, this modelling suggests that there will be a more pressing need for family-sized housing where the full need for housing is recognised, albeit irrespective of this there will be a need to provide for such housing over the plan period.

## People with disabilities

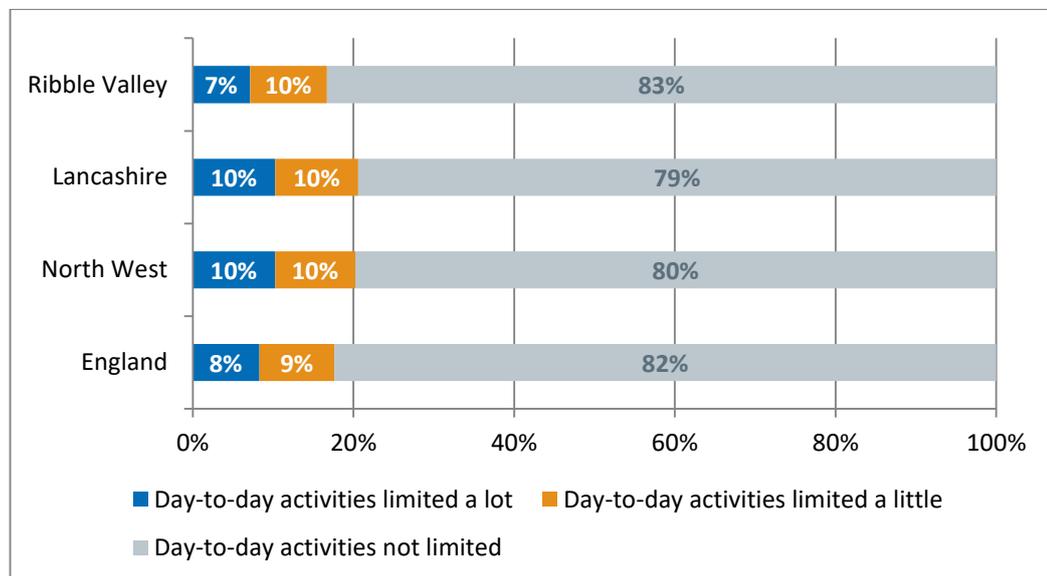
7.31 The PPG states that:

*“The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the*

numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime'<sup>130</sup>

- 7.32 It further confirms that 'multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future'<sup>131</sup>. It describes the Census as one such source of information, given that this records the extent to which the population considered their day-to-day activities to be limited by long-term health problems or disability<sup>132</sup>.
- 7.33 As shown in Figure 7.4, the Census indicated that a lower proportion (7%) of all Ribble Valley residents stated that their day-to-day activities were limited a lot by disability in comparison with Lancashire and wider North West (both 10%).

**Figure 7.4: Residents' day-to-day activities limited by long-term health problems or disability in Ribble Valley and comparator geographies, 2011**



Source: Census 2011

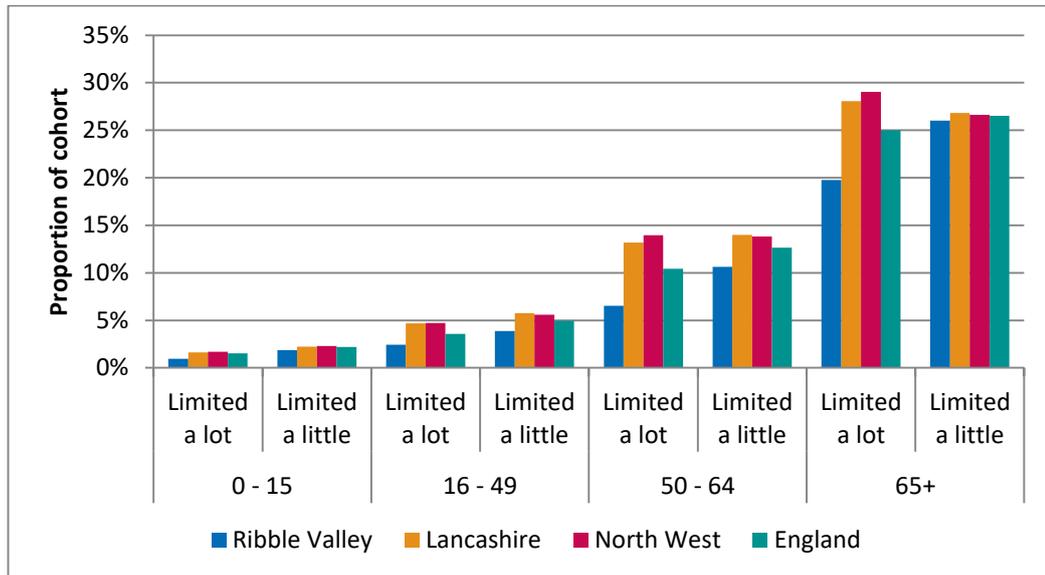
- 7.34 The above data is further broken down by age in Figure 7.5. It can be seen that, whilst the day-to-day activities of older residents at all geographies are limited to a greater extent than those in younger age-groups, the prevalence of Ribble Valley residents experiencing that their activities are limited by disability is lower than in comparator geographies at all age-groups.

<sup>130</sup> PPG Reference ID 63-002-20190626

<sup>131</sup> PPG Reference ID 63-005-20190626

<sup>132</sup> A long-term health problem or disability that limits a person's day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all.

**Figure 7.5: Residents' day-to-day activities limited by long-term health problems or disability by age in Ribble Valley and comparator geographies, 2011**



Source: Census 2011

- 7.35 Table 7.9 shows the absolute figures for the number of Ribble Valley residents whose day-to-day activities are not / are limited to some extent by long-term health problems or disability, broken down by their accommodation in either private housing or in communal establishments such as older person's care homes, children's care homes or other types of medical and care establishments.
- 7.36 It can be seen that 11% of those residents whose day-to-day activities are limited a lot and 4% of those whose day-to-day activities are limited a little are accommodated in communal establishments, in comparison with 2% of the total population. Whilst this means that some of the residents with a disability or long-term health problem live in communal establishments, it also indicates that the majority do not and are therefore likely to require housing that is accessible and can accommodate their needs.

**Table 7.9: Private housing / communal establishment residents' day-to-day activities limited by long-term health problems or disability in Ribble Valley, 2011**

	Total population	Privately housed residents	Residents of communal establishments	% of population in communal establishments
Day-to-day activities limited a lot	4,076	3,622	454	<b>11%</b>
Day-to-day activities limited a little	5,470	5,232	238	<b>4%</b>
Day-to-day activities not limited	47,586	47,175	411	<b>1%</b>
<b>Total</b>	<b>57,132</b>	<b>56,029</b>	<b>1,103</b>	<b>2%</b>

Source: Census 2011

7.37 The PPG recognises that ‘*accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future*’<sup>133</sup>. It further suggests that:

*“It is better to build accessible housing from the outset rather than have to make adaptations at a later stage – both in terms of cost and with regard to people being able to remain safe and independent in their homes”*<sup>134</sup>

7.38 Nonetheless, carrying out adaptations to existing homes is one approach to addressing the specific needs of those with disabilities, in order to modify the home environment and enable or restore independent living, dignity, confidence or privacy for individuals and their families.

7.39 Home Adaptations for Disabled People<sup>135</sup>, published by the Home Adaptations Consortium in 2013, provides a useful starting point in considering adaptations, and suggests that demand has accelerated with social policy changes and medical advances, allowing people with disabilities and complex needs to lead more independent lives.

7.40 The majority (approximately 89%) of Ribble Valley residents whose day-to-day activities are limited a lot by their long-term health or disability do not live in communal establishments, suggesting that many live at home or with relatives, friends or carers. This suggests an ongoing need to ensure that there is a sufficient supply of adapted homes. Where it is recognised that needs will change, and based on a recognised ageing population profile are likely to increase, the Council will, with colleagues in housing services and in partnership with registered providers, need to monitor the extent to which existing stock can be adapted appropriately. This

<sup>133</sup> PPG Reference ID 63-008-20190626

<sup>134</sup> *Ibid*

<sup>135</sup> Home Adaptations Consortium (2013) Home Adaptations for Disabled People – a detailed guide to related legislation, guidance and good practice

recognises that whilst new homes provided to comply with required adaptations will grow the supply the potential contribution is much smaller than that potentially available from the adaptation of existing stock. Such an assessment as to the extent to which existing stock can be adapted has not been undertaken in this analysis with the data required as to the absolute number, profile and location of such specially adapted homes in Ribble Valley not available in a consistent form to undertake such analysis. The Council should continue to explore this issue to ensure sufficient homes are made available through either the provision of new stock or adaptations.

- 7.41 The Council offer means tested grants – including Disabled Facilities Grants (DFGs), which is part of the Council’s overarching housing policy – to help people adapt their homes.
- 7.42 In 2018/18, the Council made a key change to DFG policy – the introduction of a discretionary grant – which meant that the Council were able to offer some form of assistance to every household from whom an Occupational therapist (OT) recommendation form was received. The Ribble Valley Adaptation (RVA) offers a grant of a maximum of £5,000 towards one adaptation recommended, and a March 2019 report to the Council’s Health & Housing Committee indicates that the scheme had proven successful<sup>136</sup>.
- 7.43 The Council has provided the number and type of DFGs completed over the periods 2017/18 and 2018/19. It can be seen from Table 7.10 that a significantly higher number were completed in 2018/19 (73) in comparison with the previous year (23), Council officers attributing this to further funding that was received from the Better Care Fund in January 2018.

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<sup>136</sup> Ribble Valley Borough Council (2019) Report to Health & Housing Committee – 21<sup>st</sup> March 2019: Review Of Disabled Facilities Grants

**Table 7.10: Disabled Facilities Grants in Ribble Valley, 2017/18 – 2018/19**

		2017/18	2018/19
<b>Total number of grants completed</b>		<b>23</b>	<b>73</b>
Household type	Paediatric	1	5
	Aged 18-60	10	21
	Aged 60+	12	47
Adaption Type	Equipment <sup>137</sup>	6	29
	House moving costs	1	-
	More than one adaption	9	6
	Level access showering facilities	7	30
	Ramp	-	2
	Extensions	-	3
	Garage conversion to bedroom	-	1
	External steps	-	1
	Widening doors	-	1

*Source: Ribble Valley Borough Council, 2019*

- 7.44 A 2010 report by Habinteg Housing Association and London South Bank University supported by the Homes and Communities Agency stated that circa 3% of households in the North West region were wheelchair users and that 23% of wheelchair users had unmet housing need<sup>138</sup>. Applied to 2011 Census data for Ribble Valley, these metrics would indicate that the borough has an unmet need for 166 households requiring wheelchair access.
- 7.45 Modelling by Edge Analytics has suggested that an additional 2,304 households would form in Ribble Valley were provision made for 148 dwellings per annum, increasing to 4,219 households where a higher need for 280 dwellings per annum is met. When adding the current unmet need to the forecast demand for wheelchair-accessible homes generated by the new households that could form over the plan period, it is estimated that the total demand up to 2033 will be 235 and 292 homes under the respective scenarios, this translating to an average of 14 and 17 per annum over this period. This is set out in Table 7.11 overleaf.

<sup>137</sup> 'Equipment' covers: stairlifts, specialist toilets, ceiling track hoists, specialist baths, changing tables, height adjustable sinks and showering trolleys.

<sup>138</sup> Habinteg Housing Association and London South Bank University, supported by the Homes and Communities Agency (2010) Mind the Step: An estimation of housing need among wheelchair users in England, pages 31-33

**Table 7.11: Demand for Wheelchair Accessible Dwellings in Ribble Valley, 2018 – 2033**

	Minimum outcome of standard method (148dpa)	Higher estimate of housing need (280dpa)
Current unmet wheelchair user household need	166	166
Total new households 2018 - 2033	2,304	4,219
Proportion of households requiring wheelchair user access	3%	3%
Projected wheelchair user household demand 2018 - 2033	69	127
<b>Total demand 2018 – 2033 (current unmet need plus projected demand)</b>	<b>235</b>	<b>292</b>
<b>Annual demand 2018 - 2033</b>	<b>14</b>	<b>17</b>

Source: Edge Analytics, 2019; Habinteg Housing Association, 2010

- 7.46 A 2017 report into housing for disabled people by the Equality and Human Rights Commission<sup>139</sup> (EHRC) recommended that, in order to build more accessible and sustainable homes, the Government should ensure a minimum of 10% of new-build houses across all tenure types are built to higher wheelchair-accessible standards (M4(3) design standard).
- 7.47 The revised PPG states that '*plans are expected to make use of the optional technical housing standards...to help bring forward an adequate supply of accessible housing*' where an identified need exists, and further confirms that any such policies must be based on '*evidence of need, viability and a consideration of site specific factors*'<sup>140</sup>.

### Key workers

- 7.48 Key workers form an important component of a balanced workforce and a sustainable local economy, meeting employment demands generated by vital facilities such as schools, hospitals and other public services. The Standard Industrial Classification 2007 (SIC) categorises employment sectors based on industry, and for the purposes of this analysis – in dialogue with the Council – the public administration, education and health industries have been used to represent 'key workers'<sup>141</sup>.
- 7.49 The 2011 Census brings together similar industries by SIC in order to streamline analysis of employment by industry. The below table outlines the number of Ribble

<sup>139</sup> Equality and Human Rights Commission (2017) Housing and Disabled People: Britain's Hidden Crisis, page 11

<sup>140</sup> PPG Reference ID 63-009-20190626

<sup>141</sup> These categories include administration of the State and the economic and social policy of the community; provision of services to the community as a whole; compulsory social security activities; all phases of education, including support; hospitals; medical and dental practices; residential care; and social work. It should be noted that this categorisation was made prior to the Government's formal identification of "key workers" in the context of the coronavirus pandemic

Valley residents in employment by grouped industrial sector, and shows that the 28% of the borough's resident employees who are considered 'key workers' represent a significant proportion of all local people in employment.

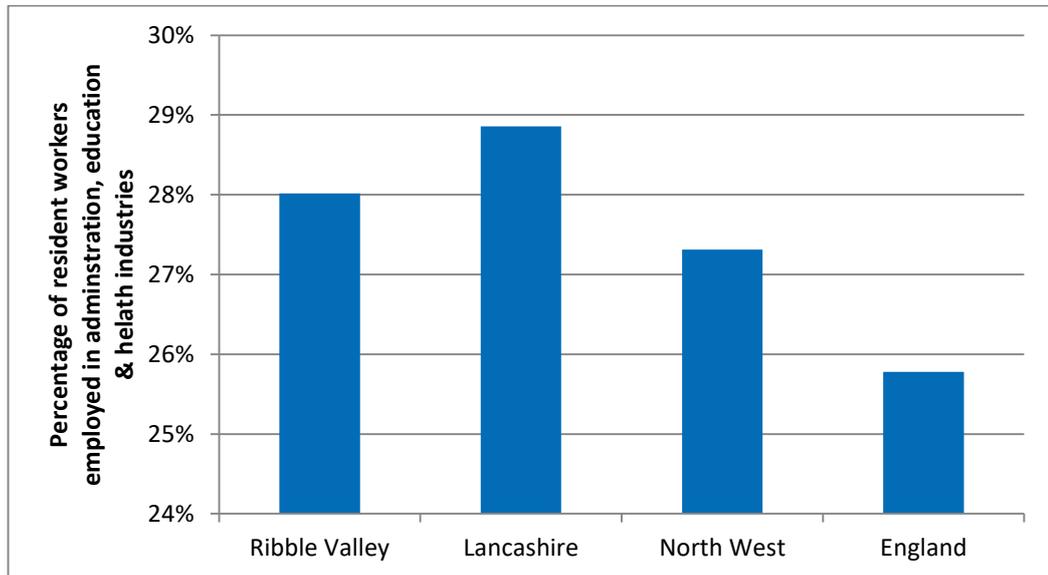
**Table 7.12: Residents by industry of employment in Ribble Valley, 2011**

Industry	Total resident workers	% of total resident workers
Agriculture, energy & water	747	5%
Manufacturing	2,613	17%
Construction	1,514	10%
Distribution, hotels & restaurants	2,785	18%
Transport and communication	950	6%
Financial, Real Estate, Professional & Administration	2,146	14%
Other	575	4%
<b>Public administration, education &amp; health (Key workers)</b>	<b>4,410</b>	<b>28%</b>
All industries	15,740	100%

*Source: Census 2011*

- 7.50 The following chart highlights that key workers make up a slightly larger proportion of residents in employment in Ribble Valley (28%) than recorded in the North West (circa 27%) and England as a whole (circa 26%), this albeit representing a slightly lower proportion than in the county of Lancashire (circa 29%).

**Figure 7.6: Key workers as a proportion of total resident workers in Ribble Valley and comparator geographies, 2011**



*Source: Census 2011*

- 7.51 The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that key workers occupy housing tenures in a broadly similar manner to the overall average in Ribble Valley, albeit with a slightly greater propensity to be homeowners rather than to rent privately.

**Table 7.13: Housing tenure of key workers in Ribble Valley, 2011**

Industry	Owned or shared ownership	Private rented	Social rented
Agriculture, energy and water	70%	28%	2%
Manufacturing	83%	14%	3%
Construction	83%	14%	3%
Distribution, hotels and restaurants	74%	20%	6%
Transport and communication	80%	16%	4%
Financial, Real Estate, Professional & Administration	81%	15%	4%
Other	69%	26%	5%
<b>Public administration, education &amp; health (Key Workers)</b>	<b>80%</b>	<b>16%</b>	<b>4%</b>
All industries average	79%	17%	4%

Source: Census 2011

### Self-build and custom build

- 7.52 The NPPF expects local authorities to have a clear understanding of the number of residents wishing to build their own home, and the PPG provides further guidance on how the need for ‘*self-build and custom housebuilding*’ can be assessed<sup>142</sup>. Self-build covers instances where a person directly organises the design and construction of their own home, while custom build is where a person works with a specialist developer to deliver their own home<sup>143</sup>.
- 7.53 The Government’s Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act requires each relevant authority to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in the authority’s area for their own self-build and custom housebuilding.
- 7.54 A House of Commons Library<sup>144</sup> research service briefing paper published in March 2017<sup>145</sup> outlined that the UK has a much lower rate of self-building than other European countries. For example, the sector was found to account for between 7-10% of completions in the UK whilst in Austria it accounts for around 80%. However, it also highlights that survey commissioned by the Building Societies Association (BSA), published in October 2011, which suggested that 53% of people in the UK would consider building their own home given the opportunity.

<sup>142</sup> PPG Reference ID 67-003-20190722

<sup>143</sup> The Self Build Portal – <http://www.selfbuildportal.org.uk>

<sup>144</sup> The House of Commons Library research service provides MPs and their staff with the impartial briefings and evidence bases required to scrutinise Government, propose legislation, and support constituents.

<sup>145</sup> The House of Commons Library (2017) Self-build and custom build housing (England)

7.55 The Government's 2017 Housing White Paper – Fixing our Broken Housing Market – stated that *'alongside smaller firms, the Government wants to support the growth of custom built homes'*<sup>146</sup>, highlighting that custom built homes are generally built more quickly and to a higher quality than other homes, and tend to use more productive, modern methods of construction, and also present a less risky business model for builders, as the house has been effectively sold before it has been built. Whilst the White Paper acknowledges that fewer homes are custom built in England than many other countries, it also affirms that there is evidence of increasing demand, including from older people. The White Paper states a number of initiatives to grow the rates of self and custom build, including:

- Promoting the National Custom and Self Build Association's portal for Right to Build, so that people seeking to build their own home can easily access the local authority register in their area;
- Ensuring the exemption from the Community Infrastructure Levy for self-build remains in place while longer term reforms to the system of developer contributions are being explored;
- Supporting custom build through the Government's Accelerated Construction programme.

7.56 In the 2017 Budget, the Chancellor set out a plan to increase funding available through the Home Building Fund from £3 billion to £4.5 billion to support more new homes to be built in England<sup>147</sup>. Whilst the Fund will be primarily accessed by Small and Medium-sized Enterprise (SME) housing developers, Homes England also highlight that the fund is accessible to self and custom builders, stating that:

*"We want to encourage innovation, both in the kind of homes that are built and the way they are delivered. Financing is available to support these projects which could include community led housing projects, serviced plots for **custom and self-builders**, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites"*<sup>148</sup>

7.57 In order to comply with the Self-build and Custom Housebuilding Act 2015 and to understand the demand for self-build and custom build in the borough, the Council maintains a Self-Build Register (SBR), which is a register of individuals and groups of individuals who want to self-build or have their own home built. The PPG describes such registers as a data source that can be reviewed *'to obtain a robust assessment of demand for this type of housing'*<sup>149</sup>.

7.58 As of August 2019, there were 12 entries on the Ribble Valley SBR, which is reproduced in condensed form below.

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<sup>146</sup> Department for Communities & Local Government (2017) Fixing Our Broken Housing Market, p49

<sup>147</sup> HM Government (2017) Home Building Fund [Online]

<sup>148</sup> Homes England (2017) An Introduction to the Home Building Fund, page 4

<sup>149</sup> PPG Reference ID 67-003-20190722

**Table 7.14: Ribble Valley Self-Build Register, August 2019**

App No.	Tenure on current home	Required no. of bedrooms	Date added to register ▼
1	Renting	3 or 4	March 2018
2	Own property outright	4	April 2018
3	Own property outright	2	May 2018
4	Own property outright	3	February 2019
5	Own property with mortgage	4	March 2019
6	Own property outright	3	March 2019
7	Own property with mortgage	3	March 2019
8	Own property outright	4	March 2019
9	Own property with mortgage	3	April 2019
10	Own property with mortgage	4	June 2019
11	Own property outright	5	July 2019
12	Own property with mortgage	2	July 2019

*Source: Ribble Valley Borough Council, 2019*

- 7.59 This reveals that the vast majority (eleven out of the twelve) own their current home, with six of the eleven owning outright and the remaining five owning with a mortgage. Just one prospective self-builder currently rents their home.
- 7.60 Three quarters of those on the register require plots capable of accommodating either three or four bedroom homes, with just two self-builders stating that they require two-bedroom homes and one requiring a five-bedroom home.
- 7.61 All but three of those on the SBR have been on the register for under a year.
- 7.62 The register also records the date of birth of prospective self-builders. While this is not presented above, it confirms that demand arises from a broad age-range, with the youngest applicant being in their early thirties and the oldest in their late seventies.

### **Gypsies, Travellers & Showpersons**

- 7.63 The Council previously commissioned ORS to produce a Gypsy, Traveller & Showperson Accommodation Assessment, which was published in April 2013 as part of the Local Development Framework Evidence Base<sup>150</sup>. The study sought to enable the Council to comply with their requirements towards Gypsies and Travellers and Travelling Showpeople through providing robust, defensible and up-to-date evidence about their accommodation needs in Ribble Valley over the period to 2028.

<sup>150</sup> Ribble Valley Borough Council (2013) Ribble Valley – Gypsy, Traveller and Showperson Accommodation Assessment

- 7.64 The assessment concluded that zero extra pitch provision would be required for Gypsies and Travellers in Ribble Valley in the period up to 2023. It did conclude, however, that there is likely to be a need for at least 2 pitches in the period 2023-2028<sup>151</sup>.
- 7.65 The assessment also concluded that there were at that time no sources of need for the provision of Travelling Showperson yards in Ribble Valley. Notwithstanding this, it was highlighted that the Council should ensure that criteria-based policies are in place in order for future applications for sites received from Travelling Showpeople to be evaluated effectively<sup>152</sup>.
- 7.66 The needs of this group have not been reassessed as part of this study, and therefore the previously assessed conclusions remain the most robust and up-to-date evidence base regarding the specific needs of this group.

## Summary

- 7.67 In summary, this report's findings with regard to the specific needs of different groups are as follows:
- 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 is made for 148 dwellings per annum to align 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;

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<sup>151</sup> *Ibid*, page 26

<sup>152</sup> *Ibid*

- **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;
- 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
- This report has not reassessed the need for **Gypsy, Traveller and Showperson** accommodation, with the 2013 assessment remaining the latest to have been produced by the Council. This 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.

## 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. Its analysis was largely completed prior to September 2019, with the Council subsequently consulting on the draft report and considering responses before the report was finalised in April 2020.
- 8.2 Unlike the existing Core Strategy, adopted in December 2014, the new 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.

### Overall housing need

- 8.4 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 method<sup>153</sup>. The PPG recognises that the method provides only a '*minimum starting point in determining the number of homes needed in an area*'<sup>154</sup>, 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.
- 8.5 The standard method indicated that **a minimum of 148 dwellings per annum** would be needed in Ribble Valley when the draft version of this report was prepared and published in September 2019, with its demographic baseline of the 2014-based household projections formulaically adjusted by 17.5% to reflect imbalance between median house prices and resident earnings in the borough. The precise outcome of the standard method is however subject to change where it is calculated in a new calendar year and where account is given to the annual publication of affordability ratios used as the basis for adjustment. In finalising this report a recalculation is presented as of April 2020, with this suggesting a nominal reduction in the calculated need. It is also acknowledged that in the period between the draft and final versions of this report the Government has restated its intention to review the standard method formula this year, albeit at the point this report has been published no updated formula has been announced.

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<sup>153</sup> MHCLG (2019) National Planning Policy Framework, paragraph 60

<sup>154</sup> PPG Reference ID 2a-010-20190220

- 8.6 In accordance with national policy, this report has presented the results of modelling undertaken to explore the potential impact of providing 148 dwellings per annum for 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 residents in traditional working age groups (16-64) and a diminishing overall labour force that would be unlikely to support growth in the local economy. The same conclusion would be true where the slightly lower recalculated standard method figure was to be used.
- 8.7 In accordance with the PPG, detailed consideration has in this context been given to *'whether actual housing need is higher than the standard method indicates'* for Ribble Valley<sup>155</sup>. This strongly suggests that actual housing need is higher than the standard method outcome, because:
- The population growth assumptions made 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

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<sup>155</sup> PPG Reference ID 2a-010-20190220

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.

- 8.8 Establishing a likely level of housing need beyond the standard method requires a degree of judgement, particularly at this early stage of the plan-making process in Ribble Valley.
- 8.9 This report has presented modelling which indicates that **up to 248 dwellings per annum** could be needed to support the job growth potential implied by recent baseline employment forecasts, and provide the labour force required to secure job growth of 0.2% each year. This slightly uplifts the average rate of provision since the start of the current plan period (235dpa).
- 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 report has identified that the baseline forecasts upon which the above modelled estimate of need is based assume that there will be relatively sizeable job losses in the manufacturing sector. This assumption, in line 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 view such a level of provision as representative of the housing 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 be appropriate, on the basis of the evidence presented in this assessment.
- 8.12 Whilst the standard method is recognised as providing a minimum starting point for the purpose of establishing a housing requirement, **the evidence indicates that in the order of 280 dwellings per annum could actually still be needed in Ribble Valley** to respond to evidenced drivers of housing need including employment growth. This conclusion is reached in the knowledge that this report simply provides informing evidence, with the establishment of a housing requirement and the associated identification of an appropriate supply of housing land ultimately judgements to be made by the Council as part of the plan-making process.
- 8.13 This position should also be kept under continuous 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 for example. This is still more critical when recognising the exceptional level of uncertainty that exists in the UK and global economy at the time of finalising this report, following the outbreak of coronavirus. Where any such review leads to a significant departure

from the rates of employment growth assumed in 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**

- 8.14 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'*<sup>156</sup>. 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.
- 8.15 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.70-75%) of homes to be houses, with a smaller proportionate need for bungalows (c.16%) and flats (c.10%), while most additional households (c.75%) would be expected to own their home. This does, 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**

- 8.16 This report has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated, before being considered in the context of their likely delivery as a proportion of market housing led developments.
- 8.17 This suggests that there will be an overall need for **88 affordable homes each year** over the remainder of the emerging plan period to 2033. This addresses a modest imbalance between the number of households on the Housing Register and emerging supply, with the latter incorporating a sizeable pipeline of committed schemes that would double the long-term rate of affordable housing delivery in Ribble Valley and should therefore be closely monitored by the Council. The calculation also captures a net new need that may arise in the future as new households form, existing households' circumstances change and properties continue to be let or made available.
- 8.18 Meeting this annual need for affordable housing could conceivably require provision for at least 292 dwellings per annum, based on the Council's adopted affordable

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<sup>156</sup> MHCLG (2019) National Planning Policy Framework, paragraph 61

housing policies. This closely aligns with the existing requirement for 280 dwellings per annum, forming an important consideration – alongside the conclusions above – for the Council in setting an appropriate housing requirement. It further highlights the limitations of simply providing for the minimum need generated by the standard method, which could deliver only half of the affordable homes needed in the borough.

- 8.19 The calculation has also been broken down by size, revealing a more substantial current shortfall of one bedroom properties in particular relative to existing need. There is an implied “overprovision” of two and three bedroom units, compared to the number of existing households registered as being in need of property of this size, albeit these homes will nonetheless contribute towards meeting future needs. Meeting this future need is expected to require all sizes of affordable housing, but particularly one bedroom units. As a result, the calculated overall need for 88 affordable homes each year is orientated towards smaller properties, although the Council is advised to closely monitor this and ensure that the calculation is supplemented by the more qualitative views of those regularly involved in letting affordable housing.
- 8.20 The potential role of different affordable housing products has also been considered, with the analysis indicating in general terms that affordable rent is the only product which requires a markedly lower income than would be required to rent in the open market. Other products, such as shared ownership and discount market sale, do however play a role in potentially bridging the gap between open market rent and purchase in Ribble Valley.

### Specific needs of different groups

- 8.21 Reflecting the requirement through the NPPF to consider the housing needs of ‘different groups in the community’<sup>157</sup>, 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

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<sup>157</sup> *Ibid*, paragraph 61

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;
- 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.

## **Appendix 1: Demographic Modelling Assumptions**

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